

SUSTAINABILITY REPORT 2015

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 and environmentally friendly assets.

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

Vision



Contents

Letter to the Stakeholders	4
<hr/>	
Corporate sustainability	
The group at a glance	6
Highlights by country	12
The materiality matrix	16
Stakeholder engagement	20
Corporate governance system	28
<hr/>	
Performance Indicators	
Economic Performance	34
Environmental Performance	48
Environmental Performance: Summary table	60
Social Performance	62
Social Performance: Charts and Tables	72
<hr/>	
Appendixes	
Methodology note	76
GRI Content	80
Auditors' report	86



Pietro Buzzi
Chief Executive



Michele Buzzi
Chief Executive

We knew from the start that undertaking a process of continuous improvement in the sustainability area would require a constant, long-lasting commitment so, in the belief that once we embark on this journey we cannot and should not stop, we launched several important projects in 2015 that contributed to our growth and progress thanks to the willpower and perseverance of everyone involved.

Once the 2014 Sustainability Report was completed we decided to adopt the GRI G4 guidelines for the future editions, with the last fiscal year being the first year they were implemented. This led us to review part of our internal organization and naturally our data collection system. During the first phase of the process we defined and compiled the materiality matrix, a demanding and complex task resulting from a discussion between the group department managers and the key stakeholders. The positioning of the data on the matrix confirmed that there were several issues we already deemed material along with just as many suggestions for improvement, which were first implemented in the data collection

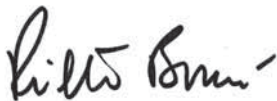
and then later in the reporting phases. For example, the matrix highlighted the importance of occupational and health and safety and community relations for our company.

As a result, we introduced several significant initiatives to expand the connection phase, such as collecting work-related injury data from our contractors, in other words the suppliers who physically work in our plants and with whom we plan to share good work practices to ensure the safety of their employees as well as our own.

We also asked the representatives of each country to indicate the actions they are undertaking to improve and strengthen relations with the communities living around our plants: you will find a detailed explanation of these initiatives in this report.

Lastly, we completed the evolution of the document with a new editorial style, which highlights the information and data collected even better than before thanks to the use of infographics.

We believe that the 2015 Sustainability Report will mark an important turning point in our reporting process and adds another destination to our long journey.



Pietro Buzzi
Chief Executive



Michele Buzzi
Chief Executive

The group at a glance

International presence



Europe

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

Asia

Russia	Sukholozhskcement, Dyckerhoff Korkino Cement
---------------	--

America

USA	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25%)
Mexico	Corporación Moctezuma (50%)

Africa

Algeria	Société des Ciments de Hadjar Soud (35%) Société des Ciments de Sour El Ghozlane (35%)
----------------	---

Operating structure

		ITA	GER	LUX	NLD	POL	CZE SVK	UKR	RUS	USA	TOTAL	MEX ¹
Cement plants	no.	9	7	2	-	1	1	2	2	8	32	3
of which grinding	no.	3	2	1	-	-	-	-	-	-	6	-
Cement production capacity	m tons/ year	9.0	7.2	1.4	-	1.6	1.1	3.0	4.3	9.8	37.4	6.3
Ready-mix batch plants	no.	134	121	3	13	27	75	5	-	80	458	43
Aggregate quarries	no.	6	3	-	1	-	9	-	-	3	22	3
Deposits and terminals	no.	3	3	-	-	1	-	2	1	35	45	-

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

¹ Figures at 100%.

Key Figures

		2009	2010	2011	2012	2013	2014	2015
Cement sales	t/000	25,548	26,570	28,218	27,263	23,852	24,280	24,857
Concrete sales	m ³ /000	13,893	14,379	15,066	13,641	11,887	12,048	11,936
Aggregate sales	t/000	10,031	10,651	9,708	8,642	7,869	7,558	8,120
Sales revenues	€ m	2,671.8	2,648.4	2,787.4	2,813.4	2,510.1	2,506.4	2,662.1
Capital expenditure	€ m	389.9	268.2	156.6	234.1	221.5	318.1	304.2
Headcount at year end	n.	11,269	11,316	10,956	10,837	9,938	10,117	9,738

The years from 2009 to 2012 include Mexico at 50%. The years from 2013 to 2015 do not include Mexico.

Sales revenue

(millions of euro)

2009		2,671.8
2010		2,648.4
2011		2,787.4
2012		2,813.4
2013		2,510.1
2014		2,506.4
2015		2,662.1

The years from 2009 to 2012 include Mexico at 50%.
The years from 2013 to 2015 do not include Mexico.

Capital expenditures

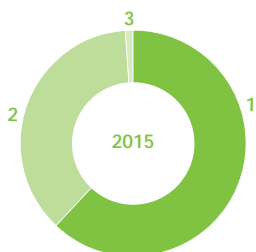
(millions of euro)

2009		389.9
2010		268.2
2011		156.6
2012		234.1
2013		221.5
2014		318.1
2015		304.2

The years from 2009 to 2012 include Mexico at 50%.
The years from 2013 to 2015 do not include Mexico.

Sales revenue by line of business

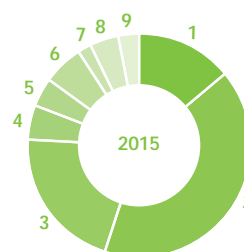
(in %)



1	Cement and clinker	62
2	Ready-mix concrete and aggregates	37
3	Related activities	1

Sales revenue by geographic area

(in %)



1	Italy	14
2	USA	41
3	Germany	21
4	Czech Republic and Slovakia	5
5	Poland	4
6	Russia	6
7	Netherlands	2
8	Luxembourg	4
9	Ukraine	3

Group environmental performance - highlights

		2011	2012	2013	2014	2015
CO ₂ emissions	kg / t cem. eq.	697	688	689	706	680
Specific thermal consumption	MJ / t clinker	4,007	4,021	3,979	4,009	4,010
Heat substitution	%	17.6	18.5	19.1	19.3	20.4

Group social performance - highlights

	2011	2012	2013	2014	2015
TOTAL WORKFORCE	11,528	11,426	11,094	11,222	10,859
LTIFR (Lost Time Injury Frequency Rate) ⁽¹⁾	8.61	6.49	5.76	3.86	3.43
Men	9,932	9,841	9,553	9,544	9,281
Women	1,596	1,585	1,541	1,678	1,578
White collars	4,236	4,292	4,207	4,190	4,097
Blue collars	7,292	7,134	6,887	7,032	6,762
Total hires	1,178	1,228	1,134	1,784	1,213
Percentage of hiring	10.22%	10.75%	10.22%	15.90%	11.17%
Total terminations	1,438	1,330	1,466	1,656	1,576
Turnover rate	12.47%	11.64%	13.21%	14.76%	14.51%
% of absence rate (illness/injuries)	2.89	2.76	2.98	2.83	3.02
Total days of training	46,850	43,787	47,458	54,482	48,558

⁽¹⁾ CEMENT - employees only
Note: Messico: figures at 100%



Cement plant locations

as at 31 December 2015

Europe and Africa



Caption

- Cement plants
- Grinding plants

America and Asia



Italy

9

plants

9,0

(million tons)
cement production
capacity

134

concrete
batch plants

6

aggregate
quarries

3

deposits
and terminals

		2015	2014	var% 15/14
Cement production	t/000	3,682	3,744	-1.7%
Concrete sales	m ³ /000	2,569	2,539	+1.2%
Aggregate sales	t/000	1,153	1,180	-2.3%
Aggregate sales	€ m	381.1	391.5	-2.7%
Capital expenditures	€ m	18.6	42.4	-56.0%
Headcount at year end	no.	1,435	1,488	-3.6%



Germany, Luxembourg and Netherlands

9

plants

8,6

(million tons)
cement production
capacity

137

concrete
batch plants

4

aggregate
quarries

3

deposits
and terminals

		2015	2014	var% 15/14
Cement production	t/000	6,099	6,327	-3.6%
Concrete sales	m ³ /000	4,452	4,536	-1.9%
Aggregate sales	t/000	3,067	2,854	+7.5%
Aggregate sales	€ m	720.1	747.4	-3.7%
Capital expenditures	€ m	39.1	150.0	-73.9%
Headcount at year end	no.	2,113	2,131	-0.8%



Poland

1 plant	1,6 (million tons) cement production capacity	27 concrete batch plants	1 deposit and terminal
------------	--	--------------------------------	------------------------------

		2015	2014	var% 15/14
Cement production	t/000	1,350	1,080	+25.0%
Concrete sales	m ³ /000	729	664	+9.8%
Aggregate sales	€ m	96.8	89.0	+8.7%
Capital expenditures	€ m	4.6	7.7	-40.3%
Headcount at year end	no.	365	371	-1.6%



Czech Republic and Slovakia

1 plant	1,1 (million tons) cement production capacity	75 concrete batch plants	9 aggregate quarries
------------	--	--------------------------------	----------------------------

		2015	2014	var% 15/14
Cement production	t/000	836	828	+1.0%
Concrete sales	m ³ /000	1,621	1,574	+3.0%
Aggregate sales	t/000	1,524	1,244	+22.5%
Aggregate sales	€ m	135.6	133.6	+1.5%
Capital expenditures	€ m	5,0	6,5	-23.0%
Headcount at year end	no.	747	784	-4.7%



Ukraine

2
plants

3,0
(million tons)
cement production
capacity

5
concrete
batch plants

2
deposits
and terminals

		2015	2014	var% 15/14
Cement production	t/000	1,710	1,694	+0.9%
Concrete sales	m ³ /000	115	150	-23.1%
Aggregate sales	€ m	69.8	88.1	-20.8%
Capital expenditures	€ m	6.5	8.1	-18.8%
Headcount at year end	no.	1,304	1,420	-8.2%



Russia

2
plants

4,3
(million tons)
cement production
capacity

1
deposit
and terminal

		2015	2014	var% 15/14
Cement production	t/000	3,363	3,010	+11.7%
Aggregate sales	€ m	166.7	209.9	-20.6%
Capital expenditures	€ m	9.9	12.8	-22.3%
Headcount at year end	no.	1,469	1,611	-8.8%



United States of America

8
plants

9,8
(million tons)
cement production
capacity

80
concrete
batch plants

3
aggregate
quarries

35
deposits
and terminals

		2015	2014	var% 15/14
Cement production	t/000	7,817	7,598	+2.9%
Concrete sales	m ³ /000	2,451	2,586	-5.2%
Aggregate sales	t/000	2,376	2,280	+4.2%
Aggregate sales	\$ m	1,230.1	1,137.3	+8.2%
Capital expenditures	\$ m	244.5	120.4	+103.1%
Headcount at year end	no.	2,305	2,312	-0.3%



Mexico¹

3
plants

6,3
(million tons)
cement production
capacity

43
concrete
batch plants

3
aggregate
quarries

		2015	2014	var% 15/14
Cement production	t/000	6,879	6,191	+11.1%
Concrete sales	m ³ /000	1,996	1,804	+10.6%
Aggregate sales	t/000	1,113	502	+121.7%
Aggregate sales	\$ m	694.4	693.3	+0.2%
Capital expenditures	\$ m	51.3	29.5	+73.8%
Headcount at year end	no.	1,121	1,105	+1.4%



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

THE MATERIALITY MATRIX

.....

With initiation of the new GRI-G4 guidelines, Buzzi Unicem has defined its own materiality matrix. There has been broad debate, on a series of potentially important issues, between the opinions of the Company's management and shareholders and those of some stakeholder groups.

The materiality matrix consists of a Cartesian coordinate system in which material business management characteristics are positioned on the basis of their graded "significance" to the Company (Axis X) and their Stakeholders (Axis Y).

Some of the most material aspects that have surfaced are safety and environmental management, air quality, compliance with current regulations and the use of alternative fuels. Despite the seemingly simple nature, the definition process has been quite complex.

The first phase of the process, the definition of material issues, identified a series of sixty potentially relevant characteristics derived from analyzing Buzzi Unicem corporate documents and comparing our data to that from publications specializing in sustainability, such as the GRI Guidelines and the Dow Jones Sustainability Index. The selection was further limited by considering the operational and geographical context in which we work.

The final result of this exercise identified thirty material issues that have

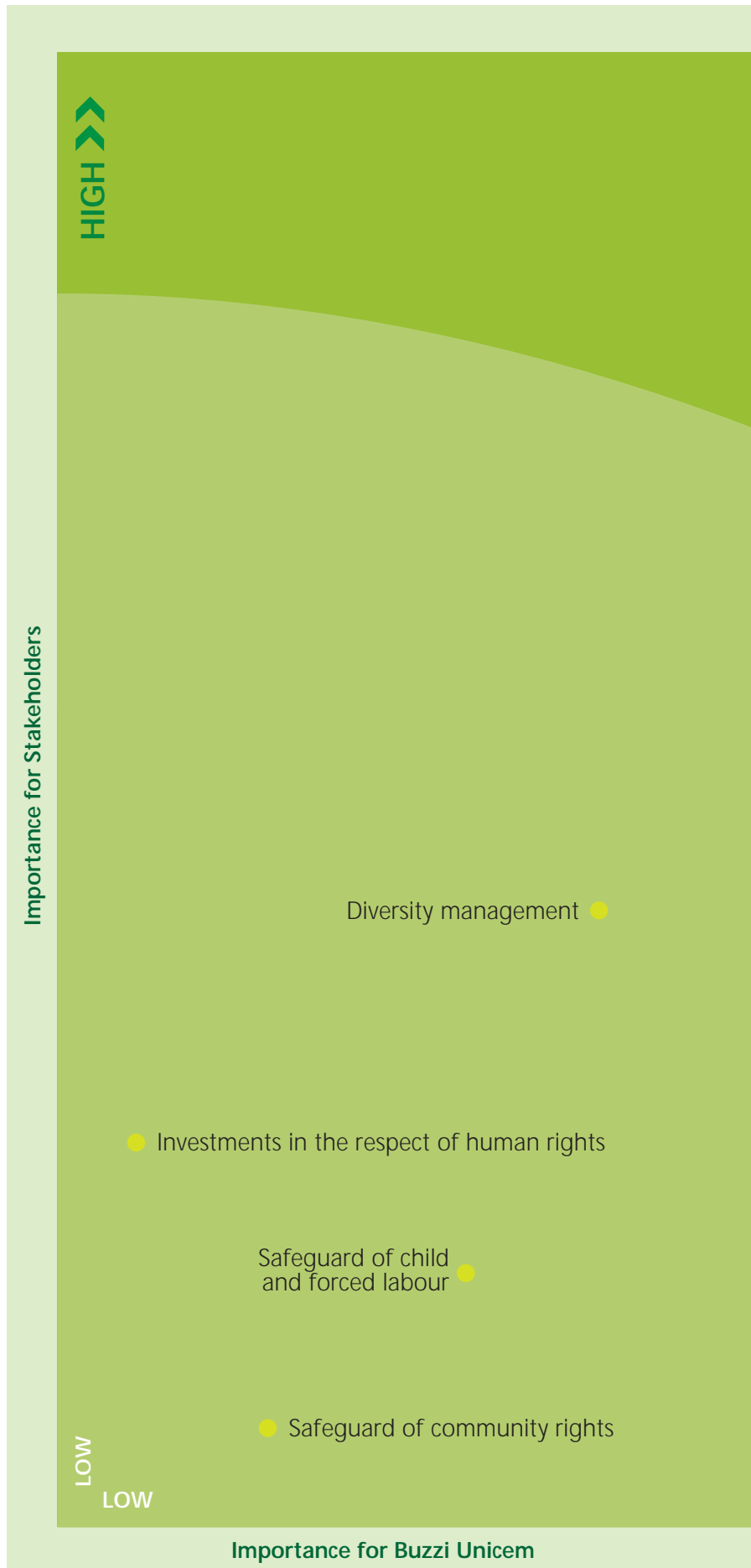
been evaluated by the Company, which included a select group of management and shareholders, and our stakeholders. During the development of the initial materiality matrix edition discussions were held with a group of Buzzi Unicem managers, each representing various stakeholder categories; Sales Managers represented our customers, Human Resources represented our employees, Supply Managers represented our suppliers and General Managers and Operation Managers represented the local communities. Their opinions, combined with those of our shareholders were used to create the final matrix.

Once the matrix was created we were able to redefine the data collection tool, i.e. Reporting Package, needed to report on those indicators that make up the core Sustainability Report.

Starting with the 2015 report, the materiality matrix will be the primary tool used by the group to develop sustainability policies and strategies, identify focus areas for stakeholder engagement and disclosure on both financial and non-economic issues.

THE MATERIALITY MATRIX IS AND WILL INCREASINGLY BE THE MAIN INSTRUMENT ALLOWING COMPANIES TO DEFINE SUSTAINABILITY POLICIES AND STRATEGIES

The positioning of issues on the matrix indicates the importance from the point of view of both the Company and the stakeholders. Note that those issues shown at the lower left quadrant of the matrix will not be included in the annual Sustainability Report. While these issues are considered in the Company's business conduct, they have been rated below the materiality threshold for reporting purposes.





HIGH >>>

Importance for Buzzi Unicem



STAKEHOLDER ENGAGEMENT

.....

Dialogue and cooperation with stakeholders are fundamental for those companies that pursue a sustainable development model.

Stakeholder engagement

The activities carried out by manufacturing companies in the building industry usually entail relevant impacts on the region, not just related to economics but also to society and the environment.

Given market globalization and the increasing focus of public opinion on environmental issues and the fight against climate changes, all big companies, including ours, have started to face the growing complexity in the interaction between economic performances and environmental and social impacts, both on a local and global level.

The involvement of the company's stakeholders, as considered by Edward Freeman, back in 1963 as "the subjects without whose support a company cannot survive", has become one of the ways to manage such complexity and define effective medium and long-term business strategies.

Stakeholder engagement is not a new phenomenon: the dialogue with the so-called business stakeholders (investors, customers, suppliers, employees, authorities) is a well-established, long-standing practice in many companies.

Since the Nineties, however, it has become more and more evident that a

more structured engagement with local institutions and NGOs was needed, since these groups became increasingly determined to be informed about and involved in a number of decision-making processes.

Our Stakeholders

Buzzi Unicem is aware that continuous dialogue with the local communities, authorities and NGOs based locally to its factories is an essential condition that works to everyone's advantage. "Doing business" must be combined with awareness and responsibility, which means accepting the suggestions, and sometimes, the criticisms of stakeholders, in order to adopt solutions uniting corporate interests with those of local communities.

Buzzi Unicem divides its stakeholders into Shareholders, Customers, Suppliers, Employees, the Territory and Local Communities.

SHAREHOLDERS

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

CUSTOMERS

At Buzzi Unicem, the relations with Customers benefit from the company's commitment to maintaining the highest excellence in standards on every product and service offered. In particular, the synergy of the company and its Customers cooperate in synergy for the development of innovative technical solutions that best respond to the requests and criticalities of a constantly evolving market.



The companies are asked to continuously improve the dialogue with local institutions and communities.

SUPPLIERS

Buzzi Unicem has a continuous relationship with its Suppliers and, thanks to a highly-effective supply chain, creates mutual value and advantages by focusing on the organizational excellence of its production process. Suppliers are chosen on the basis of their technical and economic competitiveness, as well as their reliability and strength. All suppliers must comply with the Code of Conduct, which emphasizes how important it is to behave in a fair and transparent manner while carrying out the activities requested.

EMPLOYEES

Given its attention to the “internal stakeholder”, Buzzi Unicem has decided to invest in several training and prevention initiatives, with particular focus on work-related safety, a very important theme on a global scale. Furthermore, Buzzi Unicem hosts the European Work Council’s meeting, during which the relationships between companies and worker representatives are discussed and improved: this event deals with corporate life aspects by consistently referring to existing projects, production units, markets and results.

TERRITORY AND LOCAL COMMUNITIES

Buzzi Unicem is constantly putting maximum effort into the research and choice of technical solutions to reduce environmental impact. The dialogue with stakeholders, in particular institutions, opinion groups, trade union representatives and the civil community, is encouraged, as is social life in the production branches. In addition, Buzzi Unicem is a member of Cembureau, the representing the cement industry in Europe. The association acts as a spokesperson for the concrete industry and brings issues related to the use of raw materials, alternative fuels, climate protection, emissions, biodiversity and health and safety at work to the attention of the European Union.



Work-related safety: a shared responsibility

The materiality matrix confirms the great importance of work-related safety issues. For this reason, Buzzi Unicem decided to extend the injuries survey perimeter to include “contractors”, namely the personnel working for external companies and carrying out certain tasks on our premises. This assessment practice, used only in a few countries so far, has been balanced and extended to the whole group. The contractor companies involved have been made aware of the issue through written communication, asking them to share the importance of safety and report basic data concerning the injuries incurred while working for us in 2015.

The contractors responded very positively: more than 80% of the companies contacted accepted our invitation, more than 11 million man-hours of work were reported on, with 115 injuries recorded (none of which were fatal).

The frequency indices reported on page 70 now include data provided by contractors. Buzzi Unicem wishes to continue in this reporting approach and further intensify efforts ensure and maintain safe working conditions and reduce injury frequency indices.



Lengerich: an example of territorial integration

When talking about concrete production, a responsible use of resources and an open dialogue with local communities and authorities are essential to ensure proper operation of a cement factory.

The plant based in Lengerich, Germany, is a good example of territorial integration. The factory, situated in northwestern Germany, is considered to be one of the biggest and most modern in the country: it produces several types of concrete to satisfy the needs of civil engineering and a wide range of binders for special applications including oil well cement, of which Lengerich is the largest producer in the world and the only one in Germany.

The production of cement and especially clinker burning, generate CO₂ emissions. Around 60% of these emissions are due to the decomposition of

Lengerich is an example of how constructive dialogue with local communities leads to actual advantages for companies working on a certain territory.



LENGERICH

100%

Thermal requirements fulfilled thanks to the use of secondary fuels by mid- 2016

limestone at high temperatures, whereas the remaining 40% is generated by the fuel combustion process.

The quantity of CO₂ generated through combustion can be reduced by using fuels with a minor environmental impact, such as waste-derived fuels (secondary fuels).

Compared with traditional fuels, secondary fuels bring further advantages: they reduce the need for natural resources (fossil fuel) and make it unnecessary to use landfills or incinerators for waste disposal.

Lengerich has been replacing lignite with secondary fuels for more than ten years now. The thermal energy supplied to the two kiln systems has reached 75% and 60% of the total need, respectively.

By the first half of 2016, the plant of Lengerich will satisfy 100% of the thermal need of its two kiln systems

by using only secondary fuels. The project's details have been provided in a document presented to both the authorities and citizens.

The increased use of secondary fuels entails significant investments, such as expanding the fluff storage area or replacing the current electro-filter with a new bag filter. In order to limit possible impacts on the local community, the residents living next to the factory have been informed and involved, and the advantages related to the increased use of secondary fuels have been clearly explained, in order to prevent a misperception in public opinion about the project.

It often happens that, in these situations, concerns are expressed about the quality of the air and the environmental impact and, consequently, people without specialized knowledge may have a distorted view of the issue. Factory managers, therefore, have to

respond to doubts and calm fears by giving clear explanations to the local community.

At Lengerich, informative meetings with local representatives created a direct involvement of citizens, who, during a guided tour of the cement factory, learned about the concrete production process and were informed about activities that would occur. Guides, in turn, gave comprehensive explanations, thus proving their professionalism and expertise.

Lengerich is an example of how constructive dialogue with local communities leads to actual advantages for companies working in a certain territory.

Barletta: letters to the Citizens

When the old smokestack of the Barletta plant was demolished, a widespread information campaign was used to notify residents living next to the cement factory.

The smokestack, more than 100 meters in height, was the plant's most visible element. The demolition took 3 months and people were informed both through letters and banners hanging outside the factory, easily visible when passing along the two adjacent streets.

The residents were fully informed of the reasons for, and mode of, the smokestack demolition by, for instance, indicating when it would take place, what kind of materials would be removed and how they would be disposed of.

The communication's coherent form, consisting of "questions and answers", allowed for widespread information on the operation, thus avoiding doubts and suspicions.

The factory manager, that signed the letter, explicitly invited citizens to ask further questions and visit the plant if they wished to know more about it.

In every country where Buzzi Unicem operates, it maintains relations with local communities and establishes a constructive dialogue with them, with the aim of raising awareness about the Company, its values and its commitment towards the protection of the environment.

The relationship with local communities

Buzzi Unicem values the relationship with local communities (and employees) living next to its' factories in all countries in which we operate; we always try to have a constructive dialogue in order to let the community know about the Company, its values and its concern for the environment.

These relations take the form of meetings during which community and regional needs arising from our presence are expressed and shared solutions found. During 2015, 91% of the group's cement factories launched initiatives addressing their local communities. Furthermore, local schools and communities were invited on a guided tour of the factories and were often involved in celebration of historic Company anniversaries.



More details about these initiatives can be found below.

School of cement

During 2015, over a thousand students from all school grades have visited our Italian factories.

From Barletta to Robilante, from Guidonia to Siniscola, guided tours provided an important educational opportunities and a chance to discuss with local communities: young boys and girls were informed about numerous themes ranging from cement production to emission reduction project. In this regard, the Augusta factory joined the "Quality of the air, Environment, health

2015

91%

cement plants of the group

have implemented initiatives for local communities in which they operate



2015

The Management and staff of Yug Cement helped in clearing snow from the streets thus ensuring the viability of the Olshanske community

and territory” project promoted by the CIPA (Industrial Consortium for Environmental Protection) of Syracuse.

A group of students visited the Syracuse plant, met the managers and asked them many questions on how companies improve sustainability and environmental protection. Students visited the factory in order to explore environmental priorities by having a direct debate with experts in the field.

Territorial issues have been the main theme in the Guidonia plant: in addition to important topics such as work-related safety and prevention, students acquired in-depth understanding of the paleontological activities carried out on fossils found in clay.

This same plant completed several school-work projects in cooperation with many schools.

In these cases, factory technicians were directly involved in training classes: many topics, including concrete production techniques and electrical main-

tenance, were presented and followed with great interest. Also in the educational field, although from a different perspective, it is important to note that YUG Cement has been providing heat to a local Ukrainian school (Olshansky) for years now and that, in order to improve the education level of its young students and ensure better access to school subjects, an Internet connection was installed in 2015.

On the other side of the world, in the US, personnel at the Chattanooga factory built a small playground for one of the local elementary schools.

Safety on the road

Winter is harsh in the Mykolaiv region of Ukraine. During 2015, heavy snow made the city of Olshanske inaccessible: people could not reach basic services such as food shops, hospitals, train stations or power plants.

To help relieve this hardship, Yug Cement’s Management removed snow from the streets and kept them accessible. This was crucial in bringing a seriously sick patient to the hospital. This initiative was truly appreciated by the authorities of Olshanske and reported in local newspapers.

In 2015, the workers of the Omsk cement factory, Siberia, helped local people repair the road connecting the plant to the rest of the town. The operations involved the cement factory’s personnel, which repaired the road surface and kept borders clear of vegetation, a real risk for drivers.

Days at the sea

In summer 2015, Yug Cement’s Management encouraged the organization of 5 separate days at sea for its personnel and some Olshanske residents, and paid for their transport to Ochakov, on the Black Sea.



CORPORATE GOVERNANCE SYSTEM

.....

The corporate governance system of the parent company, Buzzi Unicem SpA, follows the recommendations of CONSOB and is oriented towards the principles contained in the Corporate Governance Code of listed companies and, more generally, in line with national and international best practices.

Voluntary instruments such as the antitrust code are employed throughout the group's companies, including the foreign firms, while the legal instruments comply with the various regulatory standards.

In accordance with Italian law regarding listed companies, the organization of the parent company Buzzi Unicem SpA comprises a Board of Directors, Statutory Auditors, Shareholders' Meeting and the Audit and Risk Committee meetings.

Board of Directors

The Board of Directors is the collective body of the company's management and is invested with all inherent ordinary and extraordinary powers.

The primary function of the Board of Directors is to guide and monitor the general activities of the company and the group to which it belongs, without compromising the legal responsibilities

of the various entities of the group. The Board of Directors currently consists of three executive members and 10 non-executive directors, seven of whom are independent.

Board of Auditors

The Auditors ensure compliance with the law and statutes and that corporate activities are carried out in accordance with the principles of proper administration. They also monitor the adequacy of the company's organizational structure, the internal control system and administrative/accounting system.

The Board of Statutory Auditors currently consists of three members and two alternates.

Risk Management and Internal Control Committee

The Committee serves in an advisory and recommendatory role as required in the Corporate Governance Code. It

is responsible for adequately investigating and supporting the assessments and decisions of the Board of Directors on the internal control and risk management system and the approval of periodic financial reports.

The Control and Risk Committee is currently composed of three directors, the majority of whom are independent; the committee is responsible for the tasks described in the 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 Board of Directors has the ultimate responsibility for the Internal Control and Risk Management System.

The company has established an Internal Audit Department, which is responsible for monitoring compliance with internal operational and administrative procedures to ensure that the com-

pany's assets are soundly and effectively managed and protected.

The Board of Directors appoints the Head of the Internal Audit function who does not work for any operational area and reports directly to the Board of Directors. Local Internal Audit functions have been established for subsidiaries, which report hierarchically to their local management but report functionally to the Internal Audit Manager of Buzzi Unicem. The Buzzi Unicem group has a risk management system administered by the Internal Audit department.

Risk management involves the Board of Directors, management and staff, to identify potential events that may affect the companies themselves, manage the risk within certain limitations and provide reasonable assurance regarding the achievement of corporate goals. As part of the internal control system, risk management takes the form of taking inventory of the risks every six months and controlling and reporting them based on an overall known and acceptable risk strategy.



The company has created the Internal Audit Department, which is tasked with monitoring compliance with internal operational and administrative procedures.



All the Group's major Italian companies have adopted their own organizational model and their own Code of Ethics pursuant to Legislative Decree no. 231/2001.

Ethics and Transparency

Buzzi Unicem SpA adopted the Organizational, Management and Control Model provided for by Legislative Decree 231/2001 to ensure fairness 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.

The model was approved by the Board of Directors in March 2003 and has been constantly updated since then to prevent new criminal offences and correctly identify and update procedures. A fundamental part of the Model is the Code of Ethics, which is a tool to raise awareness among the people who operate in the name of and on behalf of the company, so that they conduct themselves properly and fittingly as they perform their activities and prevent the risk of crimes being committed.

All of the group's major Italian companies have adopted their own organizational model and their own Code of Ethics pursuant to Legislative Decree no. 231/2001.

The parent company has also created a Code of Conduct which sets out the principles that all employees must follow. The Board of Directors has accepted the code, which has been translated into eight languages and distributed to employees in all the group's subsidiaries.

The Board of Directors has also adopted the following:

- "Procedures for related party transactions", to ensure transparency and substantive and procedural fairness of transactions with related parties in accordance with CONSOB regulation no. 17221/2010 and subsequent amendments;
- "Manual on market abuse and inside information", aimed at creating a set of procedures and practices within the group regarding the external disclosure of inside company documents and information;
- Procedure on Internal Dealing, aimed at regulating the operating procedures for compliance with information obligations, in accordance with the relevant laws and regulations. These obligations are the responsibility of the Relevant Persons with respect to transactions of shares or other instruments associated with the listed companies of the Buzzi Unicem group;
- "Guidelines for the conduct of the group's employees for compliance with the competition protection rules"

Transparency in the conduct of business

Buzzi Unicem believes that ethics are a fundamental aspect of conducting business and add value to the company while fully complying with the law. All strategic and daily operational activities must always be based on ethical principles and a high level of compliance with legal regulations.

The Code of Conduct was adopted for this reason and sets out the principles that all the group's employees must follow so that they can handle and overcome the ethical and legal challenges that may occur in their everyday activities.

This document has been translated into eight languages and distributed to all the group's employees.

The managements of the subsidiaries have been made aware of the importance of their organizations complying with the Code as an essential part of their contractual obligations, the commitment and the duties of the employees of the Buzzi Unicem group.

The Internal Audit function is responsible for verifying compliance with the Code of Conduct on a yearly basis, and

to this end prepares and implements the Group Audit Plan.

The Audit Plan covers all the countries in which the group operates and takes into account the level of risk in the various geographic areas for planning the audit activities. These audits include operational audits at the plants and headquarters, unplanned audits that may occur either at the behest of management or whistleblowing reports.

The reports received from the local Internal Audit functions in all the countries in which the group operates are evaluated in depth. Particular attention is paid to corruption, antitrust and conflict of interest issues, which have specific procedures that are periodically verified for compliance.

The Audit Plan for 2015 included audits on compliance with existing legislation in the countries in which the group operates, and compliance with procedures and instructions.

The plan covered all the countries where the group operates, with varying levels of detail depending upon country risk and industry risk, and was 92% completed.



CODE OF CONDUCT

was translated into eight languages and sent to all employees of the group





The company distributed the Code of Conduct to all employees to prevent potential incidents of corruption and conduct that is not in keeping with the principles of ethics and transparency.

An audit was performed in Italy in 2015 on compliance with the conflict of interest procedures and related issues, in accordance with Legislative Decree 231/2001.

Communication and training on ethics and transparency

As part of the fight against corruption and conduct that is not in keeping with the company's principles of ethics and transparency, we have distributed the Code of Conduct to all employees by email, hard copy and posting it on notice boards. The Code of Ethics and the Organizational, Management and Control Model are also distributed in Italy in accordance with Legislative Decree no. 231/2001.

As required by the Model, orders sent for acceptance to suppliers contain a clause with which suppliers state they

have read the Code of Ethics of Buzzi Unicem on the company's website and agree to abide by its principles and regulations. Violating the Code constitutes a serious breach of contractual obligations and may serve as justification to terminate the contract.

Steps have been taken in those countries that are most at risk to raise awareness among suppliers about the ethical principles by distributing the Code of Conduct and requesting that they abide by its contents.

Corruption

There were no reports of corruption incidents within the group's activities in 2015.

Penalties

In Italy, Unical has been paying a pro-rated penalty under antitrust laws since

2014 for allegedly implementing an anti-competitive agreement in 2004.

The amount paid in 2015 was approximately € 1,475,000.

A total amount of approximately € 38,000 has been paid for non-compliance with laws, regulations and administrative penalties for irregularities.

The Company paid a fine of 160,000 rubles following a fatal work accident that occurred in Russia in March 2015 for failing to provide training to employees on occupational safety as required by law.

A fine of \$5,000 was paid in the United states for violating the Clean Water Act.



ECONOMIC PERFORMANCE

As part of dialogue-oriented initiatives with stakeholders, Buzzi Unicem has regularly involved shareholders, investors and capital providers in Italy and abroad, both at the institutional level through the Annual General Meeting, press releases, presentations in Institutional Investor Roadshows and conferences, and through meetings and conference calls useful for dialogue on performance and development strategies.

The main events that Buzzi Unicem participated in during 2015 were as follows:

- Engineering & Construction Conference organized by Equita in Milan in April
- Institutional Investors Roadshow organized by Mediobanca in London in April
- Italian Investment Conference organized by Unicredit and Kepler Cheuvreux in Milan in May
- Italian Infrastructure Day, 2015 organized by the Italian Stock Exchange in Milan in September
- Institutional Investors Roadshow organized by Exane BNP Paribas in Paris in September
- Italian Conference organized by JP Morgan in Milan in October
- Building & Infrastructure Conference 2015 organized by BAML in London in October
- Institutional Investors Roadshow organized by Kepler Cheuvreux in Frankfurt in November

The www.buzziunicem.it website contains the following information:

- History of the group
- Countries in which it operates
- Products sold
- Commitment to quality, together with a description of the work performed by the research laboratories and certifications obtained
- Large section dedicated to sustainability
- Investor Relations section, which contains the following information for shareholders:
 - A large section dedicated to Corporate Governance
 - Press releases
 - Annual and interim reports
 - A description of the shares and shareholders
 - Ordinary share and savings share prices
 - A list of equity analysts who follow the company
 - Information about shareholders' meetings

Through its Investor Relations function, Buzzi Unicem provides information, the company's operating trends and performance to the financial community, and also reports the opinions and assessments of the financial community to company management, thereby nurturing a relationship of mutual understanding and ongoing collaboration.

Direct economic value generated and distributed

World economy growth during 2015 was modest and uneven: in mature economies the activity expansion was slightly improving and strengthened at the turn of the year, despite some signs of a slowdown in the United States, while in the emerging market economies as a whole the trends remained overall disappointing. International trade was weak and below expectations in the first half of the year, while in the second one, if in the advanced countries a slow recovery in global trade strengthened thanks to some momentum, in the emerging markets the contraction was still confirmed.

Taking a closer look at our core markets, we should point out investments in construction, which is closely tied to the demand for cement and concrete, maintained good growth in the United States, particularly in the commercial and residential building sector.

In Germany investment in construction normalized, after the previous year's growth.

In Italy, investment in construction during the past year was still down in all sectors, with the exception of residential real estate redevelopment.

Trends in Eastern European countries continued to be unequal: in Russia the recessionary environment led to a decline in the construction activity level; in Poland the economic growth and the level of investments in construction

continued to be favorable; in the Czech Republic the phase of economic recovery carried on, with improving production levels in constructions; in Ukraine finally, in the context of a severe recession and contraction in capital expenditures, the level of activity in the western regions, where our group operates, maintained a better performance than that of the eastern portion.

In the various markets where we are present the year 2015 was characterized by diversified operating conditions. In Italy the economy started slowly to expand again, but the less brilliant dynamics of exports, which were affected by the slowdown in emerging countries, took momentum away from GDP growth. The higher support of domestic consumption led to a growth only marginally positive during the last two quarters of the year. The consolidation of economic activity affected all major sectors except construction, where nevertheless the prolonged recession phase stopped.

Domestic cement consumption was still falling and, in many areas of the country, the production facilities did not reach a sustainable level of capacity utilization.

In Central European countries the growth in domestic demand more than offset the weakening of investments and the slowdown in exports. The construction industry maintained, on the whole, a slightly positive trend. Developments in Eastern European countries continued to be unequal. In Russia the recessive dynamics resulted in a decline in domestic demand and investment, which led to a slowdown in the construction activity level and consequently in cement consumption.

In Poland, where the economy development was still favorable, with investment in construction and cement consumption both increasing, our business maintained a regular pattern throughout the year. In the Czech Republic



POLAND

2015

Economic growth and the level of construction investments were positive once again



the favorable economic environment confirmed the positive performance of construction investments and our cement sales recorded as good levels as the ones achieved in the previous year. In Ukraine despite the significant contraction in GDP and investment, our industrial activities maintained a quite regular progress.

In the United States the expansion phase was confirmed, despite some signs of slowdown later this year, and investments in the construction sector reported a higher growth than in 2014, especially in the commercial and residential building segments.

The dynamics of volumes was rather positive in the United States as the recovery strengthens, and in Eastern Europe, due especially to the additional contribution of the Korkino cement plant in Russia and increased sales in



In Central Europe countries, the growth of domestic demand has offset the decline in investments and slowdown of exports. The performance of the building sector was slightly positive overall.



the Polish market. On the other hand, modest declines were recorded in Italy and Central Europe.

In Benelux, Poland and the Czech Republic volumes grew satisfactorily. In Italy the sales trend was similar to the previous year. The markets that suffered a drop in volumes were Germany and the United States.

Italy

During the year, investments in construction were falling again (-1.3% in real terms) in all segments, excluding the renovation of residential properties. More specifically, new residential construction fell by 6.0%, non-residential private construction by 1.2% and public works by 1.3%.

Since 2008, production levels for new residential construction have decreased by more than 61% and for public works by 48%. In the building sector, however, some signs of greater optimism were seen: in the second quarter house prices climbed for the first time

in four years, purchases continued to grow and the climate of confidence of construction firms was at one of the highest levels since 2008.

The Italian industry association (AITEC) estimated domestic deliveries of cement at roughly 19.6 million tons, down 2.6% from the previous year. In nine years of decline in a row, consumption has fallen by nearly 60% compared to the maximum levels recorded in 2006.

Our cement and clinker volumes decreased, with higher export quota, which partially mitigated the decline in the domestic market.

Sales prices have also declined, although there was a slight recovery on the minimums during summer. Sales of ready-mix concrete were similar to the previous year, with prices remaining stable.

Germany

After a phase of modest growth at the start to the year, expansion of economic activity from spring has been invigora-

AITEC

19,6
million tons

cement supplied
domestically in 2015

ted by trade with foreign countries, by accelerating exports on the one hand and curbing imports on the other. In the second half of the year, with a clear slowdown in exports caused by weakness in non-European markets, the biggest boost came from domestic consumption, thanks to increased disposable income and a drop in unemployment rate, favored by a reduction in fuel cost and low interest rates. The level of investments, in construction in particular, declined and continued to weaken. GDP growth for the year under review (+1.5%), revised downwards, was in line with that of the previous year.

As a whole the construction sector maintained a slightly positive trend, although lower than the previous year, and cement consumption in the country was falling.

Despite the recovery in the latter part of the year, our cement deliveries declined overall due to the weaker demand for oil-well cement, accompanied by a marginal decrease in prices. Sales volumes of ready-mix concrete saw a sharper downturn, together with falling prices.

Luxembourg and the Netherlands

The member countries of Benelux, promoters and founders of European integration have consolidated intense cooperation amongst themselves, as a cross-border regional platform in the context of European integration. The main action themes of the 2012-2016 plan is searching for common solutions to matters regarding energy, environment, social cohesion, knowledge, mobility, safety and prevention of fraud. Within the union, the economic development of Luxembourg, which during the year has demonstrated one of the brightest dynamism in Europe, continues to rest on pillars of stability and international openness. Stability intended as efficient social and political cohesion, solid public finance with low debt level, affordable taxation levels and international openness as the primary center of advanced financial services in Europe and aggregator of commuter-labor force (over 40% of workers come from the bordering countries of Belgium, France and Germany). The estimated GDP growth for the current year, recently revised slightly downwards and



In the construction industry's performance in Germany in 2015 remained slightly positive, although lower than the previous year.

slowing since 2014, is 2.2%, thanks to stronger domestic consumption, good investment levels and export of services. Investments in the construction sector and cement domestic consumption are estimated to be in line with the previous year.

The gradual economic recovery in the Netherlands after two years of recession from 2012-2013 continued to strengthen in 2015. An improvement in real salaries, the rise in employment rate and low inflation supported domestic consumption growth, while the improved climate of confidence consolidated the recovery of investments.

GDP growth for the whole year is estimated at +1.6%. After a prolonged period of decline, the construction sector showed real signs of a rebound in a context of strengthening of the property value on the market and increase in the investment level.

Our cement volumes, inclusive of internal sales and export, were affected by the slowdown in neighboring countries; however, thanks to some recovery in the last quarter, they decreased with stable average prices. Ready-mix concrete output recorded a significant increase, but lacking price momentum.

Poland

Investments in the construction industry have shown favorable trends with a slight growth in cement consumption. Our business maintained a regular pattern, consistent with the region and market potential compared to the previous year. Cement volumes sold by our plant increased compared to 2014, although with a decline in prices in local currency. The production of ready-mix concrete also grew, in a market where prices are increasingly competitive.

The cement sales of our subsidiary **Corporación Moctezuma in Mexico** were exceptional the whole year.



USA

+6,1%

of investments
in constructions field with
positive variations
in commercial and
residential sectors

Czech Republic and Slovakia

Investments in construction maintained a good performance and cement consumption was slightly up. The Slovak economy grew by 3.5% in 2015, a noticeable improvement with respect to the +2.4% rate of 2014. Our cement sales were in line with the good levels achieved in 2014 with stable average prices. The ready-mix concrete sector, which also includes Slovak operations, showed signs of improvement, with sales and prices up.

Ukraine

With a backdrop of latent territorial tensions, which came about following the geopolitical conflict, and a fragile social context, the downturn worsened.

Industrial output, retail trade and investments recorded double-digit declines. The inflation rate was higher than 40% and GDP contraction for the year under review was revised downward to -11%.

The assistance plans of the International Monetary Fund, the European Union and the United States are backing the country's efforts to promote structural reforms, implement anti-corruption practices and return to a balanced and sustainable economic situation. Investments in construction marked a sharp decline and cement consumption dropped significantly. In spite of the difficult scenario, our operations recorded a regular trend; cement volumes sold were in line with the previous year, with prices in local currency dragged upwards by the galloping inflation (+19.5%).

Russia

For the second year in a row the construction sector suffered a considerable contraction (-7%) which had negative repercussions on cement consumption, decreasing for the first time after four straight years of record consumption.

Sales volumes, which benefited from the Korkino plant entering the consolidation scope, showed an increase compared to 2014; like for like sales volumes would have been lower. The category of oil well cements, devoted to the extraction industry, showed a good resilience.

The average prices in local currency were in line with last year; it should be remembered, though, that the products delivered by the Korkino cement plant are in lower range compared to the mix of the Suchoi Log plant.

USA

Investments in the construction industry performed well overall (+6.1%), better than in 2014, with particularly favorable changes in the commercial and residential segment with infrastructures recovering. After five years of growth in a row, cement consumption in the country reached 89.8 million tons (+3.8%).

Our hydraulic binders sales increased by 2.4%, thanks to the good performance in the Midwest regions and despite a significant contraction in deliveries of oil well special products. Ready-mix concrete output, mainly located in the South-West, was lower than the previous year. Sales prices in local currency in both the cement and ready-mix concrete sectors were favorable.

Mexico (equity-based evaluation)

Cement consumption in the country benefited from the preliminary tangible effects of the 2014-2018 infrastructure development plan, exceeding the previous record of 2012.

The trend of cement sales of the associate Corporación Moctezuma was brilliant for the whole of the year, with average prices in local currency higher than the previous year.

Ready-mix concrete production showed similar trends.

Production value has improved (+4.5%) due mainly to the significant increase in the US, and despite a slight decline in Central Europe and Italy, whereas the fall in revenues is more evident in Eastern Europe, mainly due to an unfavorable exchange rate.

Added-Value Reclassified Income Statement

(millions of euro)

	2013	2014	2015
Value of production	2,601.5	2,592.7	2,710.3
Intermediate production costs	-1,680.4	-1,681.1	-1,713.1
Other income and expenses	40.4	92.2	39.5
Gross added value	961.5	1,003.8	1,037.0
Amortization/depreciation and impairment	-316.7	-244.0	-209.2
Net added value	644.7	759.8	827.8

The added value generated by our group increased by 10.6%.

Balance Sheet

(millions of euro)

	2013	2014	2015
Current Assets	1,377.4	1,244.3	1,356.3
Non-current assets	3,798.1	3,925.3	4,164.7
Invested Capital	5,175.5	5,169.6	5,521.0
Short-term debt	603.9	534.0	930.7
Long-term debt	2,272.9	2,273.5	2,010.7
Equity	2,298.7	2,362.1	2,579.6
Sources of invested capital	5,175.5	5,169.6	5,521.0

The sustainability criteria used for the reclassification of the Balance Sheet and Consolidated Income Statement allow the company to calculate and assign the relevant benefits to the multiple stakeholders of the group on based on their different economic, social and environmental nature.

A breakdown of net value added

(in %)

	2013	2014	2015
Enterprise system	-7	16	16
Human Resource	70	56	55
State and Institutions	14	11	15
Shareholders	0	0	0
Sponsors	16	12	9
Community and environment	7	5	5

Production value has improved (+4.5%) mainly due to a positive increase in the United States of America.

Production costs have benefited from a favorable trend in energy factors. We have strengthened our ability to create gross added value (+3.4%) and even more so for net added value (AV hereinafter), or wealth created for our stakeholders, which has increased by 10.5%.

AV allocation and variation on an annual basis confirmed the share assigned to the corporate system. The AV directed at "Providers of Funds" has decreased, thanks in part to our impro-

ved debt position, which is always well within the levels of prudence that have always characterized our industrial policy.

Similar to last year, the AV share assigned to "Community and Environment" is still significant and reflective of the company's efforts in the social and environmental areas.

Remuneration for the ordinary and savings shareholders remains unchanged. The AV share assigned to "Public Administration and Institutions" increased compared to last year due to the revision and/or failure to report deferred tax assets on financial losses sustained by the company in some jurisdictions.

The company invested approximately € 71 million in Italy between 2000-2014, mainly to develop underutilized areas (primarily in Sicily, Sardinia and Puglia), taking advantage of tax breaks granted by the Ministry of Economic Development (Law 488/92), as well as investment subsidies included in tax credits, amounting to approximately €11 million. These subsidized investments represented approximately 10% of our overall investments in Italy during the period and have all been completed.

As of now, all subsidies and tax breaks



THE WELLBEING AND HEALTH OF EMPLOYEES ARE A DISTINCTIVE FEATURE OF BUZZI UNICEM'S CORPORATE POLICY



2015

432.267

thousand of euro

paid as employee benefits obligations

have been credited, while we have not received new funds and/or investment subsidies in the other geographic areas in scope.

Lastly, a large AV share has been assigned to "Human Resources". Employee compensation is mainly fixed but the company offers an incentive and loyalty plan for employees in a managerial capacity in Italy, who receive bonuses for actions that generate savings in accordance with the goals achieved (MBO system).

Employee benefits go beyond the direct compensation received during the course of employment, they also include the period of time after employment has ceased.

Specifically, these are the pension schemes, life insurance, healthcare plans and severance payments.

Supporting the wellbeing and health of our employees is a distinctive feature of how Buzzi Unicem operates, which translates into concrete actions that support the quality of life of employees. It also helps attract and retain the best workers within the company, and contributes to their continuing motivation and professional satisfaction.

The benefits provided vary from country to country depending on the legal, fiscal and economic conditions of each area in which the group operates.

The obligations refer both to current and former employees.

The employee benefit obligations are described in detail below:

Obbligazioni per i benefici ai dipendenti

(migliaia di euro)

	2015	2014
By category		
Post-employment benefits		
Pension plans	304,491	314,843
Health plans	98,072	93,242
Severance indemnity	19,608	22,805
Other long-term benefits	10,096	10,679
	432,267	441,569
By geographic area		
Italy	20,554	23,781
Germany, Luxembourg, The Netherlands	260,886	282,049
USA	148,436	132,843
Other countries	2,391	2,896
	432,267	441,569

The level of benefits provided is related to hiring date, contract duration and salary.

The defined benefit plans are those that determine the amount of accruing pension benefits based on one or more factors such as age, years of service and compensation. They may be unfunded or completely/partially funded by contributions paid by the company and sometimes contributions paid by employees to a company or a fund that is legally distinct from the company providing the benefits to the employees. In Italy, severance payments (TFR) are considered an unfunded defined benefits plan. The entry reflects the residual obligation relating to the compensation paid in Italy to employees until 31 December 2006 for companies with more than 50, or during the course of working for other companies. The liabilities are updated every year, in compliance with current regulations. The obligations refer both to current and former

employees.

The obligations for employee benefits are described in detail as follows: national work regulations. The fund expires upon retirement or resignation and may be partially paid in advance in special cases.

The level of benefits provided depends on the hiring date, the duration of employment and the compensation received.

The obligation, which amounted to € 19,608 (€ 22,805 in 2014), has a weighted average duration of 10 years. In Germany and Luxembourg, the plans guarantee pension services, early retirement, survivor's pensions and payments to orphans, and usually include benefits in the case of permanent disability. The level of benefits depends on the hiring date, the duration of employment and the compensation received. The obliga-

tion has a weighted average duration of 14 years.

Obligations in Germany amounted to € 265,894 (€ 281,914 in 2014) and are partially financed by an external fund. The value of the assets is € 27,596 (€ 26,312 in 2014) and reduces the amount reported as liabilities. All the other pension plans in Germany and Luxembourg are funded only by accounting provisions.

In the Netherlands, pension or early retirement obligations amounted to € 16,387 (€ 18,118 in 2014), dependent on the compensation and duration of employment, and usually also guarantee survivor benefits. Plans are funded by paying into an insurance policy, but the company also has some obligations. The value of the assets in the insurance plan is € 15,496 (€ 16,737 in 2014) and reduces the amount reported as

liabilities.

The weighted average duration of the obligations is 18 years. In the US, pension schemes are almost completely funded, whereas healthcare plans are unfunded by nature. Pension schemes provide for pensions and early retirement, survivor's (spouse or children) pensions, and benefits in the case of permanent disability. Benefits for employees or their heirs are based on compensation and the years of service. Benefits for blue-collar workers or their heirs are based on compensation, the years of service and a multiplier that is renegotiated periodically.

Most of the obligations, which amounted to € 283,521 in 2015 (€ 260,242 in 2014), is covered by an external pension fund; its fair value of € 237,365 (€ 229,185 in 2014) decreases the amount reported under liabilities.





These plans have been closed since 01/01/2011 and the weighted average duration is approximately 12 years. There are also obligations not covered by assets for a small number of employees, the weighted average duration of which ranges between 11 and 16 years. Healthcare plans include medical expenses not covered by public healthcare or the payment of supplemental private insurance policies.

The amounts paid to employees and to their spouses, if applicable, depend on the years of service and do not include survivor's benefits. The weighted average duration of these obligations is approximately 10 years. In the US, the group supports a deferred compensation plan for some employees. The amounts withheld are saved in a trust fund, which earns profits for the participants.



ENVIRONMENTAL PERFORMANCES

Reducing environmental impact is a priority for Buzzi Unicem.

In 2015, we reached the lowest CO₂, SO₂ and dust specific values (referred to a clinker ton) of the last 5 years.



**ENVIRONMENT AND TERRITORY:
A COMMITMENT TO OUR STAKEHOLDERS**

This activity allowed us to acquire deeper knowledge about issues such as the consumption of energy, water and natural resources, atmospheric emissions, water discharge, and the production and recovery of waste.

As in previous reports, the indices refer to a ton of produced clinker (therefore they only consider the kiln line) and to a ton of equivalent cement (all impacts generated by the rest of the production cycle). Equivalent cement is defined as the cement that can be obtained from the use of all the clinker produced, without taking into account transfers and variations account.

In order to provide a broader understanding, the “environmental performances” section also includes data for individual countries as well as for the whole group, together with a comparison of the last 5 years.

The comparison of the results recorded

over the years highlighted several critical issues, often due to different regulations in different nations, many of which have been resolved this year.

The definition of ad hoc guidelines in particular has ensured the best possible comparison of the data.

The main new features compared with last year’s are described in the following paragraphs, whereas detailed explanations of all the indicators used are reported on page 60.

Natural resources

The main raw materials used for cement production are limestone as the main source of calcium oxide in raw meal and a constituent for producing Portland composite cements, marl, clay, sand and schist as the main sources of silica, iron and aluminum.

Other natural materials include gypsum (setting time regulator) and pozzolana,

THE USE OF ALTERNATIVE MATERIALS FROM OTHER PROCESSES ALLOWS DECREASE IN NATURAL RESOURCE CONSUMPTION

which is used for some specific types of cement (i.e., pozzolanic cements).

Reducing the consumption of natural raw materials has always been one of our main concerns.

For this reason, we normally use, as much we can, byproducts and non-hazardous wastes, deriving from external production processes such as mill scales, alumina dust, fly ash, slag, sludge, chemical gypsum and incinerator slag, provided that they comply with the environmental and quality requirements requested by local authorities and regulations, and that they do not impact on clinker and cement quality.

Moreover, using byproducts such as granulated blast-furnace slag allows us to reduce the clinker/cement (k/c) factor, thereby reducing the emissions relative to a ton of cement.

In 2015, the percentage of natural raw materials replaced was 8%, in line with that recorded in 2014. This percentage has increased in the Czech Republic, Germany, Russia, Ukraine, Mexico and in Luxembourg in particular, where the increased production of type III cement (slag cements) with a high slag content replacing the clinker allowed us to reach a substitution rate of 29.9%, the highest value in the whole group.

In some countries, simpler authorization procedures would permit even higher substitution rates without altering the quality of the product but with less depletion of the natural resources, together with better management of the integrated waste cycle.

Biodiversity

Buzzi Unicem is aware that extraction activities inevitably bring changes to the areas where they take place, impacting the environment, local ecosystems and the landscape.

One of the company's main goals is to not only reduce these impacts, but also to start an environmental recovery process that may create new natural value.

Key activities to achieve this are:

- Optimizing the use of resources and incentivizing the use of secondary raw materials;
- Conducting a preliminary assessment of the environmental impacts and minimizing them during the life cycle of the extraction activity;
- Preparing a cultivation plan consistent with the area's recovery project right from the start;
- Considering legal regulations as the minimum requirement when preparing a recovery project;



2015

The percentage of substitution of natural raw materials was **8%**



THE PRODUCTION OF CEMENT NEEDS **LARGE QUANTITIES OF ENERGY** WHOSE VALUE CORRESPONDS TO ABOUT 40% OF PRODUCTION COSTS

- Involving stakeholders through transparency, discussion, and evaluation of the needs of the territory and local communities;
- Considering initiatives on biodiversity.

Some protected species, which have become rare in these countries, have found shelter in the new habitats created at old extraction sites that have been restored, or in abandoned areas of quarries that are still active.

Opening a quarry could be interesting from a biodiversity standpoint, provided that it is restored in harmony with the surrounding territory. In these cases, the original environment is restored.

This usually takes quite a long time, during which local vegetation is planted, taking utmost care to preserve the ex-

isting flora and fauna and its biodiversity.

Energy resources

Cement production requires a particularly high amount of energy (around 40% of production costs).

Thermal energy constitutes the biggest part of this amount and is used for the clinker burning unit and to dry out raw materials.

On average, these activities correspond to around 90% of total energy. Temperatures of around 1400°C are needed to decarbonize and later sinter raw meal. The remaining 10% of the energy is electricity, which is mainly needed to grind coal, raw meal and cement.

Energy consumption is affected by the clinker burning technology and the re-

gularity of production conditions.

Despite in 2015 our specific consumption remained unchanged in comparison to 2014 (4,010 MJ/t clinker) considerable improvements was recorded in Germany and Ukraine , thanks to a new fuel mix.

The group's lowest consumptions below 3,400 MJ/t clinker were recorded in the kilns of Vernasca (ITA), Chattanooga and Festus (USA), Tepetzingo, Cerritos and Apazapan (MEX), in line with the industry's BAT.

In 2015, the company fulfilled its commitment to increase the use of alternative fuels, allowing us to reach a heat replacement rate of 20.4%.



7

plants of the group
with more than
55% of energy
replacement

This commitment was achieved due to large investments made to increase the storage capacity of alternative fuels, as well as the introduction of specific systems to reduce atmospheric emissions in view of the requirement to comply with stricter limits than those allowed for kilns powered by fossil fuels only.

The excellent group result is due to the achievements in the Czech Republic, Poland and Germany (60% heat replacement), Luxembourg (over 30%), USA and Italy (over 15% and growing).

The main alternative fuels that influence the group's power supply mix the most can be divided into waste-derived solid fuels such as plastic and Waste-derived Fuel (around 13.2% of the total need), liquid waste such as waste oil, emulsions and solvents (6.4%). Only 0.7% comes from biomass.

Using non-traditional fuels allows us to reduce the impact of waste on the environment. As a result, less waste is di-

posed of in landfills, natural resources are saved and greenhouse gases are reduced, as described below, all of which contributes to lower production costs.

More specifically, significant percentages were reached in the cement plants of Geseke (68.3%), Göllheim (67.4%), Deuna (61.0%), Nowiny (60.5%), Hranice (59.2%), Cape Girardeau (57.6%), and Lengerick (56.6%).

Notable results were also obtained by the plants of Amöneburg, Barletta and Greencastle (over 40% heat replacement).

It is important to note that unlike standard incinerators, the special clinker production process does not leave solid residues such as combustion ashes. In addition, several studies on the product's life cycle revealed how the environmental impact generated by co-incineration is definitely lower than incinerators and landfills, to the extent that waste co-incineration in cement kilns has become a BAT in the field.

2015

CONFIRMED THE
COMMITMENT OF
THE COMPANY
TO FURTHER
INCREASE THE USE
OF ALTERNATIVE
FUELS

As for the type of waste used as alternative fuel, it is important to emphasize that co-incineration does not conflict with separate waste collection, and the European countries with the best separate waste collection results also have the highest energy recovery values in cement plants, always ensuring high environmental and product quality standards.

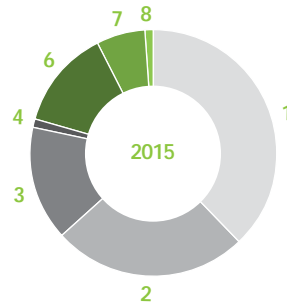
Even though the above-mentioned use of alternative fuels in cement factories is considered in Europe as one of the best available technologies (BAT) for cement production, there are still many difficulties in the authorization process when it comes to further increasing the heat replacement rate.

The charts show the energy mix used in cement kilns in 2015.

The electricity consumption in 2015 corroborated the previous year's values, with an average group consumption of 118 kWh/t of equivalent cement and slightly lower specific consumptions in all the group's cement plants except for Hranice, where the opposite occurred and the indicator worsened due to the production of new cement types.

Thermal contribution

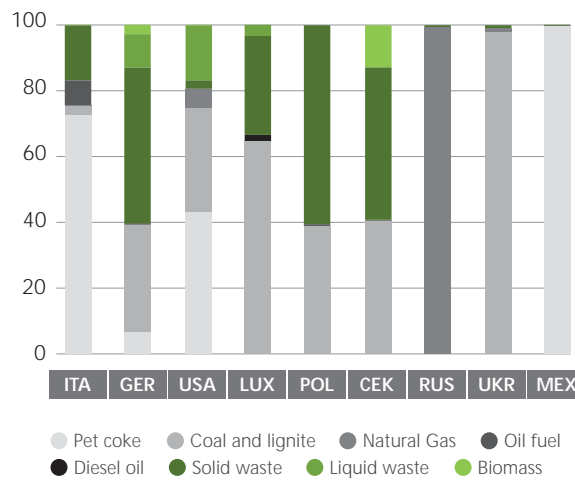
(in %)



1	Pet coke	38.0
2	Coal and lignite	25.7
3	Natural Gas	14.9
4	Oil fuel	0.9
5	Diesel oil	0.1
6	Solid waste	13.2
7	Liquid waste	6.5
8	Biomass	0.7

Thermal contribution: fuel by country

(in %)



Alternative fuels derived from the waste used in our cement plants are consistent with this commitment. European countries with the highest recycling rates have the highest energy recovery values and consequently, the smallest amount of waste in landfills.

Water resources

Water consumption in the cement production process is mainly due to the preparation of the slurry in wet-process kilns, the treatment of the exhausted gas from the kilns, the quenching of the cement during grinding, the cooling down of engines and dust abatement. One of the group's goals is to save water resources, which should be achieved by strictly monitoring consumption, implementing new water recirculation circuits, using treated rainwater and optimizing industrial wastewater recovery systems.

In 2015, specific consumption reached 352 l/t cement. Compared with the 336 recorded in 2014, this increase is mainly attributable to the purchase of the Korkino (Russia) cement plant, which is equipped with two wet-process kilns and so needs a greater amount of water.

Nevertheless, the company continues to reduce the amount of waste by monitoring consumption, optimizing supply systems, recovering and reusing waste water, and constructing rainwater treatment systems, including screens and sediment and oil-removal systems.

Greenhouse effect gases

Producing clinker entails decarbonizing limestone, which takes place at about

900 °C during which the limestone decomposes into CaO and CO₂ (around 61% of total emissions).

Carbon dioxide emissions are directly proportional to the production of clinker, and although the group has reduced its CO₂ specific emissions over the last few years to comply with the reduction targets imposed by the Kyoto protocol, and which are mandatory in EU countries, greater production obviously leads to higher greenhouse gas emissions.

The company made a great effort during 2015 to reduce greenhouse gases, specifically by:

- Reducing the clinker content of cements by encouraging greater production and use of blended cements (in which clinker is partially replaced by limestone and/or slag, and/or pozzolanic materials).
The k/c ratio decreased from 80.4% to 79.6%, made possible by the commitment of everyone involved across-the-board such as plant, quality and sales managers.
- Improving the precision level of the procedures for measuring the CO₂ emitted.
- Using alternative fuels with a high thermal value and biomass content (thermal energy replacement by alternative fuels as described above



FOCUS ON CONTAINING CO₂ EMISSIONS HAS ALLOWED US TO REDUCE EMISSIONS BY 820,000 TONS

amounted to 20.4% in 2015, while the average biomass content in alternative fuels was 20%).

The emission factor was 680 kg CO₂ / t of equivalent cement versus 706 kg CO₂ / t of equivalent cement in 2014. Although cement production increased by 1,176,000 tons, direct CO₂ emissions decreased by approximately 143,000 tons.

In other words, the production volumes of cement and clinker in 2015 would have resulted in an additional 820,000 tons of CO₂ emitted.

The great commitment to reporting and defining goals and programs to reduce greenhouse gases is borne out by Buzzi Unicem's participation in the Carbon Disclosure Project (CDP) for the fourth consecutive year. Buzzi Unicem was ranked ninth among the best companies and the only one in the industry for its commitment.

The results obtained in limiting climate changes included a Disclosure score of 100/100 – the highest possible - for communications about emissions, and a B performance band level for environmental performance.



Besides direct CO₂ emissions (scope 1), the indirect emissions deriving from electricity consumption were also reported based on each country's energy mix, as well as consumption deriving from transport, subdivided into road, shipping and rail transportation.

Atmospheric emissions

National and/or regional regulations establish stringent emissions levels for clinker burning processes. Besides the greenhouse gas emissions described above, other pollutants such as nitrogen oxides (NO_x), particulate matter,

sulfur dioxide (SO₂), metals and micro-pollutants are also continuously monitored.

Our modern emissions monitoring systems provide real-time data about the monitored pollutants, and allow us to set alarms so that the employees in charge of operating the kilns can intervene and regulate system parameters for optimal environmental protection. Besides NO_x, SO₂ and dust, and hydrogen chloride (HCl), carbon monoxide (CO), total organic carbon (TOC) and ammonia (NH₃) are monitored where necessary.

5,000,000 TONS OF WASTE RECOVERED COMPARED TO APPROXIMATELY 151,000 TONS OF PRODUCTION

These parameters are continuously monitored and can be checked in real time by supervisory bodies through appropriate access on the website.

In Europe, the various monitored values are also published in the European emissions register (E-PRTR). By its very nature, cement production generates dust during the burning, grinding, handling and transportation stages. Replacing the electrostatic filters with new and more efficient bag filters has allowed us to control emissions better and eliminate them altogether during typical periods of transition and has helped us reduce dust concentrations. The dust collected by the filtration equipment is recovered within the production cycle, minimizing environmental impact while maintaining the quality of the product.

In 2015, the dust emissions indicator showed a relevant improvement with a value of 100 g/t of clinker, 40% lower as compared to the value recorded only two years ago.

The improvement is specifically due to significant investments in the Ukrainian cement plants where the indicator was halved during last year although it is still higher than the group's average. Dust emissions are monitored in 100% of our cement plants, while the rate of use of continuous monitoring systems is 39% (value calculated on the percentage of clinker produced).

The best results were recorded in Italy,



Germany and Poland; the average value in these countries is less than 10 g/t of clinker.

The nitrogen oxide emissions are a direct consequence of the high temperatures required for clinker burning since they are generated by the oxygen combining with the nitrogen present in the fuels during combustion at 1400° C. In order to comply with the current regulatory limits, the NOx emissions are being reduced either through the use of more advanced burners that decrease the production of oxides (Low-NOx) or SNCR abatement systems. The SNCR systems make use of the reaction of NOx with an ammonia solution, or urea, to reduce NOx concentrations.

The indicator is less than 1000 g/t of clinker in Germany and the Czech Republic due to the high use of alternative fuels containing a lower amount of



21%

waste sent for recycling

The balance of recovery and production in 2015 is definitely positive.

nitrogen, as well as the constant use of ammonia solution.

NOx emissions are monitored in 100% of cement plants, while the rate of use of continuous monitoring systems equals 45%. Sulfur dioxide (SO₂) emissions are also directly related to both the sulfur content in the fuels and in the materials used for raw meal preparation.

In case of high sulfur contents special reagents are injected into the exhausted gas to decrease sulfur dioxide emissions. In this way SO₂ and also part of the hydrochloric acid emissions can be reduced up to 80%.

Bearing in mind that the data covers around 86% of last year's production, we were able to reduce emissions as the indicator declined to 182 g/t of clinker.

The figure for 2015 also includes the values registered in Russia and Ukraine where sulfur oxide emissions were not measured in previous years due to the almost exclusive use of methane.

In 2015, the company continued to monitor the atmospheric emissions of mercury (Hg), which is present in the raw materials and fuels. Such a control is now in place in 75% of all our plants with an the average value of 25 mg/t of clinker. Continuous monitoring is performed exclusively in Germany and Luxembourg (17% of the Group's plants).

Waste

Cement production does not generate waste except that resulting from ordinary and extraordinary maintenance, from laboratory activities and from demolition if any.

There may therefore be significant variations from year to year but which are not necessarily associated with the process activities.

Our commitment is therefore focused not so much on reducing the generation of waste as on how to increase the selection and segregation of waste.

To ensure the parameters dictated by the various technical standards, the only waste generated during production activities in certain countries is Cement Kiln Dust (CKD), which contains excess amounts of sulfur and chlorine that could affect the characteristics of the product. The CKD is normally reintroduced in the appropriate amounts into the production cycle. This is not required by local regulations in the United States and in Poland as of this year, so CKD must be managed as waste, thus bringing the indicator to about 4.7 kg/t. The amount of waste sent to recovery was 21%, in line with previous years.

Taking into consideration the capacity of the cement plants to recover different types of waste in the cement cycle for use as fuel, the balance in 2015



between production and recovery was approximately 5,000,000 tons of material recovered versus around 151,000 tons produced.

This further demonstrates how the recovery of waste in cement production can be a sustainable opportunity in the waste cycle.

Noise

The environment and safety management systems provide for the periodic monitoring of external noise emissions. Identifying the critical issues allows us to target our investments, particularly in cement plants near population centers, where sensitivity is high. Noise levels are monitored in approximately 20% of production sites (100% in Italy, Czech Republic and Poland).

As a result of this monitoring, we have invested approximately € 200,000 to install noise mitigation systems such as silencers and sound-absorbing panels, etc.

The use of such systems can reduce noise emissions, together with the use of appropriate personal protective equipment (PPE) to reduce the noise exposure of employees.

Concrete

The environmental impacts associated with concrete production are lower than those resulting from cement production, but, not for this, less important for us.

In 2015 several initiatives have been taken:

- Specific audit to assess possible electricity savings
- The almost complete elimination of industrial waste water
- The installation of rainwater recovery treatment through screening, sediment and oil removal systems
- The enhancement of the use of supplementary cementitious materials like fly ash to replace cement

About the last point, we use fly ash in approximately 70% of all our concrete plants. Total consumption is about 500,000 t, thus reducing environmental impact due to cement production and the resulting greenhouse gas emissions.

The product

The development of modern approaches to quantify the major environmental impacts associated with each type of product and service in the individual phases of production, use and end of life, i.e., throughout the life cycle of the product, has led to a greater focus on LCA (Life Cycle Assessment) studies. The results of product life cycle studies are subsequently published in the Environmental Product Declaration (EPD), a modern environmental communication tool designed to make public the main environmental impacts that need to be as objective as possible, verifiable and comparable. Thanks to the study of cements, Buzzi Unicem can conduct life cycle studies of any concrete specific to each construction site, and until now is the only cement manufacturer able to provide verified and certified values. We can therefore provide designers with values that have been measured and validated by third parties for both the recycled content in cements and all the other environmental impacts, primarily greenhouse gas emissions generated throughout the life cycle of the product (carbon footprint).

International protocols such as LEED have confirmed their interest in environmental declarations of products, introducing additional scores if the product has an EPD.

Moreover, recent European directives aim to inform all operators in the sector about the rapidly growing market for “virtuous” products as well as provide public authorities with a solid tool for applying Green Public Procurement criteria to tenders in the construction sector.

MEXICO

2015

Mexican Cerritos and Apazapan cement plants obtained the certification for their environmental management system

Environmental, health and safety management systems

	EN ISO 14001 System of management environmental	OHSAS 18001 System of management health and safety	EPD Declaration environmental of product	ISO 50001 System of management of energy
Italy	Augusta	•	•	•
	Barletta	•	•	•
	Guidonia	•	•	•
	Robilante	•	•	•
	Settimello			•
	Siniscola	•	•	•
	Trino	•		•
	Vernasca	•	•	•
Germany	Amöneburg	•	•	•
	Deuna	•	•	•
	Geseke	•	•	•
	Göllheim	•	•	•
	Lengerich	•	•	•
	Neuss	•	•	•
	Neuwied	•	•	•
Mexico	Tepetzingo	•	•	
	Cerritos	•	•	
	Apazapan	•	•	
Czech Republic	Hranice	•	•	
Poland	Noviny	•	•	
Luxembourg	Rumelange	•		
Russia	Korkino	•		

* Environmental Product Declaration by VDZ (German Cement Association). This document refers to the standard cement produced in 2010 in Germany. Data shown are based on the information gathered by 51 out of 57 German producers including Dyckerhoff.

In 2015, the Cerritos and Apazapan cement plants in Mexico obtained certification for their environmental management systems.

Compared to last year, among the certified environmental management system we have also the Russian cement plant of Korkino.

We continue our efforts to continuously improve our performance and management System to maintain our existing certification, including through recurring strict audits conducted by internal staff, consultants and certification bodies, ensuring the ever-growing commitment of Buzzi Unicem despite the current crisis in the sector.

Environmental Performance: Summary table

BUZZI UNICEM

2011	2012	2013	2014	2015		
79.7	79.6	79.9	80.4	79.6	Clinker/cement ratio	%
Energy						
17.6	18.5	19.1	19.3	20.4	Thermal substitution	%
4.007	4.022	3.979	4.009	4.010	Specific burning line consumption	GJ / t clk
118	116	119	118	118	Specific electricity consumption	kWh / t cem. eq.
Raw materials						
7.5	7.8	8.2	8.0	8.0	Raw materials other than natural	%
Emissions						
145	199	167	118	100	Dust	g / t clk
1,743	1,998	1,794	1,831	1,765	NO _x ⁽¹⁾	g / t clk
297	558	232	248	182	SO ₂ ⁽¹⁾	g / t clk
697	688	689	706	680	CO ₂ direct ⁽²⁾	kg / t cem. eq.
18	25	27	36	25	Mercury	mg/t clk
Waste generation						
2,683	3,652	3,672	4,572	4,795	Waste produced	g / t cem. eq.
31	30	29	28	21	Recycled	%
Water consumption⁽³⁾						
362	345	334	336	352	Water consumption ⁽³⁾	l / t cem. eq.
14	16	15	16	17	of which from rainfall	%
19	21	21	19	21	Environmental certifications UNI EN ISO 14001 or equiv.	number
15	16	16	16	18	Safety certifications OHSAS 18001 or equiv.	number
1	13	13	12	8	EPD (Environmental Products Declaration)	number

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

⁽²⁾ The methodology for the calculation of CO₂ emissions has been revised compared to the previous years of reporting. The new methodology involves the use of standard factors listed in the WBCSD and IPCC Protocols for the calculation of emissions from non-ETS participants to EU countries. For EU countries (Italy, Germany, Luxembourg, Poland and the Czech Republic) the reported emissions are tested as a part of the annual process for monitoring and reporting of CO₂ emissions according to the EU ETS.

⁽³⁾ The methodology for the construction of the indicators related to water consumption was revised in 2015. It is noted that for the construction of this indicator only the water consumption process is accounted for.

	ITA	GER	USA	LUX	POL	CEK	RUS	UKR	MEX
	74.7	70.5	91.6	66.5	71.4	76.3	88.2	80.7	74.7
	16.9	60.4	19.4	33.5	60.5	59.2	0.6	0.9	0.1
	3.619	3.863	4.181	3.811	4.012	3.519	4.804	5.771	3.281
	103	115	142	113	114	128	147	134	83
	4.8	13.8	7.3	29.9	14.2	16.1	6.1	11.8	1.0
	5	7	45	48	5	25	383	558	58
	1,244	771	1,999	1,029	1,182	841	1,428	1,892	2,935
	19	24	551	35	375	36	0.11	1	13
	623	586	805	545	600	584	713	878	620
	9	25	50	10	80	18	1	0	12
	1,391	691	16,154	848	4,141	225	1,867	993	228
	93	88	12	79	100	70	0	100	80
	258	165	297	68	134	177	1,043	1,313	156
	2	41	57	0	0	100	0	0	0



SOCIAL PERFORMANCE

.....

The topics described below are those we deemed noteworthy for the purpose of social reporting, bearing in mind that the multi-national organization and the integrated nature of our company do not allow us to implement universal HR policies. The following pages contain a description of the most important aspects and data at the group level.

Working conditions and employment data

The number of employees in the Buzzi Unicem group at the end of 2015 was 10,859.

Countries with the largest number of employees are: the United States of America (2,305), Germany (1,758), Russia (1,469) Italy (1,435) and Ukraine (1,304).

Globally, the group is divided into the following main areas: Western Europe, Eastern Europe and America (each area with approximately a third of the workforce).

Employment contracts are mainly indefinite (about 97% at the group level), and full-time (approximately 98% of all contracts).

The employee turnover rate, which

is defined as the total number of employees leaving the company by the end of the year, decreased slightly from 14.76% in 2014 to 14.51% in 2015 (see the “Social Performance sector Graphs and Tables” for more detailed information at the end of this chapter).

Work-Life Balance

It is possible to achieve a work-life balance at Buzzi thanks to an organizational structure that allows flexible and part-time hours. Our female employees avail themselves of the latter solution, particularly in Europe at the company headquarters and administrative departments.

We also offer our employees the possibility of working remotely so they can achieve a better work-life balance.

We usually grant the same benefits to our part-time workers, but in proportion to the time worked with respect to the full-time employees.

Wiesbaden in Germany is a prime example of work-life balance. The plant offers numerous opportunities for employees to maximize their work-life balance. The company's crèche in particular allows young parents to return to work easily and quickly, while remaining "close" to their children.

Workplace Diversity

The group operates in countries and continents where there are different cultural, historic and ethnic populations. Our global presence is focused specifically at the local level, particularly with respect to the presence of "minority" foreign workers.

Our "diversity management" also takes into account those categories of workers with low numbers and percentage rates, such as gender diversity. Women account for approximately 15% of the group's total workforce of the Group, which is not particularly high for our industrial sector.

We do not have active policies specifically on minorities at the group level, but we value "diversity" for both the company and for the employees themselves, although the heterogeneity of the companies in the different countries does not allow us to draw a uniform picture. Local situations often vary, with countries that have a very small presence of foreign workers (such as in Eastern Europe and Mexico) and others with high levels of foreign workers such as the United States and Luxembourg.

Employee incentive programs

Compensation policies and incentive schemes are part of employee development that are delegated to the various

countries and actively managed with the intent of increasing the value of our human capital.

We do not normally offer shares to employees in any of our companies but we do provide incentives and performance bonuses depending upon the company's performance, and which may be different for management.

In certain situations, we also offer incentives to individual employees in recognition of outstanding results, for innovative suggestions and their engagement on special projects that lead to actual improvements in the group's performance.

Collective bargaining

Collective bargaining in Europe is widespread and frequent at all levels in the cement sector, but practically absent in the concrete sector, especially in the Czech Republic and Slovakia.

In the US, collective bargaining is common and widespread throughout Buzzi Unicem USA, although completely absent in Alamo.

It is therefore difficult to compare the coverage of collective bargaining for employees at the group level, given its practice in such diverse geographic areas, different sectors (cement and concrete) and separate companies (such as in the USA).

There are extreme situations in some countries in which Buzzi Unicem operates: there is total coverage in some countries (Italy and Ukraine), or none at all in others (Slovakia or limited to the Alamo and Dorsett Brothers companies in the United States), while in most of the other geographical areas most of the employees are covered.

In 2015, the European Works Council, which is the advisory and information body for all workers in the European Union, continued its work. The EWC



**BALANCING
WORK AND FAMILY
LIFE IS POSSIBLE
AT BUZZI UNICEM
THANKS TO AN
ORGANIZATIONAL
STRUCTURE
THAT ALLOWS
FLEXIBLE AND
PART-TIME HOURS**



**BUZZI GROUP
UNICEM**

10.859



number of employees
at the end of 2015

meets in a plenary session once a year with the headquarters of Buzzi Unicem in Casale Monferrato selected as the venue.

The Committee met twice during the year, in Wiesbaden and Rome.

Employee involvement

The group's presence in geographic areas with many cultural and social traditions, as well as the different trade unions and employee contract terms and conditions, means that we have to find different ways to involve more employees in the decision-making process. There are trade unions (RSU) in Italy whose relationship with the company has historically been characterized by transparency and a spirit of collabora-

tion. In accordance with the relevant corporate rights, a third of the Supervisory Boards consists of employees in Germany and Czech Republic. More generally, employees in all countries are represented in accordance with local legal regulations, although this may differ in different regions of the same country.

Besides the provisions of national laws, the different companies benefit from special methods of employee engagement and participation.

In the Netherlands, for example, the workforce is represented by "work councils" composed of employees who can participate in the decision-making process and who may also exercise the right to veto in some cases.

Training programs and occupational safety and accident prevention activities

We constantly initiate projects in the various countries where we have a presence to prevent as much as possible the typical risky situations encountered. The topic of "safety" is complex and detailed, however, and depending upon on the country, companies must comply with regulations that are sometimes very different from each other.

Problems and critical issues are handled by everyone difficulties faced by (management, accident prevention specialists, employees) in raising awareness of the absolute priority given by Buzzi Unicem to occupational safety .

For this reason, various companies continue to organize projects and innovative initiatives which, by involving employees, helps continuously improve prevention.

We initiated a pilot project for the cement and concrete sector in 2015 and which focused on activities for evaluating working conditions and protecting workers against the risks of mental fatigue and stress in the workplace.

Training and professional development

Training has always been a priority throughout the group and is intended to increase professional skills and career advancement. It is adapted locally in the different countries taking into account business needs and the potential of people. On a larger scale, the HR functions of individual countries organize training programs on topics of general interest such occupational safety and the environment, cement and concrete technology, project management, learning foreign languages and management systems.

In 2015, at group level, we were provided 48,558 training days without any change to spending on training, and conducting programs in countries where the Company's performance has been unsatisfactory.

The country with the highest number of days invested in training was Russia with an program in Omsk that increased the types of training due to specialized planning and the combination of professions.

The training was dedicated to safety

2015

48.558

days of training provided



Buzzi Unicem is committed to complying with the national regulations in all the countries in which it operates.

Ensuring equality and the absence of child labor lie within the sphere of responsibilities of the group.

and specialization programs and were delivered by specialized organizations with further evaluation of employees, the average number of training hours per employee was 85.5 hours/year.

Next were Ukraine, which maintained a high rate of training in 2015 with the "HSE Project" (project initiated by Kiev Cement, Dyckerhoff Ukraine, LLC and Dyckerhoff Transport), and Mexico whose most important activity in 2015 was the consolidation of Moctezuma Corp. University (UCM) with the start of a training program for employees on both the concrete and cement division. Some employees have completed their studies at different levels of instruction.

Human rights

Buzzi Unicem is committed to complying with national regulations in all the countries where it operates. The Company operates in countries that have ratified the core conventions of the ILO concerning the abolition of forced labor and child labor and have largely incorporated them into their respective national regulations. Buzzi Unicem only operates in countries not considered to be at risk of violating human rights. The company complies with the national laws in the various countries in which it operates and is considered an entity which fully respects human



rights. Equality and the lack of child labor are guarantees that lie within the group's sphere of responsibility.

From this standpoint, all personnel or employees with managerial responsibilities for human resources have been informed and trained on local legislation governing quality employment. The group's employees have also been received the Code of Conduct and informed of the reasons and shared values that serve as the foundation of the company.

Human rights protection clauses in large investments

The ongoing global economic crisis has slowed down several global strategic investments that were not yet at an

advanced stage. Even in 2015, human rights protection clauses were signed in contracts for the supply of equipment or financial investments while operating almost exclusively in countries that cannot be considered to be at specific risk, and most of which have signed the main UN and ILO conventions concerning human rights.

Large suppliers and contractors that have undergone human rights screening

We prefer to select suppliers and contractors who share our corporate values, which is achieved mainly by distributing and verifying that they have applied the Code of Ethical Conduct, which has been adopted by the parent company to raise awareness among all internal and external stakeholders that they should conduct themselves appropriately and transparently. Since the sphere of our business activities is in countries that have ratified the main UN and ILO conventions, their own specific national laws already governing already discipline acts committed against the protection of human rights as offenses.

Incidents of discrimination

There were no incidents of discrimination reported in any of the countries in which the group operates except in the United States, where three new cases were filed in 2014 and are currently still in the process of investigation.





WE PREFER TO CHOOSE SUPPLIERS AND CONTRACTORS WHO SHARE OUR **CORPORATE VALUES**, ACHIEVED MAINLY BY DISTRIBUTING THE CODE OF ETHICAL CONDUCT AND VERIFYING THAT THEY HAVE APPLIED IT

Risks to the freedom of the individual

Risks to the freedom of association and collective bargaining, the use of child and forced labor are other aspects that fall within the sphere of human rights protection. All these types of risks are not reflected in the activities of Buzzi Unicem group. With respect to the freedom of association, the high rate of collective bargaining coverage within the group is a prime indicator that there is no risk to the freedom of association and collective action.

Furthermore, surveys carried out in all the group's subsidiaries of the group indicate that there is no danger of exposure to risky activities that might involve to child labor, just as there is no real risk of forced labor.

Occupational Health and Safety

A great effort was made in 2015 to increase the monitoring of accidents to non-employees, by identifying suppliers who could provide the necessary information, based on the type and size of the contract.

As previously described, this work was used to assess the accident performance of over 1,000 companies, representing over 80% of the financial value of the contracts.

We have been actively assessing external firms in Italy since 2006, which has allowed us to monitor and gradually reduce their accident rates thus guaranteeing high safety standards to all personnel working for and on behalf of Buzzi Unicem.

Collecting data on medications also allows us to calculate an additional indicator known as the TIFR (Total Injury Frequency Rate), which accounts for injuries that resulted in lost days or not.

We therefore used the accident and medication data of contractors to calculate a single Frequency Index and a Severity Index that reports the sum of accidents (internal and external) occurring to all personnel working at our cement and concrete plants.

This systematic approach is one of the main reasons the consistent reduction of accidents within the group over the years, as an important process of the increasing awareness and focus of the company on issues relating to occupational safety and hygiene.

By analyzing the statistical accident performance indicators, we can prioritize and schedule preventive and protective measures to reduce potential risk factors and support the company's commitment towards an even safer management of its production activities. The evaluation of the accidents rate of outside firms covered 11.1 million hours, thus extending the scope of reporting to more than 20 million hours worked by employees of the group.

The table below shows all the accident indicators, divided between the cement and concrete sectors, as well as the total for the group.

2015

A huge effort was directed at monitoring the accidents of non-employees to gradually reduce their accidents also

	Cement			Concrete			Group		
	Em- ployees	Con- trac- tors	Total	Em- ployees	Con- trac- tors	Total	Em- ployees	Con- trac- tors	Total
Injuries	43	36	79	158	28	186	201	64	265
Lost days	1,620	755	2,375	4,781	745	5,526	6,401	1,500	7,901
Fatal injuries	1	0	1	1	0	1	2	0	2
LTIFR (Lost Time Injury Frequency Rate)	3.4	4.3	3.8	20.4	9.7	17.5	9.9	5.7	8.4
SR (Severity Rate)	0.13	0.09	0.11	0.62	0.26	0.52	0.32	0.13	0.25
Average duration injuries	38	21	30	30	27	30	32	23	30
TIFR (Total Injury Frequency Rate)	14.1	10.1	12.5	27.4	10.1	22.7	19.2	10.1	16.0
FR (Fatalities Rate)	1.5	0	0.9	2.7	0	1.9	2.0	0	1.3

LTIFR = Number of lost time injuries in accounting period / Total hours worked in accounting period * 1,000,000
SR = Work Days Lost / Total Hours Worked * 1,000

TIFR = Number of lost time injuries / Total Hours Worked * 1,000,000
FR = Number of fatal injuries / Number of employees * 10,000

THE SYSTEMIC APPROACH
ADOPTED BY THE COMPANY
SINCE 2006 IS ONE OF THE
MAIN REASONS FOR THE
CONSISTENT REDUCTION IN
THE GROUP'S WORK-RELATED
ACCIDENTS OVER THE YEARS



The frequency rate of the cement sector, which associates the number of accidents to the hours worked, was 3:4, confirming that the number of accidents is steadily decreasing. This indicator rises to 3.8 if the 36 accidents of external companies are also taken into account.

There were also 182 accidents that did not result in lost days, bringing the TIFF to 12.5.

The accident rates in the concrete sector are worse than the cement sector, particularly in the US, where there was also a fatal accident, and in Germany. The frequency rate in these countries is equal to 33.6 and 39.9 respectively,

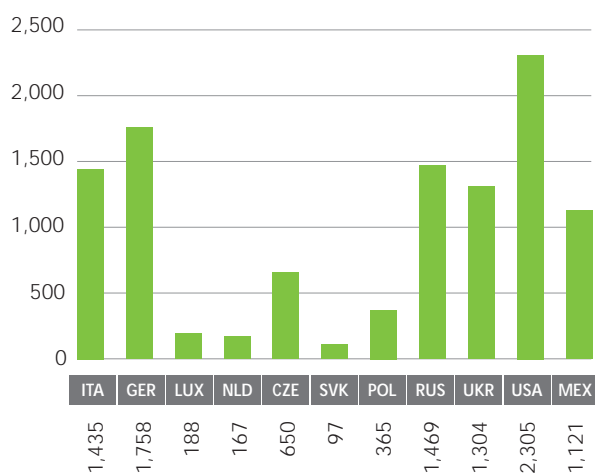
bringing the average value of the concrete sector to 20.4, which is nonetheless down from 2014.

The severity rate for cement is 0.13, in line with 2014 and continuing to fall over the last five years. This indicator is at about a third of the figure in 2011. The severity rate in ready-mix is 0.62.

Unfortunately, there were two fatal accidents in 2015 in the cement sector in Russia and in the concrete sector in the United States, so the group's Fatalities Rate, which associates the number of fatal accidents with the number of employees, amounted to 1.3 respectively.

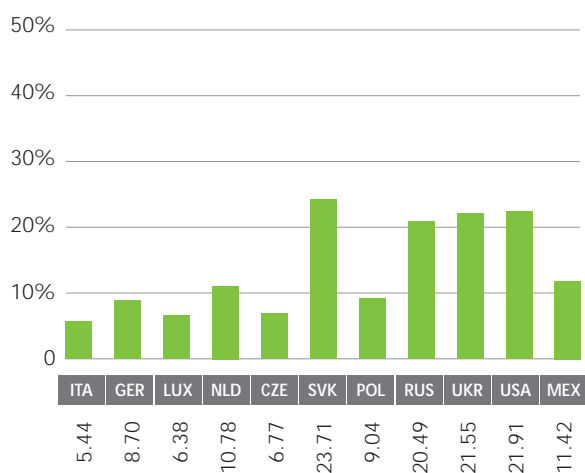
Social Performance: Charts and Tables

Breakdown of 2015 staff by geographic distribution



TOTAL GROUP 10,859

Turnover rate of 2015 staff by geographic distribution



GROUP 14.51%

2011-2015: total group employees by contract type

	2011	2012	2013	2014	2015
Total staff	11,528	11,426	11,094	11,222	10,859
Men	9,932	9,841	9,553	9,544	9,281
Women	1,596	1,585	1,541	1,678	1,578
Open-end contracts	11,165	11,096	10,816	10,936	10,622
Fixed-term contracts	363	330	278	286	237
Full-time	11,313	11,223	10,914	11,046	10,480
Part-time	215	203	180	176	142

The 2012 figure for total workforce was updated with respect to the one in the 2012 Financial Statements.

2011-2015: total number and turnover rate of group employees

	2011	2012	2013	2014	2015
Rate turnover %	12.47	11.64	13.21	14.76	14.51
Total workforce	11,528	11,426	11,094	11,222	10,859
Total new hires	1,178	1,228	1,134	1,784	1,213
Total terminations	1,438	1,330	1,466	1,656	1,576
of which male					1,359
of which female					217

Breakdown of 2015 staff by category, gender

	ITA	GER	LUX	NLD	CZE	SVK	POL	RUS	UKR	USA	MEX	TOT
White collars of which	894	842	83	53	186	22	178	393	335	778	333	4,097
Men	767	611	70	38	113	10	115	243	191	638	224	3,020
Women	127	231	13	15	73	12	63	150	144	140	109	1,077
Blue-collars of which	541	916	105	114	464	75	187	1,076	969	1,527	788	6,762
Men	534	905	103	110	449	72	176	900	748	1,494	770	6,261
Women	7	11	2	4	15	3	11	176	221	33	18	501
Total by nation	1,435	1,758	188	167	650	97	365	1,469	1,304	2,305	1,121	10,859

2011-2015: percentage and number employees of the group to whom collective bargaining agreements apply

	2011	2012	2013	2014	2015
Total staff	11,528	11,426	11,094	11,222	10,859
Employees of the group covered by collective bargaining agreements	8,378	8,156	8,036	8,227	7,918
Indicator of coverage %	72.68	71.38	72.44	73.31	72.90

Minimum notice period in case of organization changes

Italy	11 weeks
Germany	4 weeks
Luxembourg	no notice
Netherlands	6 weeks
Czech Republic	8 weeks
Slovakia	8 weeks
Poland	12 weeks
Russia	9 weeks
Ukraine	14 weeks
USA	1 week
Mexico	2 weeks

Absentee rate by geographic area (illness, injuries, other causes)

	Absentee rate in %	of which male absentee in %	of which female absentee in %	Occupational diseases	Deaths
Italy	3.24	3.20	3.58	5	0
Germany	5.84	5.68	6.84	0	0
Luxembourg	5.33	5.50	2.92	0	0
Netherlands	5.11	3.61	19.62	0	0
Czech Republic	3.01	3.26	1.52	0	0
Slovakia	1.93	1.60	3.82	0	0
Poland	2.60	2.62	2.55	0	0
Russia	2.07	1.84	2.91	1	1
Ukraine	2.39	2.29	2.74	0	0
USA	2.27	2.35	1.38	0	1
Mexico	1.88	1.78	2.61	0	0

2011-2015: group absentee rate

	2011	2012	2013	2014	2015
Absentee rate %	2.89	2.76	2.98	2.83	3.02
of which male					2.96
of which female					3.38
professional diseases	10	8	13	6	6
deaths	0	2	1	2	2

Accident indicators 2015 by geographic area (CEMENT - employees only)

	LTIFR (Lost Time Injury Frequency Rate)	SR (Severity Rate)	Average injury (dd)
Italy	6.2	0.31	50
Germany	6.6	0.09	14
Luxembourg	7.5	0.02	3
Netherlands	0	0	0
Czech Republic and Slovakia	0	0	0
Poland	2.1	0.05	25
Ukraine	1.3	0.08	67
USA	3.1	0.19	61
Mexico	3.9	0.23	59
Group	3.4	0.13	38

Accident indicators 2015 by geographic area (CONCRETE - employees only)

	LTIFR (Lost Time Injury Frequency Rate)	SR (Severity Rate)	Average injury (dd)
Italy	4.5	0.06	14
Germany	39.9	1.05	26
Luxembourg	0	0	0
Netherlands	7.1	0.08	11
Czech Republic and Slovakia	0.9	0.02	26
Poland	5.9	0.15	26
Ukraine	0	0	0
USA	33.6	1.00	30
Mexico	18.1	0.73	40
Group	20.4	0.62	30

2011-2015: group accident indicators

	2011	2012	2013	2014	2015
Cement					
LTIFR (Lost Time Injury Frequency Rate)	7.6	5.8	5.0	3.8	3.4
SR (Severity Rate)	0.38	0	0.18	0.11	0.13
Average duration injuries (dd)	50	41	34	29	38
Concrete					
LTIFR (Lost Time Injury Frequency Rate)	23.8	21.1	19.3	21.5	20.4
SR (Severity Rate)	0.55	0.48	0.51	0.58	0.62
Average duration injuries (dd)	23	23	26	27	30

2011-2015: average days of training per employee

	2011	2012	2013	2014	2015
Total days of training	46,850	43,787	47,458	54,482	48,558
Average days per employee	4.06	3.83	4.28	4.92	4.47
White collars	3.25	3.13	3.14	3.69	3.12
Blue-collars	4.62	4.35	5.07	5.65	5.29

Average days of training per employee in 2015

		of which male	of which female
Total group employees	4.47	4.51	4.26
White collars	3.12	2.92	3.68
Blue-collars	5.29	5.27	5.48



METHODOLOGY NOTE

.....

The 2015 Sustainability Report of the Buzzi Unicem group presents the social, environmental and economic performances associated with the business activities performed by the group in the countries in which it operates, in line with the consolidated approach taken over the last few years.

The contents and publication timeline of the report are in line with last year, for the sake of consistency.

It should be noted, however, that, the group transitioned to the new GRI-G4 reporting and sustainability guidelines in 2015. This transition, therefore, meant that the report focuses on the material and most important aspects for the group. The Report consists of two sections: the first describing the corporate sustainability process and how it is integrated into the business, while the second focuses on the group's economic, environmental and social performance.

The Italian version of the document contains specific details about the Italian situation, unlike the English version.

Reference guidelines

The 2015 Sustainability Report of the Buzzi Unicem group was prepared in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), version G4, "In Accordance - Core" level. The greenhouse gas emissions of the cement plants in

Italy, Germany, Luxembourg, Poland and Czech Republic, which are included in the Emissions Trading System, were calculated using the criteria provided by Commission Regulation (EU) no. 601/2012, which establishes the guidelines for monitoring and reporting greenhouse gas emissions (Directive 2003/87/EC of the European Parliament and Council).

Reporting system

The collection of data was supported by an organized process for gathering the information and data based on a Reporting Package sent by individual area managers of the corporate taskforce (Buzzi Unicem SpA) to the representatives of the various countries.

Reporting process

The 2015 Report is the result of a structured process undertaken by a corporate-level taskforce consisting of various functions representing a cross-section of all the areas involved in the group's social, environmental and economic reporting.

In 2015, the Group revised its sustainability structure by appointing “Stakeholder Coordinators” and “Stakeholder Engagement Owners” in each country who are responsible for:

- Setting up a stakeholder engagement process
- Improving the reporting process by first developing the materiality matrix and then identifying the GRI topics and indicators to be included in the Report. The process implemented to define the materiality matrix is described in detail in the “Materiality matrix” section.

As of November 2015, when the CEO officially informed the whole group about the 2015 Sustainability Report project, the taskforce has defined the structure to be used for reporting the information (Sustainability Reporting Package), based on the results of the materiality analysis that was performed, and identified the “Stakeholder Coordinator” who will be involved in gathering the data, all of which was consolidated by the corporate team.

Reporting scope

The economic data and information reported in the Sustainability Report refer to all the companies included in the consolidated financial statements by means of the comprehensive method. The social and environmental data and information refer to the companies involved in the production of cement and concrete, since they have a large social and/or environmental impact.

Additionally:

- All the data refer to the 01/01/2015 – 12/31/2015 period;
- The quantitative environmental and social data were consolidated in

full and not based on the level of participation;

- The economic data came from the consolidated financial statements;
- Starting in 2015, besides fully consolidating the data for the Russian Korkino cement plant, the reporting scope was expanded to include the accident data for the mixing facilities of Omsk and Cementrans, following a review of the importance of these plants;
- Exceptions to the reporting scope are included in the Report in the relevant paragraphs.

Report preparation principles

The reporting principles used to prepare the 2015 Sustainability Report are the above-mentioned GRI guidelines, described below:

Inclusiveness, Materiality, Sustainability context

The company has identified the relationships that have been established and the actions of engagement for each Stakeholder (see the “Stakeholder engagement” section); additionally, the document also describes the group’s main social and environmental impacts of relevance for the stakeholders of reference.

The information collected is organized by geographic area, consistent with the multi-regional organizational of the group.

Completeness

See the reporting scope paragraph.

Balance

Data are displayed objectively and systematically, based on a structure that has been used over the years and gradually

improved. The indicators representing the results reflect the measurement of the performance, independently of whether it improved or worsened versus previous years.

Comparability, Clarity

The sustainability performances reported in the Report are divided into three parts: economic, social and environmental. Each of these parts illustrates the performances of the countries in which the group operates and compares them, where applicable, with the group's performances over the last five years (social and environmental performances only).

The performance tables are also accompanied by explanatory notes to clarify significant changes. The tables and charts without comparisons refer to indicators whose comparison over time is not meaning, or to new indicators which cannot be compared with data from previous years.

Additionally, the Global Reporting Initiative model allows a comparison with national and international companies that have adopted the model. The environmental data was analyzed using production performance indicators since they describe the performances in a concise, uniform and comparable way. The burning line indicators refer to a ton of clinker produced, while, to ensure the consistency and comparability of the data between different countries and years, impacts generated during the entire production cycle refer to a ton of equivalent cement.

The document also contains information about the concrete industry, which with plants all around the world certainly generate fewer impacts compared with the cement sector, but these

impacts must still be analyzed in detail, especially the aspects associated with the management of recovered waste.

Accuracy

The data were verified by the "Stakeholder Coordinators" of the Italian and foreign countries, who coordinated the individual interviewees in the plants. The: "Group figures" and "Economic performances" sections were prepared using the same data reported in the group's Consolidated Financial Statements, prepared using international accounting principles.

Timelines

The 2015 Sustainability Report and the 2015 Annual Report are published at the same time and both documents are presented during the shareholders' meeting.

Reliability

The Sustainability Report was approved by the Board of Directors by appointing a delegate for the purpose, and underwent external and independent verification by PricewaterhouseCoopers Advisory SpA, with the purpose of making sure that the preparation principles described in this chapter were followed.

GRI Content

GENERAL STANDARD DISCLOSURES

General standard disclosures		Reference
Strategy and analysis		
G4.1	Letter to the Stakeholders	Letter to the Stakeholders
Organizational profile		
G4.3	Name of the organization	Vision
G4.4	Services provided	Corporate sustainability - The group at a glance
G4.5	Location of company headquarters	Corporate sustainability - The group at a glance - International presence
G4.6	Countries where the organization operates	Corporate sustainability - The group at a glance - Cement plant locations
G4.7	Ownership structure	Corporate sustainability - Corporate governance system
G4.8	Markets served	Corporate sustainability - The group at a glance - Cement plant locations
G4.9	Scale of the organization	Corporate sustainability - The group at a glance
G4.10	Employees by type of contract, gender, geographic area, category	Performance Indicators - Social Performance: Charts and Tables
G4.11	Employees covered by collective agreements	Performance Indicators - Social Performance: Charts and Tables
G4.12	Supply chain of the organization	In 2015 the value of the goods and services purchased by the Group amounted to 1,717 million euro. Most of these purchases relate to fuels, electricity, raw materials, spare parts, logistics and services. We are fully aware that an effective sustainability approach requires the engagement also of our suppliers. We strive to manage our relationship with them not only on the basis of technical and economic considerations, but also on the basis of sharing fundamental ethical values, in particular those mentioned in our Code of Conduct. In 2015 we have engaged a significant percentage of suppliers in monitoring the issue of safety at work: more than 1,000 suppliers, selected according to the relevance of and continuity in the activities they perform in our plants, were involved. The turnover of these suppliers amounts to approximately 320 million euro, consisting of 84% of the total supply costs and corresponding to approximately 8.3 million hours worked, a significant value when compared to the number of hours worked by Group employees (12, 5 million hours worked). Feedback was received from selected suppliers in 81.4% of cases.
G4.13	Changes during the year in the organization or in the supply chain	Appendixes - Methodology note
G4.14	Precautionary principle (risk management)	Website: Sustainability > Methodology > Chart of values Sustainability > Methodology > Guiding principles
G4.15	Charters, principles or other external initiatives that the organization signs	Corporate sustainability - Corporate governance system - Risk Management and Internal Control Committee
G4.16	List of trade associations to which the organization adheres	The trade associations to which the Group participates to include: European Cement Federation - Cembureau, Associazione Italiana Tecnico Economica del Cemento - AITEC, European Concrete Platform, VDZ, Portland Cement Association, CANACEM (National Cement Chamber).

GENERAL STANDARD DISCLOSURES

(continues)

General standard disclosures		Reference
Identified material aspects and boundaries		
G4.17	Companies included in the consolidated financial statements and those not considered in the Sustainability Report	Appendixes - Methodology note - Reporting perimeter
G4.18	Process for defining report content and scope	Appendixes - Methodology note - Reporting process
G4.19	Material aspects identified in the process of defining content	Corporate sustainability - The materiality matrix
G4.20	For each material aspect indicate the related scope within the organization	Appendixes - Methodology note - Reporting perimeter
G4.21	For each material aspect indicate the related scope outside the organization	For this first year of reporting in accordance with the GRI G4 Reporting Guidelines, the only material aspect whose reporting scope was extended outside the organization, is the health and safety of supplier companies, due to its relevance for the sector and the Group.
G4.22	Any "restatement" with respect to the previous report	Appendixes - Methodology note - Reporting perimeter
G4.23	Any "restatement" with respect to the material aspects of the previous report	As the 2015 Sustainability Report is the first version drafted in accordance to the GRI G4 Reporting Guidelines there has not been any restatement.
Stakeholder engagement		
G4.24	Group Stakeholders	Corporate sustainability - Stakeholder engagement - Our Stakeholders
G4.25	Identification process	Corporate sustainability - Stakeholder engagement - Stakeholder engagement
G4.26	Engagement approach, including frequencies and types of activities	Corporate sustainability - Stakeholder engagement - Stakeholder engagement
G4.27	Issues arising from stakeholder engagement	Corporate sustainability - The materiality matrix
Report profile		
G4.28	Reporting period	Appendixes - Methodology note - Reporting perimeter
G4.29	Date of last report published	Appendixes - Methodology note - Reporting perimeter
G4.30	Reporting frequency (yearly, half-yearly, etc.)	The Sustainability Report is published annually
G4.31	Contacts for information regarding the report	Website Buzzi Unicem > Contacts
G4.32	GRI Content Index	Website: Sustainability > Methodology > Guiding principles
G4.33	Assurance document	Appendixes - Auditors' report
Governance		
G4.34	Governance structure of the organization	Corporate sustainability - Corporate governance system
Ethics and integrity		
G4.56	Mission, values, codes of conduct and principles	Corporate sustainability - Corporate governance system

SPECIFIC STANDARD DISCLOSURES

Material aspects	Page/Reference	Omissions
Performance indicators - Economic - Economic performance		
G4.DMA	Disclosure on management approach	Performance Indicators - Economic Performance
G4.EC1	Direct economic value generated and distributed	Performance Indicators - Economic Performance - Generated and distributed direct economic value
G4.EC4	Significant financial assistance received from PA	Performance Indicators - Economic Performance - A breakdown of net value added
Performance indicators - Environmental - Materials		
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - Environmental, health and safety management systems
G4.EN1	Raw materials used by weight or volume	Performance Indicators - Environmental Performance - Summary table A total of 49.517.582 t of raw materials were used of which: 45.536.504 t natural raw materials and 3.981.078 t non-natural raw materials.
G4.EN2	Percentage of materials used that derive from recycled materials	Performance Indicators - Environmental Performance - Natural resources
Performance indicators - Environmental - Energy		
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - Environmental, health and safety management systems
G4.EN3	Energy consumption within the organization	Performance Indicators - Environmental Performance - Power supply resources
G4.EN5	Indicators of energy intensity	Performance Indicators - Environmental Performance - Summary table
G4.EN6	Reduction of energy consumption	Performance Indicators - Environmental Performance - Power supply resources
Performance indicators - Environmental - Water		
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - Water resources Performance Indicators - Environmental Performance - Environmental, health and safety management systems
G4.EN8	Total water withdrawal by source	Performance Indicators - Environmental Performance - Water resources
G4.EN9	Water sources significantly affected by withdrawal of water	The Company has used 11.111.190 cubic meters of water.
G4.EN10	Percentage and total volume of water recycled and reused	The Company has used 1.840.683 cubic meters of rainwater.

SPECIFIC STANDARD DISCLOSURES

(continues)

Material aspects		Page/Reference	Omissions
Performance indicators - Environmental - Biodiversity			
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - Biodiversity	
G4.EN11	Land owned, leased or managed in protected areas	Performance Indicators - Environmental Performance - Environmental, health and safety management systems	
Performance indicators - Environmental - Emissions			
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - Greenhouse effect gases, Atmospheric emissions	
G4.EN15	Direct GHG emissions (Scope 1)	Performance Indicators - Environmental Performance - Environmental, health and safety management systems	
G4.EN18	GHG emission intensity	Performance Indicators - Environmental Performance - Greenhouse effect gases	
G4.EN19	Initiatives to reduce GHG emissions	For further details regarding all sources of direct and indirect GHG emissions of the Buzzi Unicem Group please refer to the Carbon Disclosure Project questionnaire: https://www.cdp.net/sites/2015/57/2457/Climate%20Change%202015/Pages/DisclosureView.aspx	
G4.EN21	NOx, SOx and other significant emissions	Performance Indicators - Environmental Performance - Summary table	
G4.EN19	Initiatives to reduce GHG emissions	Performance Indicators - Environmental Performance - Greenhouse effect gases	
G4.EN21	NOx, SOx and other significant emissions	Performance Indicators - Environmental Performance - Atmospheric emissions The company has emitted a total of 2.517 t of dust, 44.394 t of NOx, 4.451 t of SO2 and 634 kg of Hg	
Performance indicators - Environmental - Effluents and waste			
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - Waste	
G4.EN23	Total weight of waste by type and disposal method	Performance Indicators - Environmental Performance - Environmental, health and safety management systems	
G4.EN23	Total weight of waste by type and disposal method	Performance Indicators - Environmental Performance - Waste The company has produced a total of 151.527 t of waste in 2014 of which 119.190 has been disposed of and 32.336 t has been reused	
Performance indicators - Environmental - Compliance			
G4.DMA	Disclosure on management approach	Corporate sustainability - Corporate governance system - Penalties	
G4.EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Corporate sustainability - Corporate governance system - Penalties	

SOCIAL

Material aspects	Page/Reference	Omissions
Performance indicators - Social - Labour Practices and Decent Work - Employment		
G4.DMA	Disclosure on management approach	Performance Indicators - Social Performance
G4.LA1	Number of employees, hires and turnover rate	Performance Indicators - Social Performance: Charts and Tables
G4.LA2	Benefits provided to full-time employees	Performance Indicators - Social Performance - Work -Life Balance
Performance indicators - Social - Labour Practices and Decent Work - Labour/management relation		
G4.DMA	Disclosure on management approach	Performance Indicators - Social Performance: Charts and Tables
G4.LA4	Minimum notice period regarding operational changes	Performance Indicators - Social Performance: Charts and Tables
Performance indicators - Social - Labour Practices and Decent Work - Occupational health and safety		
G4.DMA	Disclosure on management approach	Performance Indicators - Social Performance - Health and Safety at Work
G4.LA6	Occupational injuries and illnesses	Performance Indicators - Social Performance - Health and Safety at Work
Performance indicators - Social - Labour Practices and Decent Work - Training and education		
G4.DMA	Disclosure on management approach	Performance Indicators - Social Performance
G4.LA9	Average annual hours of training per employee	Performance Indicators - Social Performance: Charts and Tables
G4.LA10	Programs for skills management	Performance Indicators - Social Performance - Training and professional development
G4.LA11	Evaluation of performance and development	Performance Indicators - Social Performance - Incentive programs for the personnel <i>The performance management process is described; the percentage of employees covered by incentive programs is not provided.</i>

SOCIAL

(continues)

Material aspects		Page/Reference	Omissions
Performance indicators - Social - Society - Local communities			
G4.DMA	Disclosure on management approach	Corporate sustainability - Stakeholder engagement - The relationship with local communities	
G4.SO1	Activities with involvement by local communities	Corporate sustainability - Stakeholder engagement - School of cement	
Performance indicators - Social - Society - Anti corruption			
G4.DMA	Disclosure on management approach	Corporate sustainability - Corporate governance system - Communication and training on ethics and transparency	
G4.SO4	Communication and training on anti-corruption policies and procedures	Corporate sustainability - Corporate governance system - Communication and training on ethics and transparency	<i>In 2015 the Group has not held training courses on topics related to the corruption.</i>
G4.SO5	Corruption cases reported and confirmed and related actions taken	Corporate sustainability - Corporate governance system - Corruption	
Performance indicators - Social - Society - Compliance			
G4.DMA	Disclosure on management approach	Corporate sustainability - Corporate governance system - Ethics and Transparency	
G4.SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	Corporate sustainability - Corporate governance system - Penalties	
Performance indicators - Social - Product Responsibility - Product and service labeling			
G4.DMA	Disclosure on management approach	Performance Indicators - Environmental Performance - The product Performance Indicators - Environmental Performance - The product Website: Quality > Certifications	
G4.PR3	Information required by procedures and percentage of significant products and services subject to such	All types of cement produced in the EU area need to have the EC mark. The EC mark indicates that the cement is in compliance with an harmonized European standard (EN 197-1 law). It allows to meet the essential requirements established by the 89/106/CEE directive in regard to the works in which it is implemented.	
Performance indicators - Social - Product Responsibility - Compliance			
G4.DMA	Disclosure on management approach	Corporate sustainability - Corporate governance system - Penalties	
G4.PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Corporate sustainability - Corporate governance system - Penalties	



BUZZI UNICEM SPA

**INDEPENDENT REPORT ON THE LIMITED
ASSURANCE ENGAGEMENT OF THE
SUSTAINABILITY REPORT 2015**



INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE SUSTAINABILITY REPORT 2015

To the Shareholders of
Buzzi Unicem S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report (hereinafter the "Report") of the Buzzi Unicem Group (hereinafter the "Group") for the year ended 31 December 2015.

Responsibility of the Directors for the Report

The Directors are responsible for preparing the Report in compliance with the *G4 Sustainability Reporting Guidelines* defined in 2013 by the *GRI – Global Reporting Initiative*, as indicated in the chapter "Methodology note" of the Report, and for that part of internal control that they consider necessary to prepare a sustainability report that is free from material misstatements, whether due to fraud or unintentional behaviours or events. The Directors are also responsible for defining the sustainability performance targets of the Buzzi Unicem Group, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

Auditor's responsibility

We are responsible for the preparation of this report on the basis of the work performed. We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000)*, issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the sustainability report is free from material misstatement. The procedures consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the Report, analysis of documents, recalculations and other verification procedures.

The procedures we performed on the Report consisted in verifying its compliance with the principles for defining the content and the quality of a sustainability report set out in the *G4 Sustainability Reporting Guidelines* and are summarised as follows:

PricewaterhouseCoopers Advisory SpA

Sede legale: Milano 20149 Via Monte Rosa 91 Tel. 02667201 Fax 0266720501 Cap. Soc. Euro 3.700.000,00 I.v. - C.F. e P.IVA e Iscrizione al Reg. Imp. Milano n° 03230150967 - Altri Uffici: **Bari** 70122 Via Abate Gimma 72 Tel. 0805640311 Fax 0805640349 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Cagliari** 09125 Viale Diaz 29 Tel. 0706848774 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 Fax 0552482899 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873431 Fax 0498734399 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 0916256313 Fax 0917829221 - **Roma** 00154 Largo Fochetti 28 Tel. 06570831 Fax 06570832536 - **Torino** 10122 Corso Palestro 10 Tel. 0115773211 Fax 0115773299 - **Treviso** 31100 Viale Felissent 90 Tel. 0422315711 Fax 0422315798 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 Fax 040364737 - **Verona** 37135 Via Francia 21/C Tel. 0458263001

Società soggetta all'attività di direzione e coordinamento della PricewaterhouseCoopers Italia Srl
www.pwc.com/it



- comparing the financial information reported in the “Economic Performance” with the information included in the Group’s consolidated financial statements as of 31 December 2015;
- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Group strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report, with regard to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the processes underlying the generation, recording and management of quantitative data included in the sustainability report. In detail, we carried out:
 - meetings and interviews with the representatives of Buzzi Unicem S.p.A. and Buzzi Unicem Inc., to achieve a general understanding of the information, accounting and reporting systems in use to prepare the sustainability report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the sustainability report preparation;
 - a sample-based analysis of the documents supporting the preparation of the sustainability report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the sustainability report;
- analysing the internal consistency of the qualitative information described in the Report and its compliance with the guidelines identified in the preceding paragraph “Responsibility of the Directors for the Report”;
- analysing the engagement of stakeholders and its results through the existing documentation concerning the significant matters arisen during the Group dialogue initiatives;
- obtaining a representation letter, signed by the legal representative of Buzzi Unicem S.p.A., on the compliance of the Report with the guidelines identified in the paragraph “Responsibility of the Directors for the Report”, as well as the reliability and completeness of the disclosed information.

Our limited assurance work was less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000 and, consequently, it does not provide us with a sufficient level of assurance necessary to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Buzzi Unicem Group as of 31 December 2015 has not been prepared, in all material respects, in compliance with the *G4 Sustainability Reporting Guidelines* defined in 2013 by the *GRI - Global Reporting Initiative* as disclosed in the chapter "Methodology note" of the Report.

Torino, April 20th 2016

PricewaterhouseCoopers Advisory SpA

Signed by

Paolo Bersani
(Partner)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers.

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.it

Share Capital € 123,636,658.80

Company Register of Alessandria no. 00930290044





Buzzi Unicem S.p.A.

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

buzziunicem.it