

SUSTAINABILITY REPORT

2019

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



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

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

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

Vision



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Pietro Buzzi
Chief Executive

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



Michele Buzzi
Chief Executive

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

Using the same approach as in recent years, the 2019 edition of Sustainability Report includes the non-financial declaration (NFD) which we have been required to publish since 2017.

Beginning this year we will also be publishing data relating to two major stakes in jointly-controlled companies (which are not consolidated using the line-by-line method): Cimento Nacional (BCPAR) in Brazil and Corporación Moctezuma in Mexico. This decision is in line with the recommendations of the NFD and also strongly backed by our Board of Directors.

Another important development is the new organizational structure of Sustainability. The Sustainability Steering Committee (SSC) of Buzzi Unicem group will be supported by the three Sustainability Area Committees (SAC) for Italy, the US and Dyckerhoff. The aim of the three SAC is to improve the implementation of the sustainability initiatives established by the Group SSC and to contribute towards the objectives set at a consolidated level being reached at a local level.

As confirmation of our commitment to addressing the challenges associated with climate change, we have created two new Task Forces at the Group level. The first is dedicated to promoting, coordinating and monitoring initiatives for reaching the goals for the reduction of CO₂ emissions in line with that established under our Climate Change Policy; the second aims to coordinate conversations and communications with investors and financial institutions on the subject of tackling climate change. These two Task Forces are directly involved in updating the Materiality Matrix and serve to highlight the growing interest towards non-financial performance even within the financial sector.

2019 was the second year in implementation of our five-year plan for the reduction of direct CO₂ emissions.

This year we will also be publishing the distinction between gross and net emissions. Compared to 2018, with an increase in production of binders of almost 1,500,000 tons, the indicator went from 690 to 688 kg of “Scope 1” gross CO₂ per ton of cementitious material. We confirm our aim to reach our target of 662 kg of “Scope 1” gross CO₂ per ton of cementitious material in 2022. Indirect CO₂ emissions (“Scope 2”), resulting from the use of electrical energy, increased slightly compared to 2017. The greater costs associated with certifying electricity generated from renewable sources still significantly limits use in all countries.

The number of injuries follows the positive trend from recent years and is slightly lower than last year. Despite our constant commitment and attention, in 2019 we recorded a fatal injury involving a contractors’ worker. We need to keep our guard up and ensure continuity and effectiveness in preventative actions and demand conduct from our suppliers that is in line with internal standards.

In 2019 we also consolidated our initiatives for involving local bodies and communities near our cement production plants in order to improve collaborations and partnerships with them.

The Family & Friends event hosted by the cement factory in Monselice in Italy was certainly a concrete and successful example of this.

In later parts of this Sustainability Report you will also find details of all our non-financial performance. We hope that you appreciate the results we have achieved. We are committed and dedicated to further improving these in the future.



Methodology Note

The entry into force of legislative decree 254/2016 requires that, starting from the 2017 financial year, public interest entities publish a consolidated non-financial declaration (NFD).

For the third year, Buzzi Unicem has integrated the NFD within its Sustainability Report (SR), as from art. 4 legislative decree 254/2016. The company firmly believes that the SR, which was published for the first time in 2001 and continues to evolve in terms of its content and accuracy, enables us to more fully comply with our legislative requirements, by integrating these into our corporate culture. The list of information required by the decree is contained within the “Correlation table to legislative decree 254/2016”.

In accordance with the provisions of the Decree, the SR was drafted in accordance with the Standards of the Global Reporting Initiative (GRI) with an “In Accordance-Core” reporting level and describes the business model, the identified risks, the Policies and Targets applied and the environmental, social and governance performances.

The list of indicators is contained within the “Table of contents of GRI Standards”. Environmental indicators relating to consumption of thermal energy and emissions of dusts, nitrogen oxides (NOx), sulfur dioxide (SO₂) and mercury (Hg) are shown per ton of clinker produced.

Indicators relating to consumption of electrical energy, emissions of carbon dioxide (CO₂), waste produced and water consumption relate to tons of cementitious material, defined as total clinker produced - i.e. that which is used for the production of cements/binders and sold directly - as well as gypsum, and any materials mixed with clinker to produce cement and/or binders (e.g. limestone, slag, fly ashes, pozzolans, production process dust).

The cementitious material also includes any quantities of mineral components (slag, fly ashes and pozzolans) that are processed and sold separately as cement substitutes. Clinker purchased from third parties and used for the production of cements and/or binders is not included.

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

This edition of the Sustainability Report, which also includes the NFD, was approved by the Board of Directors on 25 March 2020 along with the Consolidated Financial Statement.

Reporting process

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

- Collection of data through the new Tagetik database dedicated to non-financial data at the entire Group level. The database contains the data and indicators with units of measurements, definitions and examples for assisting the reporting process;
- Collection of additional data through Reporting Packages (RP), each of which contain a series of files, divided into different areas, with data that has not yet been implemented in the Tagetik database. The RP include a brief guideline with definitions and examples;
- Signature by every country manager of a Representation Letter in which they confirm the accuracy of the data and the companies involved in the reporting scope.

For the first time Buzzi Unicem is also publishing data relating to two major stakes (in companies not consolidated using the line-by-line method): Cimento Nacional BCPAR in Brazil and Corporación Moctezuma in Mexico. The data of these Companies, which are reported separately and not consolidated in the Group figures provided within the document, represent additional information that is not part of the NFD and, therefore, they are not audited by independent auditing firms.

Reporting scope

The economic, environmental and social data and all other information contained in the Sustainability Report relate to all companies within the reporting scope of the Consolidated Financial Statements as at 31/12/2019 using the line-by-line method*.

* The companies Compañía Cubana de Cemento Portland, S.A., Transportes Mariel, S.A., Proyectos Industrias de Jaruco, S.A., are not included in this non-financial report as the Group does not exercise operational control over them.

The reporting scope of the Sustainability Report is aligned with that of the Consolidated Financial Statement.

The information and performances relating to the Italian companies Arquata Cementi Srl and Testi Cementi Srl, acquired by Buzzi Unicem in mid-2019 were reported as of 1 January 2019, only for the part relating to the production and commercialization of cement and binders.

The data of human resources and injuries are aggregated as follows: the data of Beton Du Ried S.A. are aggregated with Luxembourg, the data of Kieswerk Seltz are aggregated with Germany and those for Zapa Beton Hungaria k.f.t. are aggregated with Slovakia in line with the Consolidated Financial Statement.

For the calculation of greenhouse gas emissions of cement plants in Italy, Germany, Luxembourg, Poland and Czech Republic that fall within the Emissions Trading System (EU ETS), the Company used the criteria required by Regulation (EU) n. 601/2012 of the European commission, which establishes guidelines for the monitoring and disclosure of greenhouse gas emissions in accordance with directive 2003/87/EC of the European Parliament and Council.

In 2019, 100% of the Group's emissions were calculated on the basis of the criteria established by standard EN 19694-3, method B2. ETS and non-ETS countries therefore apply the same methodology and confirms Buzzi Unicem's commitment towards promoting the best practices within the countries in which it operates.

Additionally:

- all data refers to the period 01-01-2019 to 31-12-2019;
- the environmental and social data include companies consolidated using the line-by-line method;
- economic data came from the Consolidated Financial Statement.





Group profile

The group at a glance

12

Regional overview

18

THE GROUP AT A GLANCE

INTERNATIONAL PRESENCE

Europe

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

Asia

| | |
|---------------|-------------|
| Russia | SSLK Cement |
|---------------|-------------|

America

| | |
|---------------|--|
| USA | Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25%) |
| Mexico | Corporación Moctezuma (50%) |
| Brazil | Cimento Nacional (50%) |

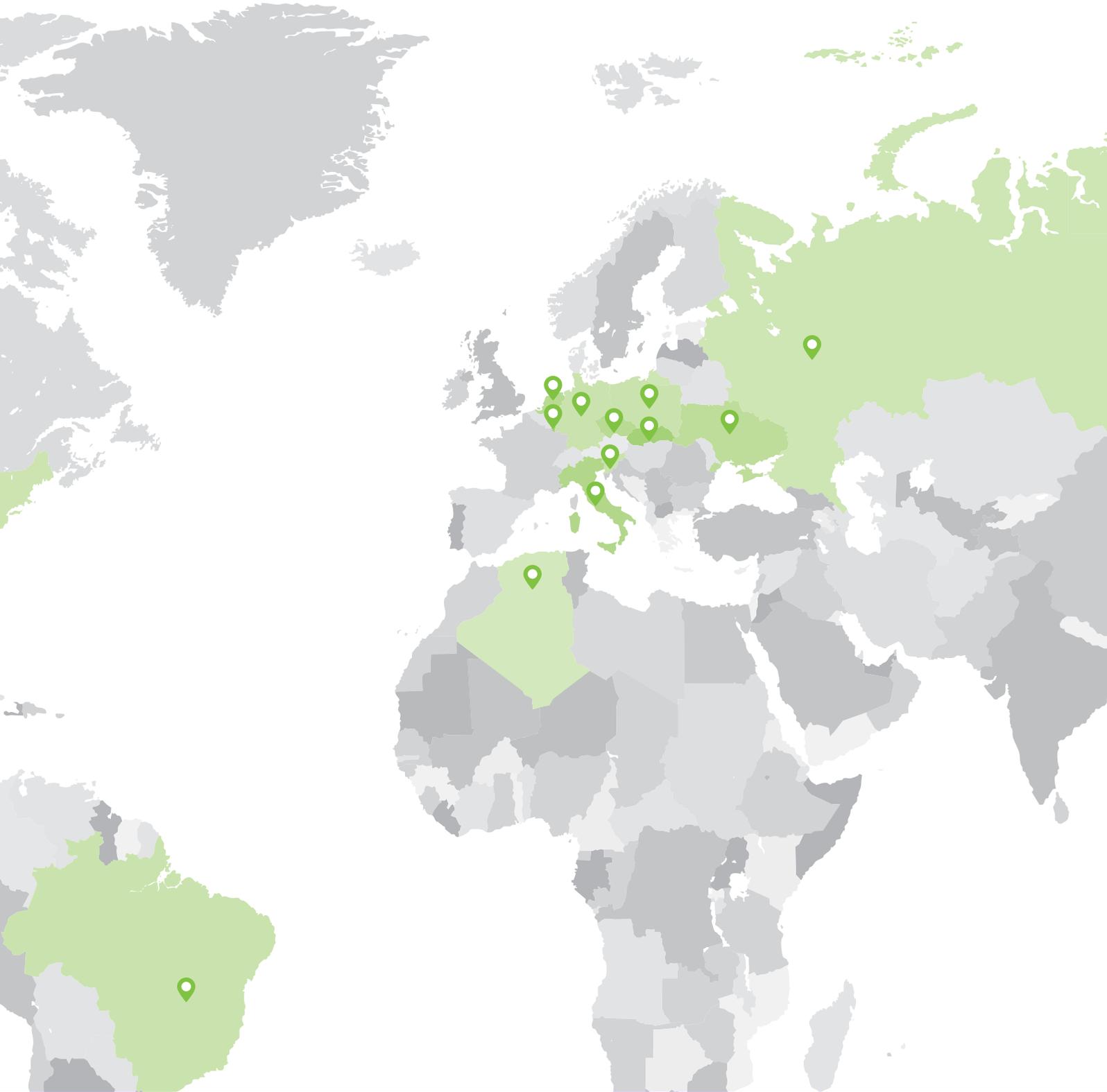
Africa

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



The Buzzi Unicem Group is committed to promoting sustainability in all countries in which it operates





Operating structure

| | | ITA | GER | LUX | NLD | POL | CZE SVK | UKR | RUS | USA | TOT | BRA ¹ | MEX ¹ |
|----------------------------|-----------------|------|-----|-----|-----|-----|------------|-----|-----|------|------|------------------|------------------|
| Cement plants | n. | 13 | 8 | 2 | - | 1 | 1 | 2 | 2 | 8 | 37 | 2 | 3 |
| of which grinding | n. | 4 | 2 | 1 | - | - | - | - | - | - | 7 | - | - |
| Cement production capacity | m tons/ year | 10.8 | 7.2 | 1.4 | - | 1.6 | 1.1 | 3.0 | 4.3 | 10.2 | 39.6 | 4.1 | 8.3 |
| Ready-mix batch plants | n. | 114 | 110 | 3 | 14 | 21 | 69 | 5 | - | 68 | 404 | - | 28 |
| Aggregate quarries | n. | 6 | 3 | - | - | - | 6 | - | - | 3 | 18 | - | 3 |
| Deposits and terminals | n. | 2 | 2 | - | - | 1 | - | 2 | 1 | 36 | 44 | 2 | - |

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

¹ Figures at 100%.

Key Figures

| | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-----------------------|---------------------|--------|--------|--------|--------|--------|--------|--------|
| Cement production | t/000 | 23,852 | 24,280 | 24,857 | 24,901 | 26,173 | 27,143 | 28,306 |
| Concrete sales | m ³ /000 | 11,887 | 12,048 | 11,936 | 11,938 | 12,294 | 12,093 | 12,120 |
| Aggregate sales | t/000 | 7,869 | 7,558 | 8,120 | 6,839 | 6,935 | 6,753 | 5,551 |
| Net sales | € m | 2,510 | 2,506 | 2,662 | 2,669 | 2,806 | 2,873 | 3,221 |
| Capital expenditures | € m | 222 | 318 | 304 | 236 | 218 | 444 | 339 |
| Headcount at year end | n. | 9,938 | 10,117 | 9,738 | 9,975 | 10,025 | 9,880 | 9,841 |



Sales revenue

(millions of euro)

| | |
|------|--------------|
| 2013 | 2,510 |
| 2014 | 2,506 |
| 2015 | 2,662 |
| 2016 | 2,669 |
| 2017 | 2,806 |
| 2018 | 2,873 |
| 2019 | 3,221 |

Capital expenditures

(millions of euro)

| | |
|------|------------|
| 2013 | 222 |
| 2014 | 318 |
| 2015 | 304 |
| 2016 | 236 |
| 2017 | 218 |
| 2018 | 444 |
| 2019 | 339 |

Main Environmental Performance

| | | 2017 | 2018 | 2019 |
|------------------------------|---------------------|-------|-------|--------------|
| CO ₂ Emissions | kg / t cementitious | 696 | 690 | 688 |
| Specific thermal consumption | MJ / t clinker | 4,121 | 4,080 | 4,109 |
| Thermal substitution | % | 26.0 | 27.1 | 27.6 |

Main Social Performance

| | 2017 | 2018 | 2019 |
|-----------------------------------|---------------|--------------|--------------|
| Headcount at year end | 10,025 | 9,880 | 9,841 |
| of which % Men | 85.0 | 85.2 | 85.5 |
| of which % Women | 15.0 | 14.8 | 14.5 |
| LTIFR * | 6.9 | 6.4 | 5.8 |
| Fatal injuries | 0 | 2 | 1 |
| Management | 464 | 447 | 436 |
| White collars | 3,221 | 3,101 | 3,141 |
| Blue collars | 6,082 | 6,090 | 6,003 |
| Trainees | 156 | 153 | 162 |
| Marginal/helpers | 102 | 89 | 99 |
| Total hires | 1,585 | 1,759 | 1,465 |
| Percentage of hiring | 15.8 | 17.8 | 14.9 |
| Total terminations | 1,822 | 1,904 | 1,637 |
| Turnover rate % | 18.2 | 19.3 | 16.6 |
| Absence rate % (illness/injuries) | 3.2 | 3.7 | 3.3 |
| Total hours of training | 24.7 | 32.0 | 24.0 |

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

Cement plant locations

As at 31 December 2019

Europe and Africa



Asia



Caption

● Cement plants ● Grinding plants

America



Italy

13

plants

10,8

(million tons)
cement production
capacity

114

concrete
batch plants

6

aggregate
quarries

2

deposits
and terminals

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|-------|-------|
| Cement production | t/000 | 4,708 | 4,516 | 4.3% |
| Concrete sales | m ³ /000 | 2,603 | 2,611 | -0.3% |
| Aggregate sales | t/000 | 766 | 738 | 3.8% |
| Net sales | € m | 504.7 | 459.8 | 9.8% |
| Capital expenditures | € m | 108.1 | 37.1 | n.s. |
| Headcount at year end | nr | 1,593 | 1,485 | 7.3% |



Germany, Luxembourg and Netherlands

10

plants

8,6

(million tons)
cement production
capacity

127

concrete
batch plants

3

aggregate
quarries

2

deposits
and terminals

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|-------|--------|
| Cement production | t/000 | 7,352 | 7,103 | 3.5% |
| Concrete sales | m ³ /000 | 4,451 | 4,540 | -2.0% |
| Aggregate sales | t/000 | 790 | 2,690 | -70.6% |
| Net sales | € m | 872.1 | 829.6 | 5.1% |
| Capital expenditures | € m | 56.1 | 114.3 | -50.9% |
| Headcount at year end | nr | 2,104 | 2,198 | -4.3% |



Poland

1

plant

1,6

(million tons)
cement production
capacity

21

concrete
batch plants

1

terminal

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|-------|-------|
| Cement production | t/000 | 1,607 | 1,638 | -1.9% |
| Concrete sales | m ³ /000 | 742 | 795 | -6.7% |
| Net sales | € m | 123.8 | 111.4 | 11.1% |
| Capital expenditures | € m | 6.8 | 6.9 | -1.4% |
| Headcount at year end | nr | 356 | 358 | -0.6% |



Czech Republic and Slovakia

1

plant

1,1

(million tons)
cement production
capacity

69

concrete
batch plants

6

aggregate
quarries

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|-------|-------|
| Cement production | t/000 | 1,004 | 1,013 | -0.9% |
| Concrete sales | m ³ /000 | 1,674 | 1,791 | -6.5% |
| Aggregate sales | t/000 | 1,532 | 1,398 | 9.6% |
| Net sales | € m | 168.2 | 164.5 | 2.2% |
| Capital expenditures | € m | 13.5 | 7.5 | 80.0% |
| Headcount at year end | nr | 762 | 789 | -3.4% |



Ukraine

2

plants

3,0

(million tons)
cement production
capacity

5

concrete
batch plants

2

deposits
and terminals

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|-------|--------|
| Cement production | t/000 | 1,840 | 1,543 | 19.2% |
| Concrete sales | m ³ /000 | 157 | 217 | -27.6% |
| Net sales | € m | 131.9 | 88.3 | 49.4% |
| Capital expenditures | € m | 10.5 | 7.8 | 34.6% |
| Headcount at year end | nr | 1,284 | 1,313 | -2.2% |



Russia

2

plants

4,3

(million tons)
cement production
capacity

1

terminal

| | | 2019 | 2018 | 19/18 |
|-----------------------|-------|-------|-------|-------|
| Cement production | t/000 | 3,644 | 3,431 | 6.2% |
| Net sales | € m | 214.5 | 185.5 | 15.6% |
| Capital expenditures | € m | 40.3 | 17.1 | n.s. |
| Headcount at year end | nr | 1,387 | 1,435 | -3.3% |



United States of America

8

plants

10,2

(million tons)
cement production
capacity

68

concrete
batch plants

3

aggregate
quarries

36

deposits
and terminals

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|---------|-------|
| Cement production | t/000 | 8,151 | 7,899 | 3.2% |
| Concrete sales | m ³ /000 | 2,493 | 2,140 | 16.5% |
| Aggregate sales | t/000 | 2,463 | 1,927 | 27.8% |
| Net sales | \$ m | 1,391 | 1,263.2 | 10.1% |
| Capital expenditures | \$ m | 116.5 | 109.2 | 6.7% |
| Headcount at year end | nr | 2,355 | 2,302 | 2.3% |



Mexico¹

3

plants

8,3

(million tons)
cement production
capacity

28

concrete
batch plants

3

aggregate
quarries

| | | 2019 | 2018 | 19/18 |
|-----------------------|---------------------|-------|-------|--------|
| Cement production | t/000 | 6,240 | 6,731 | -7.3% |
| Concrete sales | m ³ /000 | 1,124 | 1,340 | -16.1% |
| Aggregate sales | t/000 | 990 | 1,004 | -1.4% |
| Net sales | \$ m | 664.1 | 737.8 | -10.0% |
| Capital expenditures | \$ m | 36.1 | 20.1 | 79.6% |
| Headcount at year end | nr | 1,078 | 1,095 | -1.6% |



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

Brazil¹

2

plants

4,1

(million tons)
cement production
capacity

2

deposits
and terminals

| | | 2019 | 2018 | 19/18 |
|-----------------------|-------|-------|-------|-------|
| Cement production | t/000 | 2,923 | 2,571 | 13.7% |
| Net sales | \$ m | 150.8 | 156.7 | -3.8% |
| Capital expenditures | \$ m | 5.2 | 5.5 | -5.5% |
| Headcount at year end | nr | 681 | 690 | -1.3% |

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





Unicem

ACCENSIONE



Governance

| | |
|------------------------|----|
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Policies and Targets

Buzzi Unicem presents its Policies on Safety, Climate Change and Stakeholder Engagement. The Policies, which are based on the Materiality Matrix, are focused on three issues that are particularly important for Buzzi Unicem and its stakeholders:

Safety, Climate Change and Stakeholder Engagement. Each Policy and the respective targets are associated with one of the 17 Sustainable Development Goals, to highlight the tangible contribution of Buzzi Unicem to the global agenda.



- Buzzi Unicem operates to achieve the maximum level of safety for its own staff and its suppliers' staff. The maximum level of safety is that at which we do not expect there to be any injuries or occupational diseases. To achieve the above we believe it is essential:
 - to comply with all the prevailing legislative requirements in the countries where the Group operates;
 - make technical and organizational choices that are in line with best practices;
 - ensure that the above choices are never influenced by reasons of economic convenience and/or containing costs.
- Being aware that safety can only be achieved by ensuring, in a continual manner, a correct assessment of risks, behavior, preventive measures and a system of controls involving all workers.
- Being aware that in this regard the management's responsibility is fundamental and must be evident.
- Being committed to monitoring and reporting our performances through indices (KPIs), that are recognized internationally and useful for internal assessments and comparisons on a country by country basis with other companies in our own and other sectors.
- Recognizing that third party safety certifications, which the company is committed to acquiring, are a valid mechanism for implementing this policy.

Safety Target

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





CLIMATE CHANGE POLICY

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

Climate Change Target

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





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

Stakeholder Engagement Target

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



OBJECTIVES FOR SUSTAINABLE DEVELOPMENT

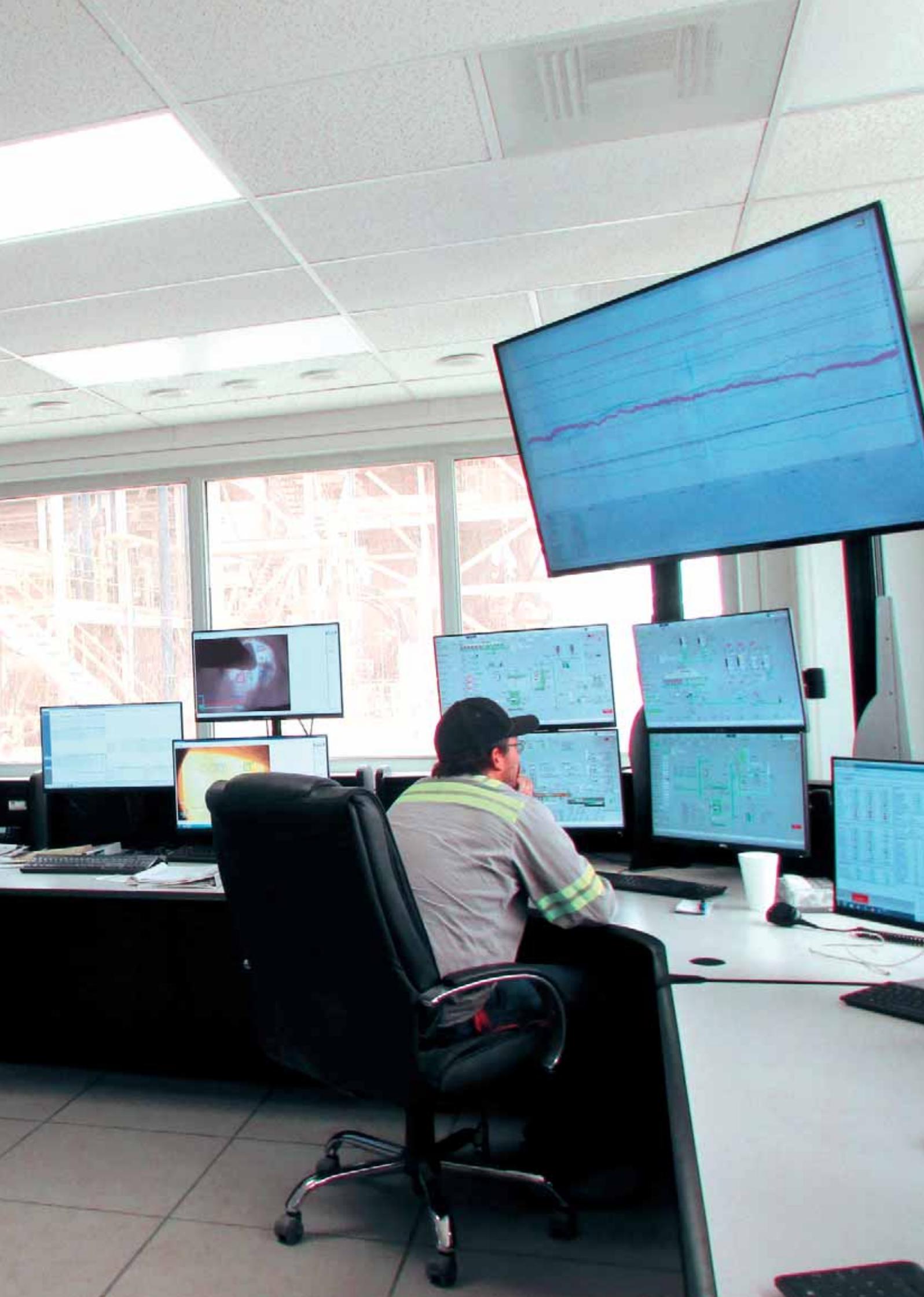
Sustainable development is defined as development which satisfies the needs of the current generation without compromising the capacity of future generations to satisfy their own needs. To reach sustainable development it is fundamental to harmonize three key elements: economic growth, social inclusion and protection of the environment. In September 2015, the member states of the United Nations adopted the Agenda with 17 Global Goals for Sustainable Development for 2030. The Agenda recognizes the need to create

peaceful, just and inclusive societies that provide equal access to justice and are based on a respect of human rights (including the right to development, and the emancipation of women and girls), good governance at all levels and responsible, effective and transparent institutions.

The Objectives are universal and apply to developed countries and less-developed countries in equal measure.

For more information:
www.unric.org/it/agenda-2030





Corporate Governance

The corporate bodies

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

With regard to the committees recommended by the Self-Governance Code of listed companies approved by the Corporate Governance Code and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, the Board of Directors did not deem it necessary to set up a Nominating Committee, given that the role and standing of the independent and non-executive Directors, as well as the self-assessment procedure of the Board of Directors, allow it to perform the functions attributed to the Nominating Committee by the Corporate Governance Code, especially in light of the composition of the Board of Directors (majority of independent directors).

The Board of Directors has also decided not to set up a Remuneration Committee since the role and standing of its independent and non-executive directors enable there to be an authoritative and independent assessment of the remuneration policy for directors during the Board's meetings.

Moreover, salary proposals for executive directors and directors with special assignments are presented to

the Board of Directors by independent Directors, who, as outlined above, represent the majority of Board members.

It was not deemed necessary by the Board of Directors to set up a Sustainability Committee given the existence, at the Group level, of an international committee (Sustainability Steering Committee) and the existence of a Director, who reports to the Control and Risks Committee at least once a year.

The Board of Directors did set up the Control and Risk Committee. The Committee is currently composed of 3 members and has suitable accounting and financial know-how. It is entrusted with advisory and propositional tasks as provided by the Code of Self-Governance including, in particular, the duty of supporting, with a suitable investigation, the assessments and decisions of the Board of Directors with regard to the internal control and risk management system, which contributes, among other things, to the protection of the company's assets and the reliability of the information provided to the corporate bodies and the market, as well as information pertaining to the approval of financial reports. The Committee was also given the function of providing a prior opinion to the Board of Directors on internal control and risk management.

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

Code of Conduct, Internal Control and Risk Management System

The Internal Control and Risk Management System is a set of rules, procedures and organizational structures to identify, measure, manage and monitor the main risks.

The Code of Conduct is the most important of these and establishes the principles that all employees of Buzzi Unicem must respect in facing and overcoming ethical and legal challenges (for more information on the Code of Conduct see the box below).

CODE OF CONDUCT

Sustainability, integrity and good Corporate Governance

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

Buzzi Unicem believes that, along with full compliance of laws, ethics represent a fundamental aspect in managing a business and add value to the company. All of our activities, whether they are strategic or operational, take place in compliance with the applicable laws and ethical values governing our conduct. This is why we drafted the Code of Conduct, which defines the standards of integrity and propriety which Buzzi Unicem has voluntarily chosen to adopt as a commitment towards its stakeholders. The Code applies to Buzzi Unicem SpA and all its Italian and foreign subsidiaries. The principles in the Code apply to directors, members of corporate bodies, employees, suppliers and everyone

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

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

Buzzi Unicem invites its stakeholders to adopt conduct in line with that set forth in this Code.

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

The Company's Internal Control and Risk Management System is inspired by the guidelines of the COSO (Committee of Sponsoring Organizations of the Treadway Commission).

It contributes to: guaranteeing the efficiency and effectiveness of corporate processes providing an adequate management of the risks that could prevent the Company from reaching its objectives; ensuring the reliability of the financial information, the internal/external reporting system through the use of processes, procedures and systems that enable it to generate a flow of reliable information both inside and outside the company; ensuring compliance with laws, regulations, bylaws and internal procedures; safeguarding and protecting corporate assets from inappropriate or fraudulent use or loss.

Therefore, this definition of the Internal Control and Risk Management System has a broader scope; it is not limited to accounting controls and the process of financial and economic reporting; it also covers other important aspects of the business, like the protection of resources, operational efficiency and effectiveness and compliance with laws, regulations and policies of the organization.

Within the scope of the observation of risks control, risks are identified through an inventory that is updated every six months, and cover both short and long-term timeframes.

Through a dedicated IT application, the company has implemented a systematic monitoring system for short-term risks, which are quantified financially in terms of their impact and likelihood of occurrence.

The assessment, detection and containment of these risks is the responsibility of specific management departments.

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

- distribution risk connected market trends
- exchange rate risks
- capital investment risks (cash and equivalents)
- liquidity risks
- insurance risks
- legal risks
- political risks
- fiscal risks
- IT risks

- HR and company organizational risks
- risks on purchases
- production risks
- logistical risks
- ecological, environmental and security risks
- technical and production investment risks.

For medium and long-term strategic and operational risks the qualitative assessment and management strategies are periodically conducted and defined by the top management and the Board of Directors.

This group includes the risks connected with the general political and economic conditions and the evolution of the markets in which the Group operates.

We report a potential risk of a possible competitive advantage for producers operating in countries outside the EU Emission Trading System (ETS). More details on the medium and long-term risks are provided on page 34 "Management of risk connected to non-financial factors".

In the Management report of the Statutory and Consolidated financial statements, in the sections "Management of risk and description of the main risks" and "Internal control and risk management system", there are some initial assessments on the effects of the ongoing COVID-19 health emergency.

Buzzi Unicem's managers and supervisors are supported in their activities by the Internal Audit Department which, on one hand has the role of independent supervisor of the risk management system, while on the other hand must ensure that the system evolves.

The Internal Audit Department reports to the Board of Directors and liaises continuously with the Director in charge of the Internal Control and Risk Management System, without prejudice to the mutual independence of the respective functions.

The Board of Directors approves the Group's Audit Plan on an annual basis, having consulted with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System.

The Board of Directors assesses the effectiveness and suitability of the internal control and risk management system when it meets to approve the annual financial statements.

MANAGEMENT OF RISK CONNECTED TO NON-FINANCIAL FACTORS

Environmental risk linked to climate change.

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

Social Risk linked to injuries in our production sites.

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

Social Risk linked to a failure to involve stakeholders.

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

The Model of Organization, Management and Control pursuant to Legislative Decree 231/2001

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

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

The Code of Ethics is an instrument for raising awareness in everyone who operates for and on behalf of Buzzi Unicem, so that they follow proper and honest behavior in fulfilling their professional activities, in order to prevent the risk of crimes being committed. The Code of Ethics is brought to the attention of and applies, where applicable, even to representatives, agents, associates, external advisers and companies who receive an appointment from Buzzi Unicem.

The updated versions of the Model and Code of Ethics were approved by the Board of Directors on 7 November 2018.

The characteristics of Buzzi Unicem's organization are:

- An authorization system that is structured on the basis of the value and risk level for transactions;
- Prudence in granting powers of signatures, for both contractual documentation and the use of cash and equivalents;
- Separation of the different operational departments from the administrative and accounting departments;
- Transparency of the activities of the various departments;
- Presence of a reward system which, rather than encouraging individuals to commit crimes, rewards their ability, dedication and loyalty to the company;
- Presence of a disciplinary system which punishes non-compliance with procedures and principles, as provided by the Buzzi Unicem's Code of Ethics and the applicable national bargaining agreements.

Buzzi Unicem also has a specific communication and training plan, through classroom-based or e-learning

courses, in order to promote the knowledge and distribution of the Code of Ethics and Model to all the group's employees. The content of training activities differs on the basis of the position of intended recipients, their involvement in any sensitive activities specified in the Model or having powers of representation in the Company.

Transparency in the conduct of business

Buzzi Unicem believes that, along with full compliance of laws, ethics represent a fundamental aspect in managing a business and add value to the company.

All strategic and operational activities are based on ethical principles and legal regulations and are in line with the best existing practices. In recent years, there has been a specific focus on corruption and conflict of interest issues.

The Audit Plan covers all the countries in which the Company operates and takes into account the level of risk in the various geographical areas when planning audit activities. The 2019 Audit Plan involved operational audits in production sites (cement and concrete plants) as well as compliance audits in the Head Offices.

The Plan covered the entire perimeter of countries in which the Group operates with different assessments based upon the degree of risk for the country and the sector risk and it was 94% completed.

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

During the course of 2019, 18 whistleblowing reports were received and 8 of which proved to be unreliable, while corrective action was carried out in the remaining cases.

In 2019 Buzzi Unicem's Board of Directors approved the "Procedure for the management of Privileged Inside Information" - which replaced the "Manual on market

abuse and privileged information” that was adopted previously - and the updated version of the “Internal Dealing Procedure”.

The “Procedure for the management of Privileged Inside Information” was also sent to the Group’s foreign companies.

Antitrust

In Italy in 2019, in accordance with the Guidelines on Antitrust Compliance adopted by the Competition and Market Supervisory Authority on 25/09/2018, an Antitrust Compliance Officer was appointed and an Antitrust Compliance Program was adopted.

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

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

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

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

In 2019 the parent company updated the “Directives concerning conduct for employees of the Buzzi Unicem Group for compliance with laws protecting competition” (Antitrust Code). This document was sent to the Group’s foreign companies and they were asked to disseminate it among their staff.

In Italy and in the various companies in which the group operates training courses were held on anti-trust issues which, during the course of 2019, involved 68 employees in Italy, 258 in Germany, 27 in Holland, 9 in Luxembourg, 27 in Ukraine, 81 in Russia, 38 in

Poland, 21 in the Czech Republic, 1 in Slovakia and 152 in the United States.

Fines

In Italy, since 2017, Buzzi Unicem has been paying an antitrust penalty as it was alleged to have been involved - between 1 June 2011 and 1 January 2016 - in an agreement relating to the coordination of producers in simultaneously increasing prices as well as an exchange of information within the AITEC trade association and, in general, was alleged to have adopted a conduct that aimed to maintain the stability of market shares. The Company has presented an application for revision to the Council of State. The amount paid in 2019 was 24,087,514.20 euro.

In Italy, since 2014 Unical S.p.A. has been paying a penalty in installments under anti-trust laws for allegedly implementing an anti-competitive agreement in 2004. The amount paid in 2019 was 1,432,644.59 euro.

In Ukraine, total fines of approximately 40,000 euro have been paid for administrative irregularities.

In the United States, at the Stockertown plant, a penalty of 83,988 dollars was paid because of a breach of environmental regulations.

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

Dialogue with Stakeholders

Even in 2019 Buzzi Unicem regularly involved shareholders, investors and capital providers through various communication channels, in Italy and abroad, both on an institutional level - through the Annual General Meeting, press statements, presentations in institutional investor roadshows and conferences - and through meetings and conference calls for discussing performance and developing strategies.

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

- Institutional Investors Meeting organised by Oddo in January in Lyon
- Engineering & Construction Conference organized by Equita in Milan in April
- Italian Investment Conference organized by Unicredit and Kepler Cheuvreux in Milan in May
- Institutional Investors Roadshow organized by Mediobanca in June in London

- Italian CEO's Conference organized by Mediobanca in Milan in June
- Italian Infrastructure Day organised by Borsa Italiana (Italian Stock Exchange) in Milan in September
- Institutional Investors Roadshow organized by Kepler Cheuvreux in Paris in September
- Italian conference organised by JP Morgan in September in Milan
- Institutional Investors Roadshow organised by Deutsche Bank in Zurich in October.
- Construction, Chemicals and Papier Conference organised by BofAML in London in December.

As part of its dialogue with investors, in order to better understand the expectations of people who want to know the company's performance and the importance stakeholders attribute to the subject matters covered by the company's communication initiatives, during the course of the year a project was launched for updating the Materiality Matrix (see pag. 40) which directly involved financial analysts, shareholders and capital providers. Thanks to the selection of a representative panel of stakeholders on a series of targeted questions pertaining to the management of risks, climate change and access to information, we were able to identify what they perceive as the relevant aspects.

Under the company's online communication strategy, the corporate website www.buzziunicem.com provides information of use for getting to know the Group: its history, its presence in different geographical areas and the quality of the products it offers to its

customers. The site also includes a description of the work conducted in research laboratories and the certifications obtained, a discussion of sustainability and Corporate Governance, a page for press releases, access to annual and interim financial statements, a description of the shareholding structure, share listings, a list of analysts monitoring share listings, and information on the decisions made in ordinary and extraordinary shareholders' meetings. The website www.buzziunicem.it offers ample information on production sites in Italy, relations at a local level and products and services offered to customers.

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

Direct economic value generated and distributed

The information on the direct financial value that is generated and allocated is useful for demonstrating how a company creates value for its stakeholders. In accordance with this principle, Buzzi Unicem provides in the following table details of the annual value flows. The data is presented in millions of Euro, applies to 2019, and complies with the requirements of the GRI Standards (indicator 201-1).

| (millions of euro) | 2017 | 2018 | 2019 |
|---|--------------|--------------|----------------|
| Direct economic value generated | | | |
| Revenues | 2,851.4 | 2,957.1 | 3,276.9 |
| Economic value distributed | | | |
| Operating costs ⁽¹⁾ | 1,733.1 | 1,809.2 | 1,970.0 |
| Employee salaries and benefits | 469.3 | 483.2 | 514.4 |
| Payments to capital providers ⁽²⁾ | 73.2 | 74.5 | 58.8 |
| Payments to Governments | 153.8 | 116.5 | 129.9 |
| Community investments | 50.2 | 54.3 | 59.1 |
| Economic value withheld ⁽³⁾ | 371.9 | 419.4 | 544.8 |

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

⁽²⁾ Including net financial costs and dividends.

⁽³⁾ Direct economic value generated minus amount distributed.

ANTI-CORRUPTION

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

(Code of Conduct)

During the course of 2019, the Parent company therefore devised and implemented the following measures for combating corruption.



DISSEMINATION OF THE CODE OF CONDUCT

The updated version of the Code of Conduct, which was approved by the Board of Directors of Buzzi Unicem on 07/02/2019, was sent to all subsidiaries in Italy and abroad, who were asked to adopt the Code through a board resolution and to distribute it to all recipients as follows:

- publication on the company's internet and intranet site;
- delivery of a copy of the Code to all employees with a receipt signed by recipients;
- training, to be repeated periodically, on the contents of the Code;
- information to suppliers - using a specific clause on orders or by sending a written notification - about the Group's adoption of the Code and the commitment for them to comply with it;
- information to the main stakeholders (customers, banks, etc.) on the adoption of the Code

DRAFTING OF GUIDELINES FOR THE MANAGEMENT OF GIFTS AND CUSTOMER LOYALTY MEASURES

The Parent Company has issued the document “Guidelines for Customer Loyalty Measures and Gifts Management” with the aim of defining uniform rules, for all employees of the Group, for the acceptance and offer of customer loyalty measures and gifts.

These guidelines were sent to all subsidiaries in Italy and abroad, who were asked to implement them within the companies during the course of 2020.

TRAINING ON ANTI-CORRUPTION

As requested by the Parent Company, during the course of 2019, all the subsidiaries in Italy and abroad conducted training courses focusing on local regulations on the subject of corruption, the principles of the Code of Conduct and the main measures

for mitigating risk adopted by Buzzi Unicem. Managers and employees operating in the areas with the greatest risk of corruption were identified as recipients of these courses.

The courses - that were conducted in classrooms or through e-learning methods - included a test at the end of the course to assess participants' actual knowledge of the respective subjective matters.

In total about 1,578 received training.

SPECIFIC AUDIT ACTIVITIES

The Group's 2019 Audit Plan involved specific activities for combating corruption such as the assessment and investigation of whistleblowing reports received, controls on the existence and management of conflicts of interest, as well as the training activity described above.

Materiality Matrix

The Materiality Matrix consists of a Cartesian coordinate system displaying a list of financial, environmental and social topics distributed on the basis of the importance attributed to each of these by Buzzi Unicem (X axis) and its main stakeholders (Y axis).

Five years after its first publication (2015 Sustainability Report), the list of material issues was updated to reflect:

- the main trends, especially in the cement and concrete sector at a global level;
- the guidelines provided by the most popular sustainability reporting standards (GRI Standard);
- the non-financial reporting of a significant sample of international competitors.

Each topic in the new list, which is not materially different from the previous list, was then “weighted” using an assessment involving various internal and external stakeholders:

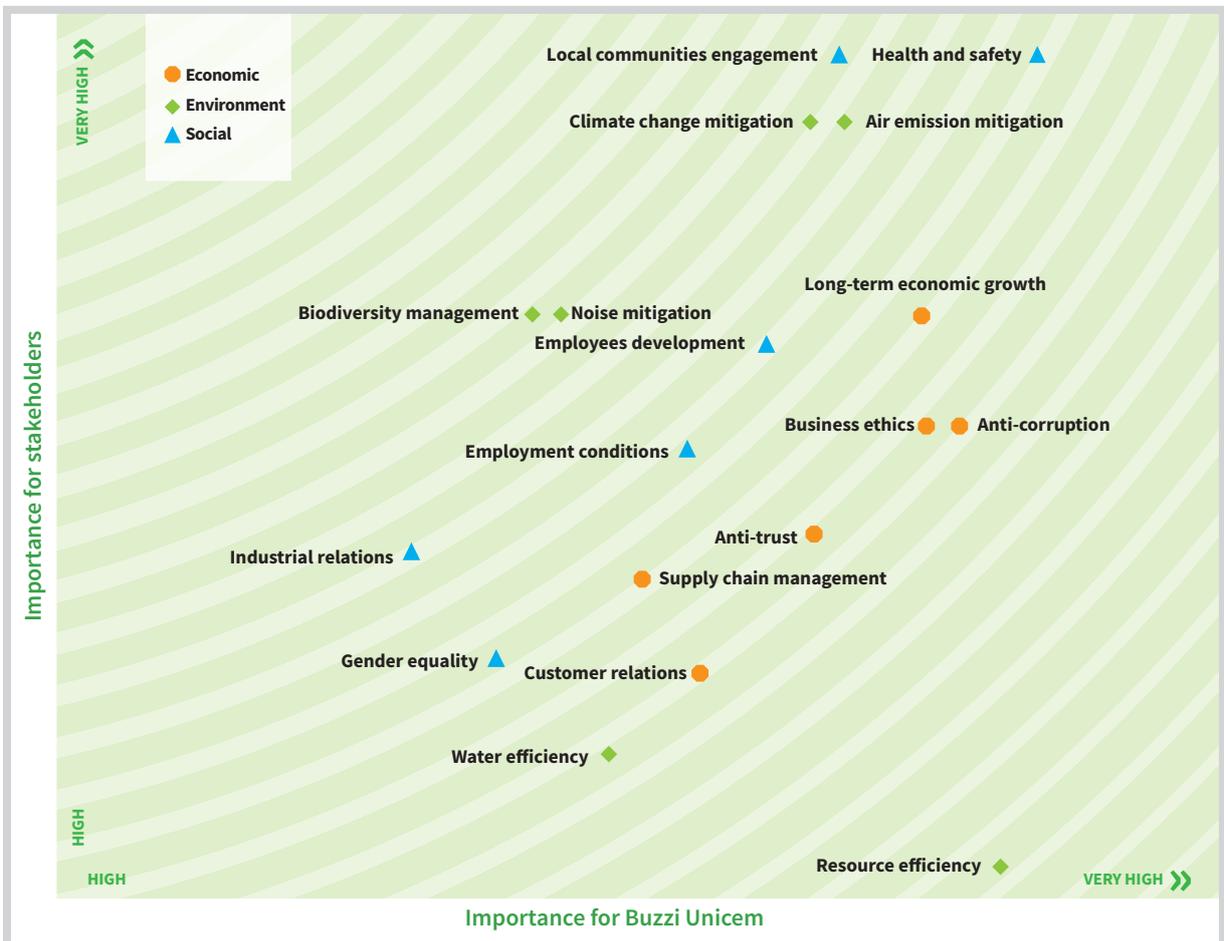
- the Sustainability Steering Committee provided the company’s point of view (X axis);

- along with a select group of Italian managers the Sustainability Department interpreted the perspective of our stakeholders (Y axis);
- A sample of Italian and international investors and analysts (see pag. 36 for more details) all helped to complete the perspective from the financial sector (Y axis).

The review process of the Materiality Matrix was specifically examined by PwC SpA during its limited assurance activities, as reported in the audit report.

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

In general the results of this update confirm the Policies and strategies developed by the Group.





Stakeholder Engagement

Stakeholder Engagement is the process through which Buzzi Unicem interacts with parties wishing to know about the company's financial, environmental and social performance. The objective of this interaction is to develop an understanding of what is truly important for the company and our stakeholders (Materiality Matrix) and subsequently to define strategies and projects designed to provide suitable information and answers. A constant and transparent dialogue is necessary to ensure constructive communication and discussions.

The Stakeholder Engagement is the instrument through which we want to assert the quality of our operational methods, be credible and earn the trust of individuals who might have expressed interest and/or preoccupations.

The three major initiatives that were presented in previous reports are still ongoing:

- Gradual promotion in all countries of the contents of the Group's Stakeholder Engagement Policy and our commitment to involve, by 2022, the main stakeholders in 100% of the local communities around our cement plants.
- Implementation of the principles contained in the procedure developed by the Parent Company for proposing, approving and reporting on Stakeholder Engagement projects. The procedure ranks initiatives depending on the degree of involvement of Buzzi Unicem staff in terms of resources, and skills and time, beyond the financial outlay;
- Progressive creation and use in all countries of a dedicated cost center for Stakeholder Engagement initiatives.

In 2019, Buzzi Unicem confirms that 65% (63% in 2018) of its cement plants in Italy, Germany, USA, Czech Republic and Russia have implemented stakeholder engagement plans, with the target being 100% for 2022.

Buzzi Unicem's Sustainability Report contains details of performances within each individual country in order to facilitate and offer a simpler breakdown of the contribution of each country to the Group's sustainability performance.

All Buzzi Unicem plants are open to individuals and/or small groups for visits. On these occasions, people can visit all production departments in the company of

technicians and can get answers to any questions they might have.

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

Starting from the month of September 2018, Buzzi Unicem also became a member of the Global Cement and Concrete Association (GCCA). The Association, which was founded in London at the start of 2018, is comprised of 38 leading companies in the production of cement and concrete, which together represent more than 30% of global production capacity.

The Mission of the GCCA involves interaction with institutions at an international level and with the most significant stakeholders so that cement and concrete are recognized as the preferred construction materials for achieving sustainable development.



EMPLOYEES

Employees are considered the most important stakeholders and are regularly involved in training and prevention activities especially on health and safety issues.

Every year, Buzzi Unicem hosts the European Work Council's meeting with the aim of improving relations between companies and worker representatives.



SUPPLIERS

All suppliers and contractors are chosen on the basis of their technical and economic competitiveness, as well as their reliability and consistency. They must comply with the Company's Code of Conduct, which emphasizes the need for appropriate and transparent conduct while carrying out the requested activities.



CUSTOMERS

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



SHAREHOLDERS

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



LOCAL COMMUNITIES

The company encourages a dialogue with institutions, opinion groups and civil society and supports community life in the areas where it has its production facilities.



Performance Indicators

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|--|----|
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Environmental Performance

Consumption of materials

The natural raw materials used in the production of cement are limestones, marls, clays, shales, sands, iron and aluminium minerals, gypsums, pozzolans. In compliance with the principles of a circular economy, under certain circumstances, some of these materials can be replaced with waste material derived from other industrial processes which may otherwise require disposal.

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

In 2019, the percentage of natural raw materials replaced for the production of binders was stable at 9.1% (9.5% in 2018).

For the production of concrete, the raw materials used are essentially aggregates (sand, gravel and aggregates). Even in this case it is possible to obtain a partial replacement with non-natural aggregates, by-products of industrial processes, recycled aggregates deriving from the recovery and subsequent treatment of demolition materials or concrete not cast in work sites and/or residues from concrete mixers that are removed before making a new load. Even here, the cement content can be reduced thanks to the direct addition of non-natural materials with hydraulic properties such as slag and fly ash.

In total, in 2019, 446,537 tons of recovered aggregates were used (391,000 tons in 2018). The average cement content per cubic meter was 298 kg, of which 206 kg was clinker content.

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

Water consumption

Water consumption in the cement technology cycle is mainly due to controlling the temperature of gases from the kilns, the quenching of the cement during grinding, cooling of engines and dust abatement. Consumption increases in production plants with

wet-process kilns (Volyn and Yug plants in Ukraine and Suckhoi Log and Korkino in Russia).

Buzzi Unicem monitors its consumption and uses systems for the collection, treatment and recirculation of rainwater and/or washing water in all of its industrial plants. Specific water consumption in 2019 increased to 368 liters/ton of cementitious material compared to 301 liters/ton of cementitious material in 2018 (this increase is partially due to the change in the reporting methodology of water consumption in Germany).

21% of water consumption comes from recovered water (22% in 2018).

Water consumption required for the production of ready-mix concrete was 164 liters/cubic meter (171 l/m³ in 2018). Even in this case part came from recovered water (rainwater and/or washing water).

Consumption of thermal energy

Production of cement, and especially of clinker, requires a significant use of thermal energy. Producing clinker with good properties requires a temperature of around 1,450 Celsius degrees in cement kilns. Energy consumption is therefore influenced by kiln technologies and the continuity of production.

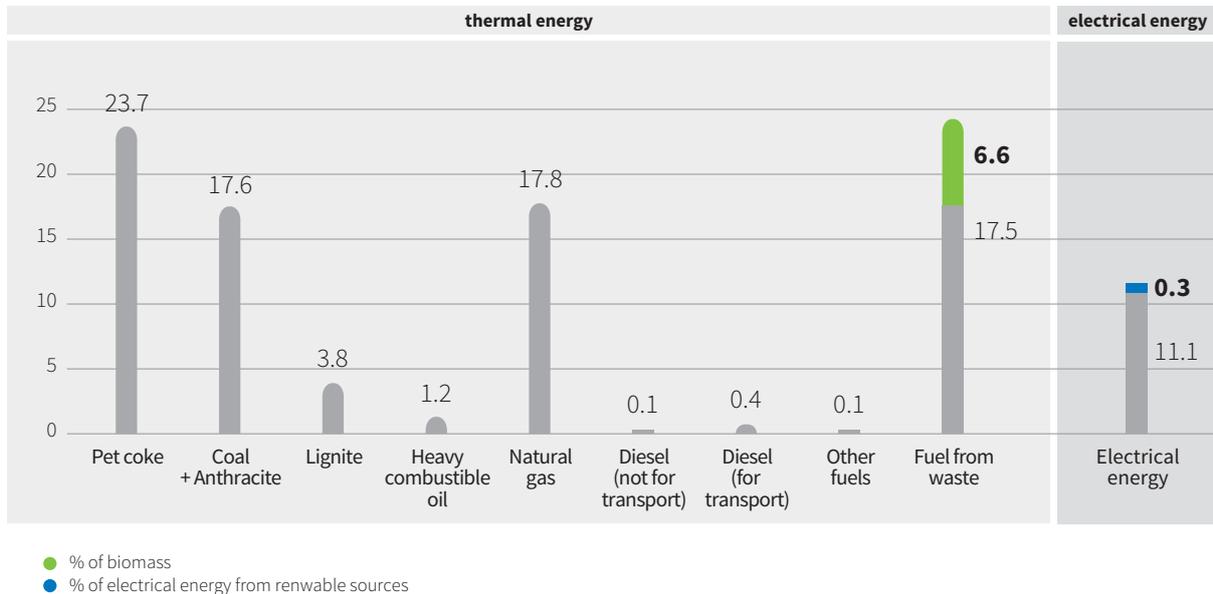
In 2019, specific consumption was 4,109 MJ/ ton of clinker, in line with the result for 2018. Buzzi Unicem continued to promote the use of secondary fuels as an alternative to traditional fuels of fossil origin.

In particular, these are fuels deriving from waste material, many of which have a significant content of biomass, which is considered neutral for CO₂ emissions purposes. The use of secondary fuels is recognized within the European Union as a BAT (Best Available Techniques) for the cement industry, and is one of the pillars of the circular economy. This generates two main advantages: it reduces CO₂ emissions, based on the content of biomass, and eliminates disposal of waste to landfill.

For 2019, we can confirm the excellent heat replacement levels reached in Germany, Poland and Czech Republic, with indices greater than or equal to 65%, while Luxembourg reported levels of 47%, USA 20% and Italy 14%.

Percentage breakdown of energy consumption by type and source (2019)

The total energy consumption was 110,600 TJ



The average figure for the Group was 27.6%, which represents an improvement on 2018 (27.1%), thanks especially to the contribution from Germany and Czech Republic.

There was an increase in the content of biomass which was 27.6% in 2019 (22.0% in 2018).

Consumption of electrical energy

Reducing electrical energy consumption is another priority for Buzzi Unicem.

In binders manufacturing, electricity accounts for

| | Average (2018) | Average (2019) |
|-----|----------------|----------------|
| ITA | 14% | 11% |
| USA | 13% | 12% |
| GER | 2% | 2% |
| LUX | 24% | 30% |
| POL | 11% | 11% |
| CZE | 7% | 8% |
| RUS | 0% | 0% |
| UKR | 0% | 0% |

Percentage of electrical energy from renewable sources.

around 10% of the total energy requirement. Specific consumption of electrical energy by the Group in 2019 improved slightly (121 kWh/t of cementitious material compared to 122 kWh/t cementitious material in 2018).

For the second year, Buzzi Unicem is publishing figures on its contribution to the use of electrical energy from renewable sources.

Greenhouse gases emissions

In the cement production process most of the CO₂ is generated during the production of clinker, the basic constituent of cement. Its synthesis takes place within kilns where a mix of minerals is ‘cooked’ at a temperature of up to 1450°C.

One of the main components of the raw mix is limestone, which is ‘de-carbonized’ and releases CO₂ at temperatures in excess of 950°C. CO₂ is also generated from the combustion of gas, coal or other fuels needed to reach the above-mentioned temperatures. The sum of these two components represents “direct” CO₂ (Scope 1).

A second source of CO₂ emissions is linked to the production of the electrical energy used in the cement production process.

This emission is known as “indirect” CO₂ (Scope 2) because it does not derive from cement plants but rather from electrical power plants.

The remainder is attributable to CO₂ from transport (Scope 3) for which we will provide details in subsequent Sustainability Reports.

The following table shows the level of CO₂ emitted in 2019 at the Group level, including the distinction between ‘gross’ and ‘net’:

| | Tons emitted | |
|---|--------------|------------|
| | (2018) | (2019) |
| ‘Gross’ direct CO ₂ (Scope 1) ⁽¹⁾ | 18,981,303 | 19,930,001 |
| ‘Net’ direct CO ₂ (Scope 1) ⁽²⁾ | - | 18,448,321 |
| Indirect CO ₂ (Scope 2) | 1,639,497 | 1,703,718 |

⁽¹⁾ ‘Gross’ direct CO₂: emissions of CO₂ deriving from the use of fossil fuels plus those deriving from the use of secondary fuels (without considering the content of biomass).

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

In line with the objectives that have been established over the years by international climate protocols, Buzzi Unicem is committed to reducing its CO₂ emissions. After the Paris agreement of December 2015, the commitment was extended to all countries in which the Group operates and is formalized in the Climate Change Policy.

Although there are many factors in play, and not all of these are easy to predict or are under the control of Buzzi Unicem, by 2022 we plan to achieve a reduction of CO₂ emissions, based on current production capacity, of 5% compared to 2017 levels. In order to reach the objective in the specified time frame, Buzzi Unicem is implementing the Reduction Plans in all countries. The Plans contain the initiatives of every country for optimizing the thermal and electrical efficiency of plants, increasing the use of secondary fuels (with a significant thermal level and content of biomass) and non-natural raw materials and optimizations associated with clinker/cement ratios.

In 2019 the clinker/cement ratio was 79.7% (80,0% in 2018). The content of biomass of secondary fuels has allowed us to avoid 507,780 tons of atmospheric emissions of CO₂.

The Group emission factors are summarized in the following table:

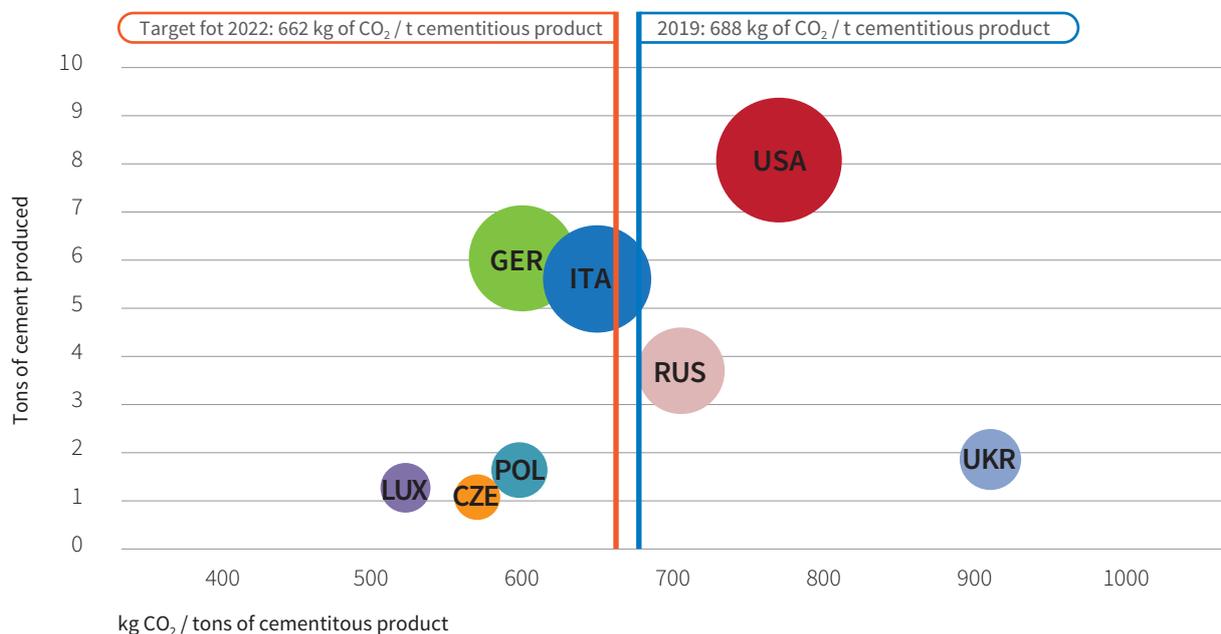
| | kg of CO ₂ /t cementitious product | |
|---|---|--------|
| | (2018) | (2019) |
| ‘Gross’ direct CO ₂ emission factor ⁽¹⁾ | 690 | 688 |
| ‘Net’ direct CO ₂ emission factor ⁽²⁾ | - | 637 |

⁽¹⁾ ‘Gross’ direct CO₂: emissions of CO₂ deriving from the use of fossil fuels plus those deriving from the use of secondary fuels (without considering the content of biomass).

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

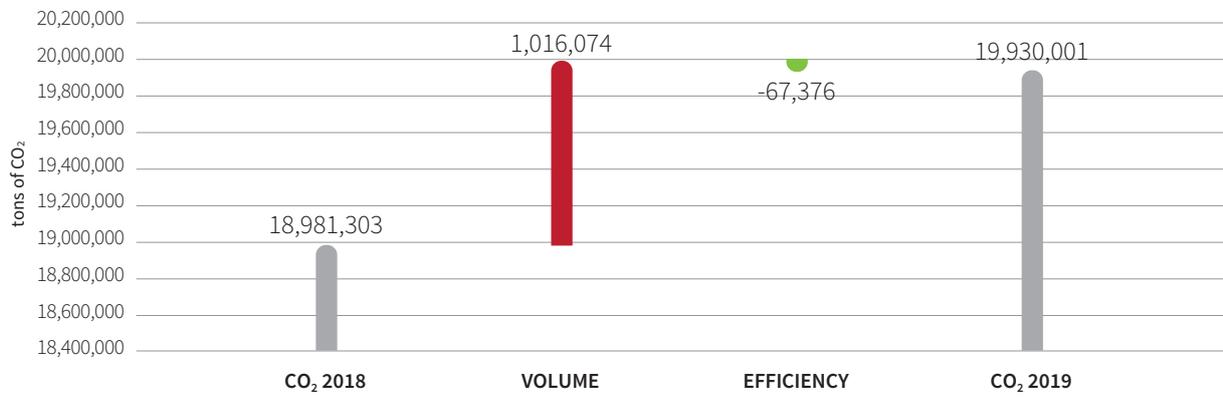
Distribution of the CO₂ footprint on a country basis

The ‘ball’ dimension is proportional to cement produced in each Country.

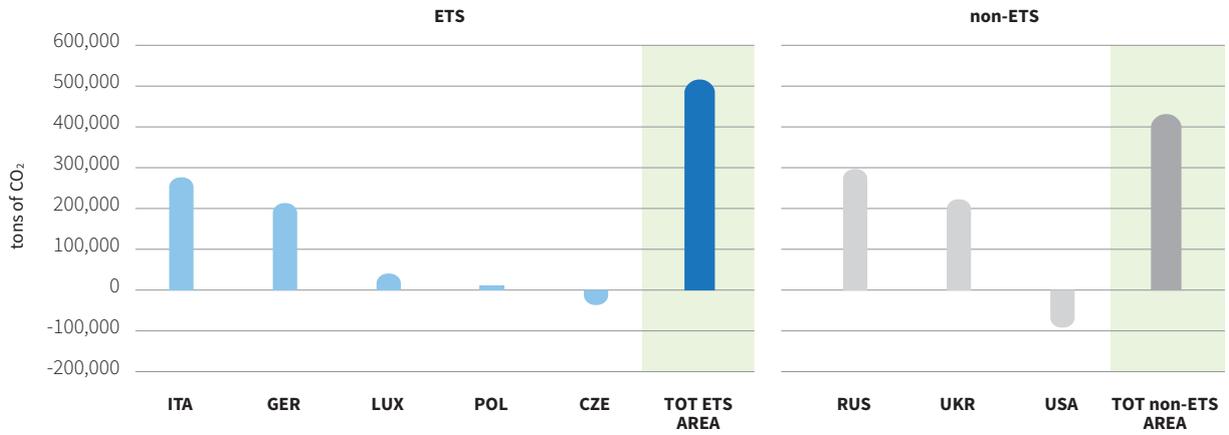


Comparison of 'gross' CO₂ Scope 1 emissions 2018-2019

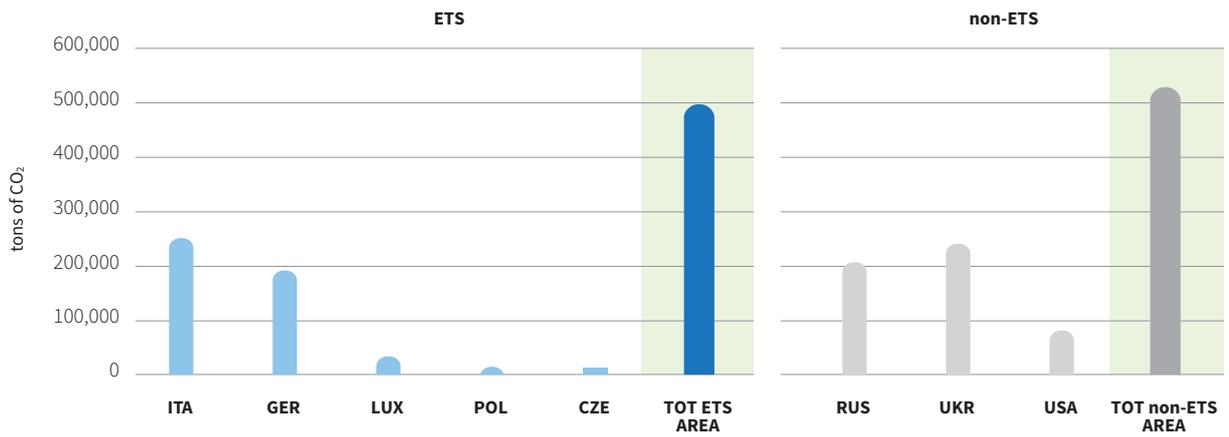
The charts also show the net emissions contributions from each individual country in relation to production volumes and efficiency.



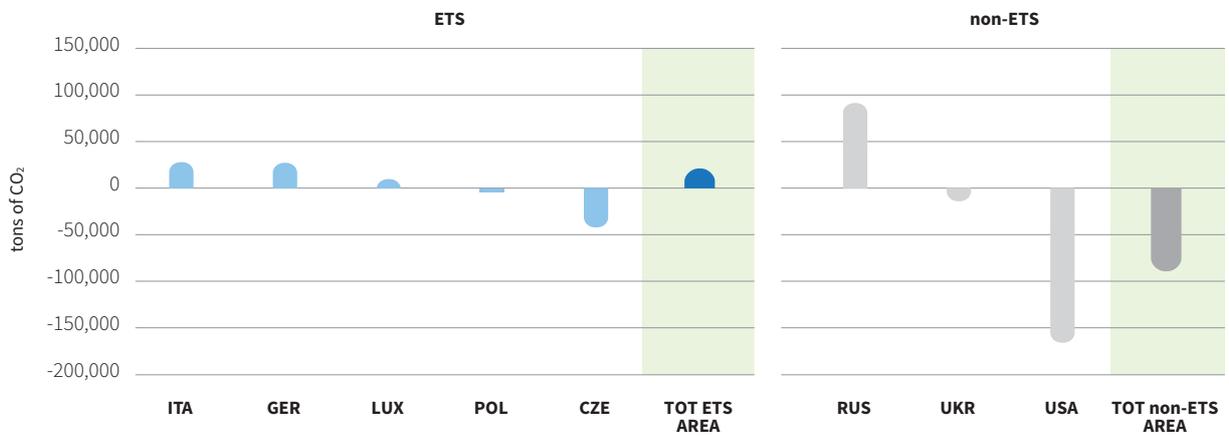
'Gross' CO₂ emissions scope 1: total net variation (compared to 2018)



'Gross' CO₂ emissions scope 1: net variation due to volumes (compared to 2018)



'Gross' CO₂ emissions scope 1: net variation due to efficiency (compared to 2018)





Buzzi Unicem has successfully extended the use of the monitoring and reporting procedure of greenhouse gases emissions according to Regulation (EU) 601/2012 which is valid in Countries involved in the Emissions Trading System (ETS) – clinker-based output method B2 - even in non-EU countries not bound by this obligation. In 2019 the procedure was also implemented in the US, and therefore 100% of Group emissions are calculated with the methodology (clinker-based output method B1) that ensures the highest level of accuracy, abandoning the use of the standard factor.

Other atmospheric emissions

Buzzi Unicem uses continuous emissions monitoring systems (EMS) to measure emissions of the main pollutants such as nitrogen oxides (NOx), particulate matter (dust), sulfur dioxide (SO₂), and mercury (Hg). The use of EMS enables a precise monitoring of emissions by line managers, who can at any moment, view emission levels and promptly intervene in the process. Moreover, this represents a guarantee for supervisory bodies and other stakeholders interested in having reliable and traceable data.

With regard to the production of clinker in 2019, monitoring coverage increased once again: dust monitoring climbed to 67% (53% in 2018), NOx is 87% (73% in 2018), SO₂ is 92% (64% in 2018) and Hg is 58% (47% in 2018).

In 2019, the average value of dust fell to 49 g/t clinker compared to 76 g/t clinker in 2018 (a reduction of 35%). The improved results have been possible thanks to significant improvements at the plants in Russia and Ukraine. In Italy, Germany and Czech Republic emission levels remained below 10 g/t clinker, in line with the best practice for the sector.

With regard to nitrogen oxides (NOx), deriving from combustion in the clinker kiln system, the use of SNCR abatement systems using urea or ammonia solutions and new-generation Low-NOx burners, enables compliance with strict emission limits. In 2019, the average value for Buzzi Unicem fell to 1,125 g/t clinker (1,361 g/t clinker in 2018). Improvement works were successfully completed in Russia and Ukraine. Italy, Germany, Luxembourg, Poland, Czech Republic and Ukraine confirmed an emissions factor below 1,000 g/t clinker in line with best practice for the sector.

Sulfur dioxide (SO₂) emissions come from sulfur contents of natural resources and fuels. The average

emission factor for the Group was 189 g/t clinker (it was 188 g/t clinker in 2018). In Luxembourg and Ukraine emission levels remain below 40 g/t clinker.

Finally, the average value of mercury emissions (Hg) was 18 mg/t clinker (25 mg/t clinker in 2018) thanks to the significant improvement in Poland (reduction of more than 50% of the emissions value for the year thanks to a different composition of the mix of alternative fuels).

Waste management

The cement production cycle generates two types of waste:

- **Dust from production process.** Cement Kiln Dust (CKD) is dust generated during production activities that contain quantities of sulfur and chlorine. If CKD is excessive it could alter the product characteristics. Therefore CKD is normally reintroduced into the production cycle with an appropriate dosage. In the United States this is not permitted by local standards and therefore CKD must be treated as waste; moreover, in Poland, part of the CKD is reused in the process and a part is treated as waste (in order not to interfere with the quality of the final product). This brings the respective indicator to approximately 5,217 g/t of cementitious material, up from 2018 (4,005 g/t cementitious material) with an increase in the production of waste in the US, Poland and Ukraine.
- **Waste deriving from ordinary and extraordinary maintenance, laboratory activities and any demolitions.** Given their origin, it is possible for there to be a significant year-on-year variation that is not connected to the production process. Buzzi Unicem's daily commitment is thus focused on increasing selection and differentiation. In 2019, 32% of waste was recovered (down from 34% in 2018), with this result strongly influenced by the disposal of CKD - indeed, in the countries where this can be used, the percentage of waste that is recovered is actually higher than 80%.

Noise

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

In 2019, the monitoring of acoustic emissions was conducted in 45% (it was 49% in 2018) of the Group's production sites (100% of sites in Luxembourg, Czech

Republic, Poland and Russia). This monitoring led to improvement investments of approximately Euro 265,000 to install silencers and sound-absorbing panels.

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

Product Life Cycle (LCA/EPD)

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

authorities, are increasingly stressing the need to receive this data.

Buzzi Unicem has been committed to evaluating the life cycle of its products since 2003, starting with its cement factory in Vernasca (Italy). Over the last few years, this practice has been extended to all cement types produced in Italy, thanks to the Environmental Product Declaration (EPD). The EPD is a modern tool which supports the calculation and communication of the main environmental impacts of products.

Buzzi Unicem is now capable of producing specific LCAs of all of its concrete for each construction site.

To facilitate its take-up, the company has successfully implemented a web tool for the Environmental Product Declaration, which in Italy is open and accessible to all customers architects and engineers interested in sharing the company's transparency process on the impact of materials and products.



Environmental Performance: Summary table

| 2017 | 2018 | 2019 | | |
|--------------------------|-------|-------|---|------------------------------|
| 80.2 | 80.0 | 79.7 | Clinker/cement ratio | % |
| Energy | | | | |
| 26.0 | 27.1 | 27.6 | Thermal substitution | % |
| 4,121 | 4,080 | 4,109 | Specific thermal consumption | MJ / t clk |
| 124 | 122 | 121 | Specific electricity consumption | kWh / t cementitious product |
| Raw materials | | | | |
| 10.1 | 9.5 | 9.1 | Non natural raw materials | % |
| Air emissions | | | | |
| 137 | 76 | 49 | Dust | g / t clk |
| 1,438 | 1,361 | 1,125 | NO _x | g / t clk |
| 204 | 188 | 189 | SO ₂ | g / t clk |
| 26 | 25 | 18 | Hg | mg / t clk |
| 696 | 690 | 688 | Direct CO ₂ emissions (gross) | kg / t cementitious product |
| - | - | 637 | Direct CO ₂ emissions (net) | kg / t cementitious product |
| Waste | | | | |
| 3,655 | 4,005 | 5,217 | Waste produced | g / t cementitious product |
| 47 | 34 | 32 | Waste recycled | % |
| Water consumption | | | | |
| 308 | 301 | 368 | | l / t cementitious product |
| - | - | 21 | of which recovered water | % |
| Certifications | | | | |
| 20 | 20 | 19 | UNI EN ISO 14001 Environmental Certifications or equivalent | number |
| 16 | 18 | 20 | OHSAS18001, UNI EN ISO 45001 Health and Safety Certifications or equivalent | number |
| 16 | 17 | 17 | EPD (Environmental Product Declaration) | number |

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

| ITA | USA | GER | LUX | POL | CZE | RUS | UKR | BRA* | MEX* |
|------------|------------|------------|------------|------------|------------|------------|------------|-------------|-------------|
| 76.7 | 91.5 | 67.2 | 64.1 | 72.5 | 76.7 | 85.3 | 83.7 | 70.0 | 72.9 |
| | | | | | | | | | |
| 14.3 | 20.1 | 69.3 | 47.1 | 66.8 | 74.4 | 1.1 | 0.1 | 19.8 | 0 |
| 3,594 | 3,859 | 4,099 | 3,826 | 3,903 | 3,595 | 4,866 | 5,813 | 3,316 | 3,331 |
| 101 | 140 | 117 | 100 | 109 | 119 | 130 | 119 | 94 | 80 |
| | | | | | | | | | |
| 6.0 | 6.1 | 14.7 | 25.0 | 13.4 | 12.3 | 4.7 | 9.4 | 9.1 | 0.3 |
| | | | | | | | | | |
| 7 | 16 | 5 | 24 | 12 | 10 | 215 | 167 | 62 | 24 |
| 953 | 1,503 | 587 | 695 | 507 | 805 | 1,677 | 976 | 1,024 | 3,642 |
| 46 | 411 | 71 | 36 | 347 | 136 | 115 | 2 | 496 | 21 |
| 9 | 24 | 31 | 9 | 56 | 2 | 0 | 0 | 0,03 | 0 |
| 663 | 771 | 598 | 520 | 603 | 573 | 708 | 907 | 581 | 629 |
| 646 | 737 | 474 | 448 | 489 | 486 | 704 | 907 | 562 | 629 |
| | | | | | | | | | |
| 1,113 | 15,005 | 1,127 | 926 | 4,804 | 232 | 1,617 | 1,307 | 1,641 | 199 |
| 90 | 17 | 89 | 93 | 100 | 75 | 86 | 89 | 88 | 82 |
| | | | | | | | | | |
| 270 | 316 | 300 | 88 | 213 | 109 | 412 | 1,512 | 118 | 119 |
| 5 | 65 | 25 | 0 | 0 | 100 | 0 | 0 | 0 | 0 |
| | | | | | | | | | |
| 8 | 0 | 7 | 1 | 1 | 1 | 1 | 0 | 0 | 0 |
| | | | | | | | | | |
| 6 | 0 | 7 | 0 | 1 | 1 | 3 | 2 | 0 | 0 |
| | | | | | | | | | |
| 8 | 0 | 7 | 1 | 0 | 1 | 0 | 0 | 0 | 0 |

Social Performance

Occupational Health and Safety

The injury rates reported in the Sustainability Report are:

- Lost Time Injury Frequency Rate (LTIFR) which measures the frequency of injuries causing absences from work;
- Total Injury Frequency Rate (TIFR) which also measures the frequency of injuries not causing absences from work;
- Severity Rate (SR) which, along with the average duration, provides details of the seriousness of recorded injuries.

The rates refer to all our business activities: cement, concrete and aggregates, terminals, transport, offices, laboratories and headquarters. Starting from 2015, the scope of these rates includes employees of the

Group as well as employees of contractors and tendered service providers.

In 2019, Buzzi Unicem recorded a fatal injury involving a worker of a contractor at the Dallas terminal in the US. The analysis of the causes and identification of the corrective actions necessary to avoid repetition of such injuries began immediately.

After the fatal accident that occurred last year, Italy launched a new Objective Safety project with the aim of increasing the involvement of staff, implementing and collecting new proposals for improving awareness of risks, amending certain procedures that are currently applied, and carrying out interventions to reduce the residual risks in cement plants to a minimum.

The following table summarizes the indicators relating to the year 2019:

| | Total Buzzi Unicem group | Cement | | | Concrete | | | Other businesses | | |
|-------------------------------------|-----------------------------------|----------------|------------------|--------------|----------------|------------------|--------------|------------------|------------------|-------------|
| | | Em- ployees | Contra- ctors | Total | Em- ployees | Contra- ctors | Total | Em- ployees | Contra- ctors | Total |
| Fatal injuries ⁽¹⁾ | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 ⁽¹⁾ | 1 |
| Injuries causing absences from work | 152 | 36 | 32 | 68 | 42 | 29 | 71 | 12 | 1 | 13 |
| Lost days | 8,649 | 2,556 | 1,271 | 3,827 | 3,346 | 888 | 4,234 | 583 | 6 | 589 |
| LTIFR ⁽²⁾ | 5.8 | 3.4 | 6.8 | 4.5 | 11.2 | 10.9 | 11.1 | 2.9 | 2.2 | 2.8 |
| TIFR ⁽³⁾ | 11.8 | 11.2 | 11.8 | 11.4 | 20.3 | 12.1 | 16.9 | 6.5 | 4.4 | 6.3 |
| SR ⁽⁴⁾ | 0.33 | 0.24 | 0.27 | 0.25 | 0.89 | 0.34 | 0.66 | 0.14 | 0.01 | 0.13 |
| Average duration | 57 | 71 | 40 | 56 | 80 | 31 | 60 | 49 | 6 | 45 |

The frequency rate (LTIFR) at the group level fell by 9% to 5.8 (6.4 in 2018) with the number of injuries virtually unchanged compared to 2018.

Overall improvements in the cement sector with injuries causing absences from work went down to 68 (30% less compared to 2018). In particular, the cement plant in Poland recorded zero injuries among employees and contractors. The injury rates for concrete remained higher than those for cement during the course of 2019.

A slight worsening of the number of injuries for contractors in Germany but no injuries among employees and contractors in Poland, Slovakia and Ukraine. The TIFR fell to 11.8 (15.4 in 2018), an improvement of 23%. The severity rate (SR) was 0.33 (0.19 in 2018). The average duration of injuries, has increased from 30 to 57 days. Both increases are due to the new accounting of lost days (calendar days and not only working days).

⁽¹⁾ Fatal accident in the Dallas terminal (USA).

⁽²⁾ LTIFR = Lost Time Injury Frequency Rate = total number of injuries causing absences from work divided by hours worked and multiplied by 1 million.

⁽³⁾ TIFR = Total Injury Frequency Rate = total number of injuries causing and not causing absences from work divided by hours worked and multiplied by 1 million.

⁽⁴⁾ SR = Severity Rate = number of days lost divided by hours worked and multiplied by 1,000.

The following table shows the comparison between the cement business of the Buzzi Unicem group and that of BCPAR in Brazil:

| | Buzzi Unicem group (scope: only cement) | | | BCPAR (scope: only cement) | | |
|-------------------------------------|--|-------------|-------|-------------------------------|-------------|-------|
| | Employees | Contractors | Total | Employees | Contractors | Total |
| Fatal injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| Injuries causing absences from work | 36 | 32 | 68 | 1 | 2 | 3 |
| Lost days | 2,556 | 1,271 | 3,827 | 1 | 78 | 79 |
| LTIFR ⁽²⁾ | 3.4 | 6.8 | 4.5 | 0.8 | 1.6 | 1.2 |
| TIFR ⁽³⁾ | 11.2 | 11.8 | 11.4 | 16.2 | 32.0 | 24.1 |
| SR ⁽⁴⁾ | 0.24 | 0.27 | 0.25 | 0.001 | 0.06 | 0.03 |
| Average duration | 71 | 40 | 56 | 1 | 39 | 26 |

* The data for Cimento Nacional (BCPAR) are not consolidated within the Group's figures.

The two following tables show the comparison between the cement and concrete businesses of the Buzzi Unicem group and those of Corporación Moctezuma in Mexico:

| | Buzzi Unicem group (scope: only cement) | | | Corporación Moctezuma (scope: only cement) | | |
|-------------------------------------|--|-------------|-------|---|-------------|-------|
| | Employees | Contractors | Total | Employees | Contractors | Total |
| Fatal injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| Injuries causing absences from work | 36 | 32 | 68 | 2 | 10 | 12 |
| Lost days | 2,556 | 1,271 | 3,827 | 14 | 564 | 578 |
| LTIFR ⁽²⁾ | 3.4 | 6.8 | 4.5 | 1.6 | 4.3 | 3.3 |
| TIFR ⁽³⁾ | 11.2 | 11.8 | 11.4 | 3.9 | 12.4 | 9.4 |
| SR ⁽⁴⁾ | 0.24 | 0.27 | 0.25 | 0.01 | 0.24 | 0.16 |
| Average duration | 71 | 40 | 56 | 7 | 56 | 48 |

* The data for Corporación Moctezuma are not consolidated within the Group's figures.

| | Buzzi Unicem group (scope: only concrete) | | | Corporación Moctezuma (scope: only concrete) | | |
|-------------------------------------|--|-------------|-------|---|-------------|-------|
| | Employees | Contractors | Total | Employees | Contractors | Total |
| Fatal injuries | 0 | 0 | 0 | 0 | 0 | 0 |
| Injuries causing absences from work | 42 | 29 | 71 | 7 | 0 | 7 |
| Lost days | 3,346 | 888 | 4,234 | 224 | 0 | 224 |
| LTIFR ⁽²⁾ | 11.2 | 10.9 | 11.1 | 4.8 | 0 | 2.7 |
| TIFR ⁽³⁾ | 20.3 | 12.1 | 16.9 | 8.9 | 0 | 5.0 |
| SR ⁽⁴⁾ | 0.89 | 0.34 | 0.66 | 0.15 | 0 | 0.09 |
| Average duration | 80 | 31 | 60 | 32 | 0 | 32 |

* The data for Corporación Moctezuma are not consolidated within the Group's figures.

Human rights and supply chain

The Group's Safety Policy also applies to contractors. Furthermore, the new Code of Conduct was approved by the Board of Directors and came into force in February 2019. The Code defines the standards of integrity and propriety - including with regard to human rights - which Buzzi Unicem has decided to adopt as a commitment towards its stakeholders. The principles in the Code apply to directors, members of corporate bodies, employees, suppliers and everyone acting for and on behalf of Buzzi Unicem, including, but not limited to representatives, agents, associates, external advisers and companies who receive an appointment from the Group.

The Code of Conduct applies to Buzzi Unicem SpA and all its Italian and foreign subsidiaries (more details on pag. 32).

Working conditions and employment data

The number of employees in the Buzzi Unicem Group at the end of 2019 was 9,841 (9,880 in 2018). Globally, there are three main areas in which the Company operates: western Europe, eastern Europe and America (each area has about a third of the workforce). The countries with the highest number of employees are: USA (2,355), Germany (1,802), Italy (1,593), Russia (1,387) and Ukraine (1,284).

94.6% of total contracts are permanent contracts (93.5% in 2018). 97.6% are full-time contracts (96.5% in 2018).

The turnover rate, which is calculated as the total number of terminations compared to the workforce at the end of the year, fell significantly: 16.6% (19.3% in 2018). The turnover ratio decreased in Italy, thanks to the end of the refurbishment operations for the concrete sector in 2018, and in Ukraine despite the extension of free circulation in the European Union. It remains high in Slovakia primarily because of the use of the majority of haulers in a large national project in Žilina.

Workplace Diversity

Buzzi Unicem operates in different countries and continents. There are no specific policies at Group level, but diversity is considered a value when it is in line with the values and policies of Buzzi Unicem.

Staff incentive programs

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

Collective bargaining

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

In 2019, the European Works Council (EWC), which is the advisory and information body for all workers in the European Union, continued its work. The EWC meets in a plenary session once a year, with the Buzzi Unicem headquarters in Casale Monferrato selected as the venue. The Committee met twice during the course of the year in a non-plenary form, in Wiesbaden and Rome.

In Italy, there are trade unions (RSU) whose relationship with the company has historically been characterized by transparency and a spirit of collaboration; in Germany and the Czech Republic, according to the respective local regulations, a third of the Supervisory Board consists of employees.

More generally, employees in all countries are represented in accordance with local legal regulations, and although these can vary from region to region even within the same country, representation always takes place in accordance with the Company's Code of Conduct.

Training and professional development

Training activities are selected on the basis of requirements that emerge at a country level. The main categories of activities are confirmed: health and safety, environment, management systems, cement and concrete technology, project management, IT instruments and foreign languages.

In 2019, at the Group level, 24 hours of training were provided per capita (32 in 2018) for a total of 231,481 hours of training (313,673 in 2018). The main increase occurred in the Netherlands; the figures worsened in Russia, Czech Republic and Poland.

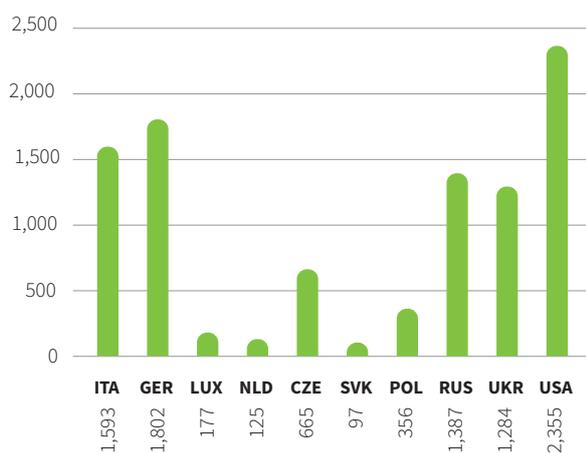


MSA

 Buzzi Unicem

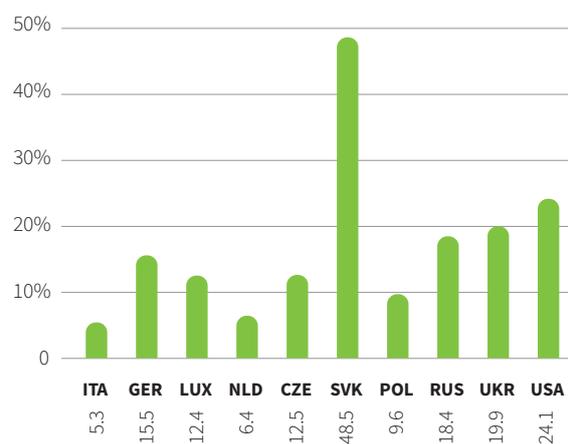
Social Performance: Charts and Tables

Breakdown (2019)



TOTAL GROUP 9,841

Turnover rate (2019)



TOTAL GROUP 16.6%

Total workers per gender and type of contract (2017-2019)

| | 2017 | 2018 | 2019 |
|----------------------|---------------|--------------|--------------|
| Total staff | 10,025 | 9,880 | 9,841 |
| Men % | 85.0 | 85.2 | 85.5 |
| Women % | 15.0 | 14.8 | 14.5 |
| Open-end contracts | 9,466 | 9,235 | 9,314 |
| Fixed-term contracts | 559 | 645 | 527 |
| Full-time | 9,590 | 9,534 | 9,603 |
| Part-time | 435 | 346 | 238 |

Turnover rate (2017-2019)

| | 2017 | 2018 | 2019 |
|------------------------|-------------|-------------|--------------|
| Turnover rate % | 18.2 | 19.3 | 16.6 |
| Total workforce | 10,025 | 9,880 | 9,841 |
| Total new hires | 1,585 | 1,759 | 1,465 |
| Total terminations | 1,822 | 1,904 | 1,637 |
| Men % | 18.1 | 19.8 | 17.1 |
| Women % | 18.7 | 16.0 | 14.2 |

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

Breakdown by gender (2019)

| | ITA | GER | LUX | NLD | CZE | SVK | POL | RUS | UKR | USA | TOT |
|---------------------------|--------------|--------------|------------|------------|------------|-----------|------------|--------------|--------------|--------------|--------------|
| Management | 117 | 56 | 9 | 3 | 10 | 1 | 5 | 13 | 12 | 210 | 436 |
| Men % | 88.0 | 85.7 | 100.0 | 100.0 | 70.0 | 100.0 | 100.0 | 69.2 | 75.0 | 91.0 | 88.3 |
| Women % | 12.0 | 14.3 | 0.0 | 0.0 | 30.0 | 0.0 | 0.0 | 30.8 | 25.0 | 9.0 | 11.7 |
| White collars | 809 | 692 | 67 | 39 | 155 | 24 | 159 | 400 | 311 | 485 | 3,141 |
| Men % | 85.2 | 68.9 | 82.1 | 71.8 | 58.7 | 62.5 | 59.7 | 65.8 | 58.2 | 72.0 | 71.4 |
| Women % | 14.8 | 31.1 | 17.9 | 28.2 | 41.3 | 37.5 | 40.3 | 34.3 | 41.8 | 28.0 | 28.6 |
| Blue collars | 649 | 846 | 99 | 78 | 477 | 69 | 192 | 972 | 961 | 1,660 | 6,003 |
| Men % | 98.9 | 98.8 | 98.0 | 96.2 | 96.2 | 91.3 | 95.3 | 82.8 | 81.3 | 98.9 | 93.0 |
| Women % | 1.1 | 1.2 | 2.0 | 3.8 | 3.8 | 8.7 | 4.7 | 17.2 | 18.7 | 1.1 | 7.0 |
| Trainees | 18 | 141 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 162 |
| Men % | 72.2 | 87.9 | 100.0 | 0.0 | - | - | - | - | - | - | 85.8 |
| Women % | 27.8 | 12.1 | 0.0 | 100.0 | - | - | - | - | - | - | 14.2 |
| Marginal / Helpers | 0 | 67 | 0 | 4 | 23 | 3 | 0 | 2 | 0 | 0 | 99 |
| Men % | - | 61.2 | - | 100.0 | 78.3 | 66.7 | - | 50.0 | - | - | 66.7 |
| Women % | - | 38.8 | - | 0.0 | 21.7 | 33.3 | - | 50.0 | - | - | 33.3 |
| Total | 1,593 | 1,802 | 177 | 125 | 665 | 97 | 356 | 1,387 | 1,284 | 2,355 | 9,841 |

Collective bargaining (2017-2019)

| | 2017 | 2018 | 2019 |
|---|---------------|--------------|--------------|
| Total employees | 10,025 | 9,880 | 9,841 |
| Employees covered by collective bargaining agreements | 7,737 | 7,468 | 7,523 |
| Coverage (%) | 77.2 | 75.6 | 76.4 |

Minimum notice period (2019)

| | |
|----------------|-----------|
| Italy | 11 weeks |
| Germany | 4 weeks |
| Luxembourg | no notice |
| Netherlands | 4 weeks |
| Czech Republic | 8 weeks |
| Slovakia | 8 weeks |
| Poland | 12 weeks |
| Russia | 9 weeks |
| Ukraine | 12 weeks |
| USA | 5 days* |

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

Absentee rate by geographic area: illness, injuries, strikes (2019)

| | Absentee rate in % | of which male absentee in % | of which female absentee in % | Occupational diseases | Deaths |
|----------------|-------------------------------|--|--|----------------------------------|---------------|
| Italy | 3.4 | 3.5 | 2.5 | 3 | |
| Germany | 5.4 | 5.6 | 4.2 | | |
| Luxembourg | 4.3 | 4.5 | 1.9 | | |
| Netherlands | 8.2 | 8.7 | 4.3 | 1 | |
| Czech Republic | 3.6 | 3.8 | 1.7 | | |
| Slovakia | 5.3 | 5.7 | 3.0 | | |
| Poland | 4.6 | 4.7 | 4.5 | | |
| Russia | 2.4 | 2.4 | 2.7 | | |
| Ukraine | 2.6 | 2.6 | 2.8 | | |
| USA | 1.8 | 1.8 | 1.6 | | |

Group absentee rate* (2017-2019)

| | 2017 | 2018 | 2019 |
|------------------------|-------------|-------------|-------------|
| Absentee rate % | 3.2 | 3.7 | 3.3 |
| of which male % | 3.3 | 3.7 | 3.4 |
| of which female % | 2.8 | 3.4 | 2.9 |
| Occupational diseases | 2 | 4 | 4 |
| Deaths | - | - | - |

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



Hours of training per capita (2019)

| | Hours of training per capita |
|----------------|-------------------------------------|
| Italy | 16 |
| Germany | 20 |
| Luxembourg | 17 |
| Netherlands | 10 |
| Czech Republic | 12 |
| Slovakia | 15 |
| Poland | 20 |
| Russia | 52 |
| Ukraine | 32 |
| USA | 15 |

Average hours of training per capita (2019)

| | | of which male | of which female |
|---------------|-----------|--------------------------|----------------------------|
| Management | 18 | 15 | 38 |
| White collars | 28 | 28 | 27 |
| Blue collars | 22 | 23 | 9 |

Average hours of training (2017-2019)

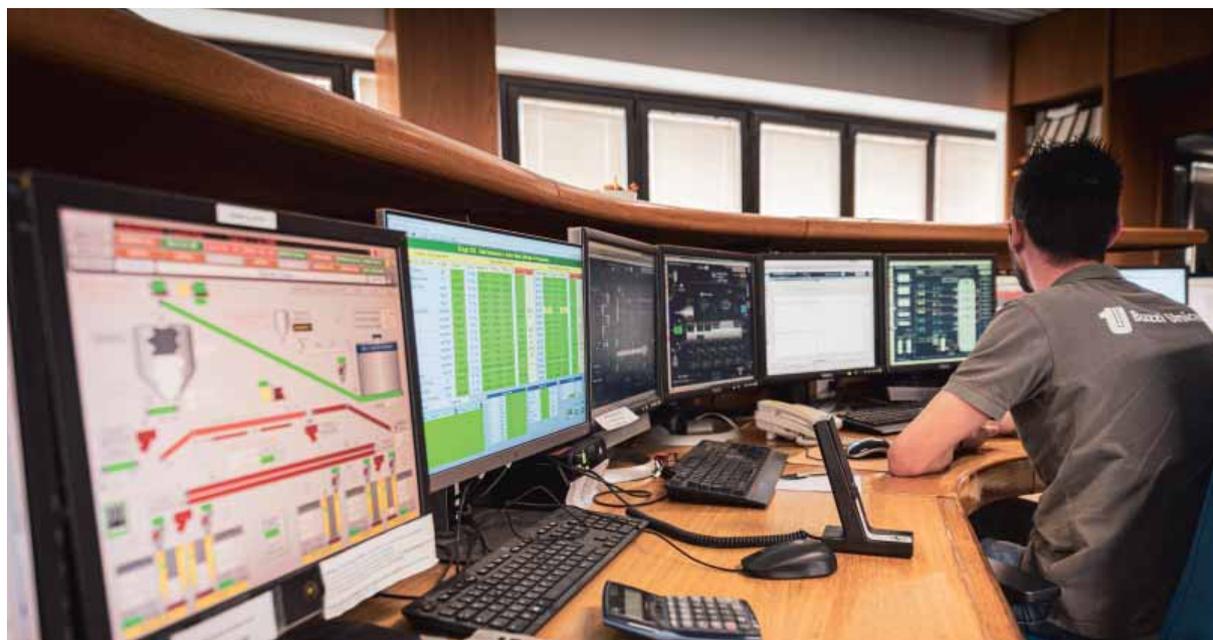
| | 2017 | 2018 | 2019 |
|------------------------------|-------------|-------------|----------------|
| Total hours of training | 245,461 | 313,673 | 231,481 |
| Hours of training per capita | 25 | 32 | 24 |
| Managers | 23 | 25 | 18 |
| White collars | 25 | 33 | 28 |
| Blue collars | 25 | 32 | 22 |

Graduates (2019)

| | % on total workforce | % on total men | % on total women |
|----------------|-----------------------------|-----------------------|-------------------------|
| Italy | 12.2 | 10.4 | 30.8 |
| Germany | 11.0 | 9.5 | 19.6 |
| Luxembourg | 13.6 | 12.3 | 28.6 |
| Netherlands | 10.4 | 10.0 | 13.3 |
| Czech Republic | 22.3 | 18.3 | 48.2 |
| Slovakia | 42.8 | 39.5 | 59.4 |
| Poland | 39.9 | 33.9 | 63.0 |
| Russia | 29.6 | 25.0 | 45.6 |
| Ukraine | 40.6 | 33.7 | 62.0 |
| USA | 15.3 | 14.4 | 27.6 |

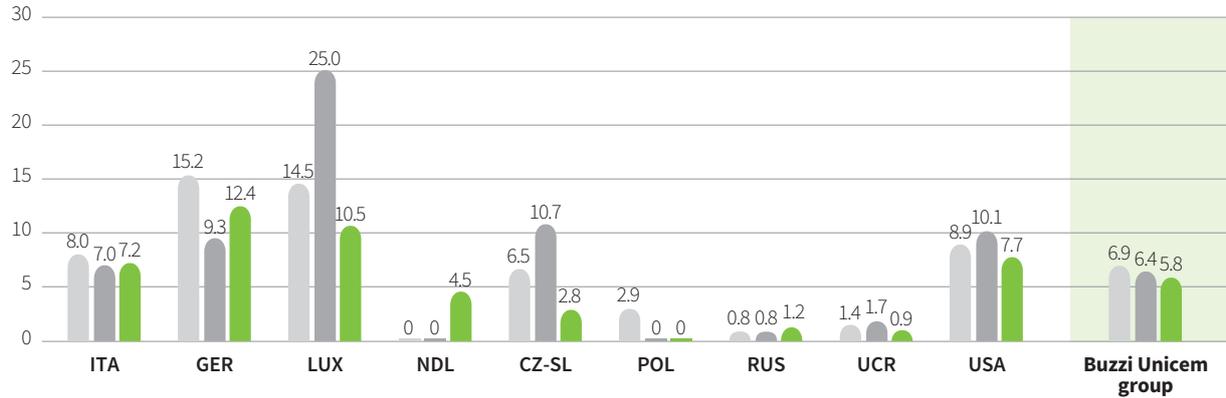
Ratio between the highest paid manager and the median for employees in the same country (2019)

| | |
|----------------|-------|
| Italy | 8.91 |
| Germany | 16.68 |
| Luxembourg | 4.60 |
| Netherlands | 2.67 |
| Czech Republic | 6.99 |
| Slovakia | 3.12 |
| Poland | 10.40 |
| Russia | 32.64 |
| Ukraine | 20.17 |
| USA | 11.80 |

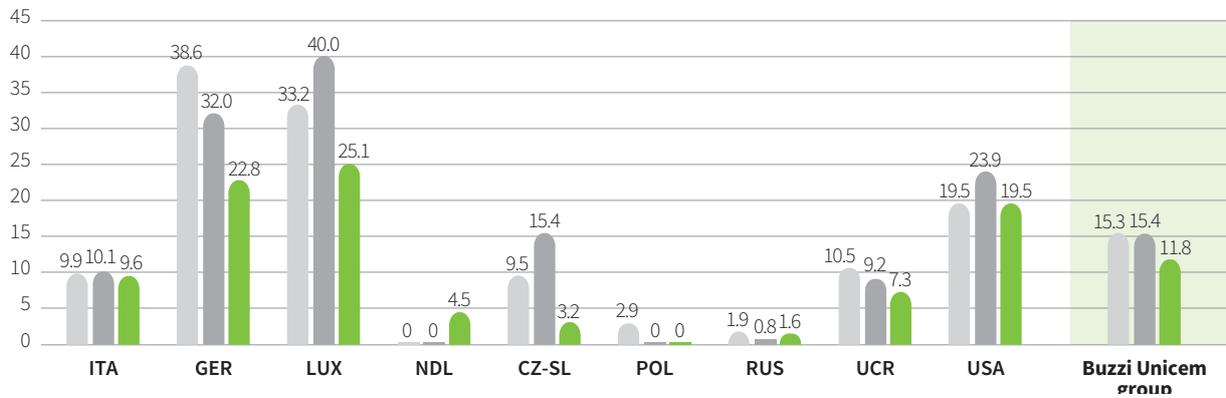


LTI FR (Lost Time Injuries Frequency rate, only with absences from work)

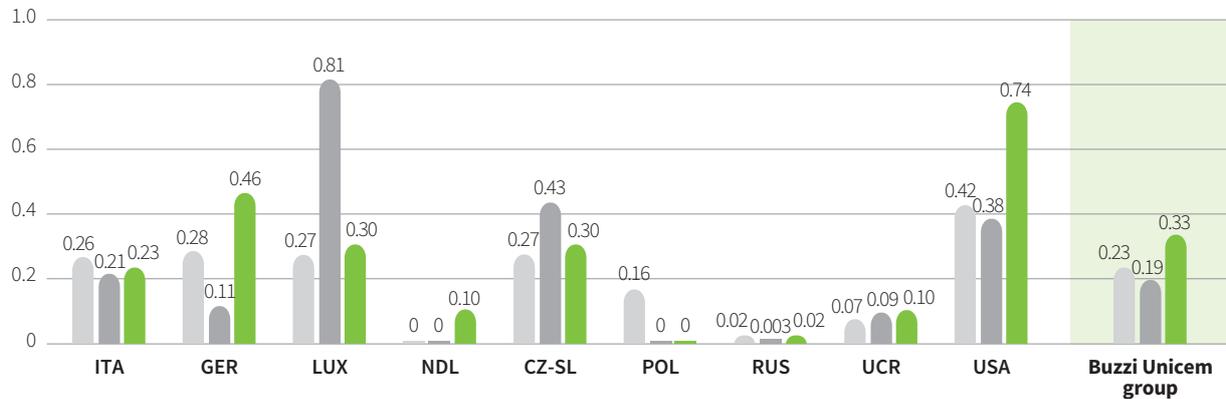
● 2017 ● 2018 ● 2019



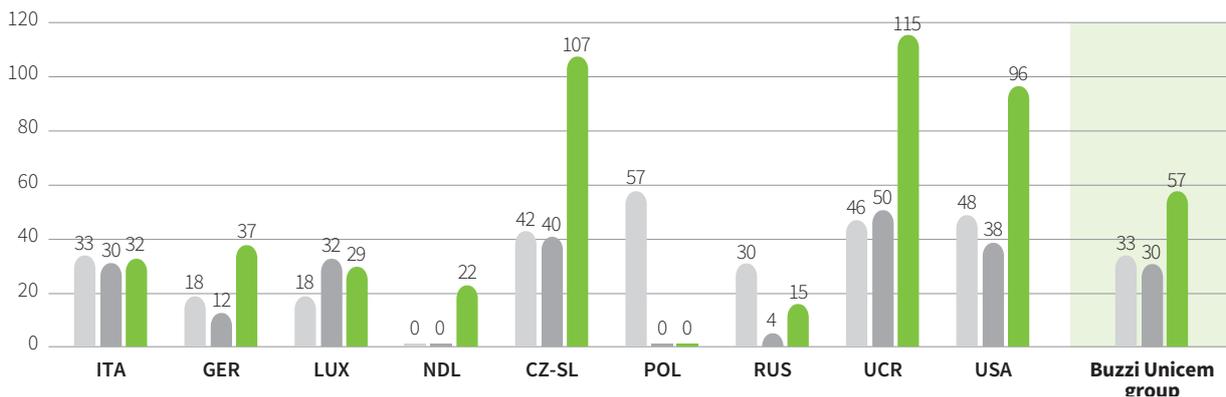
TIFR (Total Injuries Frequency rate, with and without absences from work)



SR (Severity Rate)



TA (average injuries duration in days)



Diagrams scope: employees and suppliers, all businesses (cement, aggregates, concrete, terminals, transport and offices/laboratories/premises).



Appendixes

| | |
|--|----|
| GRI Content | 68 |
| Correlation table to the Legislative Decree 254/2016 | 76 |
| Auditors' report | 80 |

GRI Content

GENERAL STANDARD DISCLOSURES

| GENERAL STANDARD DISCLOSURES | REFERENCE |
|--|--|
| Organizational Profile | |
| 102-1 Name of the organization | Vision |
| 102-2 Activities, brands, products and services | Group profile - The Group at a glance |
| 102-3 Location of HQ | Group profile - The Group at a glance - International presence |
| 102-4 Location of operational facilities | Group profile - The Group at a glance - Cement plant locations |
| 102-5 Nature of the ownership and legal structure | Governance - Corporate Governance |
| 102-6 Markets served | Group profile - The Group at a glance - Cement plant locations |
| 102-7 Main numerical data (employees, sales, capitalisation, number of products/services, etc) | Group profile - The group at a glance |
| 102-8 Information on staff | Performance Indicators - Social Performance: Charts and Tables |
| 102-9 Supply chain | <i>The majority of the goods and services purchased by the Group concerned the purchase of fuels, electrical energy, raw materials, spare parts, logistics and services. We are fully aware that an effective sustainability approach requires the engagement also of our suppliers. We strive to manage our relationship with them not only on the basis of technical and economic considerations, but also on the basis of sharing fundamental ethical values, in particular those mentioned in our Code of Ethics. In 2019 we have continued the work begun in 2015, engaging a relevant percentage of suppliers in the monitoring of the issue of occupational safety.</i> |
| 102-10 Significant changes during the reference period | Methodology Note |
| 102-11 Application of the principle of prevention or a preventative approach | Governance - Corporate Governance |
| 102-12 External initiatives | <i>The trade associations to which the Group participates to include: European Cement Federation - Cembureau, Associazione Italiana Tecnico Economica del Cemento - AITEC, European Concrete Platform, VDZ, Portland Cement Association, CANACEM (National Cement Chamber).</i> |
| 102-13 Membership of associations | Governance - Corporate Governance |
| Strategy | |
| 102-14 Declaration by the Organisation's most senior Executive on the importance of sustainability for the Organisation and its respective strategy | Letter to Stakeholders |
| Ethics and integrity | |
| 102-16 Values, principles, standards and rules of conduct | Governance - Corporate Governance |

GENERAL STANDARD DISCLOSURES

(continues)

| GENERAL STANDARD DISCLOSURES | REFERENCE |
|---|---|
| Governance | |
| 102-18 Governance Structure | Governance - Corporate Governance |
| 102-38 Ratio between total annual remuneration | Performance Indicators - Social Performance: Charts and Tables |
| Stakeholder Engagement | |
| 102-40 List of Stakeholders involved | Governance - Stakeholder engagement |
| 102-41 Applicable national bargaining agreements | Performance Indicators - Social Performance: Charts and Tables |
| 102-42 Selection criteria for Stakeholders involved | Governance - Stakeholder engagement |
| 102-43 Approach towards Stakeholder Engagement | Governance - Stakeholder engagement |
| 102-44 Main aspects which emerged | Governance - Materiality Matrix |
| Reporting Process | |
| 102-45 List of entities included in the consolidated report | Methodology Note |
| 102-46 Process used to define the content of the document | Methodology Note |
| 102-47 List of material aspects | Governance - Materiality Matrix |
| 102-48 Reformulation of information | Methodology Note |
| 102-49 Changes compared to previous reporting documents | Methodology Note <i>Any restatements compared to the previous Report are shown within the individual chapters of the document.</i> |
| 102-50 Reporting period | Methodology Note |
| 102-51 Date of last available report | <i>The Sustainability Report (NFD) 2019 was published in spring 2020.</i> |
| 102-52 Reporting cycle | <i>The Sustainability Report (NFD) is published annually.</i> |
| 102-53 Contact details for questions relating to the report and its contents | info@buzziunicem.it |
| 102-54 Declaration of compliance with GRI Standards | Methodology Note |
| 102-55 GRI content index | Appendixes - GRI Content |
| 102-56 Reference to external audit document | Appendixes - Auditors' report |

SPECIFIC STANDARD DISCLOSURES

| MATERIAL ASPECTS | PAGE/REFERENCE | OMISSIONS |
|--|--|--|
| Performance Indicators - Financial (material topic: financial growth) | | |
| 103-1 | Description of the material issues and their scope | |
| 103-2 | Approach and corporate management systems | Governance - Materiality Matrix |
| 103-3 | Assessment of management approach | Governance - Corporate Governance |
| 201-1 | Direct economic value generated and distributed | Governance - Corporate Governance |
| Performance Indicators - Financial - Anti-corruption (material topic: anti-corruption; business ethics) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Governance - Corporate Governance |
| 103-3 | Assessment of management approach | Governance - Corporate Governance - The Model of Organisation, Management and Control |
| | | Governance - Corporate Governance - Anti-corruption Governance - Corporate Governance - Transparency in conducting business |
| 205-2 | Communication and training relating to anti-corruption policies and procedures | <i>The Ethical Code and Code of Conduct of the Buzzi Unicem Group is communicated to all staff and is also available on its website. Approximately 16% of the Group's employees have been trained on issues relating to ethics, transparency, and contrasting corruption.</i> |
| | | <i>With the exception of that which is communicated and issued to employees, information relating to communication and training on anti-corruption is reported in a qualitative form.</i> |
| 205-3 | Confirmed incidents of corruption and respective measures undertaken | <i>In 2019 no corruption cases were identified within the activities of the Buzzi Unicem Group.</i> |
| Performance Indicators - Financial - Procurement practices (material topic: management of suppliers) | | |
| 103-1 | Description of the material issues and their scope | |
| 103-2 | Approach and corporate management systems | <i>The majority of the goods and services purchased by the Group concerned the purchase of fuels, electrical energy, raw materials, spare parts, logistics and services. We are fully aware that an effective sustainability approach requires the engagement also of our suppliers. We strive to manage our relationship with them not only on the basis of technical and economic considerations, but also on the basis of sharing fundamental ethical values, in particular those mentioned in our Code of Ethics. Where possible, the Group selects local suppliers, in consideration also of the types of purchases involved.</i> |
| 103-3 | Assessment of management approach | |
| 204-1 | Percentage of expenditure on local suppliers | <i>Information not currently available. Given the importance of this issue the Group is committed to reporting the issue starting from future financial years.</i> |
| Performance Indicators - Financial- Anti-trust | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Governance - Corporate Governance |
| 103-3 | Assessment of management approach | Governance - Corporate Governance - Antitrust |
| Performance Indicators - Environmental - Materials (material topic: consumption of raw materials and fuels, climate change) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Performance Indicators - Environmental Performance |
| 103-3 | Assessment of management approach | - Consumption of materials |

SPECIFIC STANDARD DISCLOSURES

(continues)

| MATERIAL ASPECTS | PAGE/REFERENCE | OMISSIONS |
|--|--|--|
| Performance Indicators - Environmental - Materials (material topic: consumption of raw materials and fuels, climate change) (continues) | | |
| | Performance Indicators - Environmental Performance - Consumption of materials Performance Indicators - Environmental Performance - Summary table | |
| 301-1 Materials used by weight and volume | <i>A total of 44,448,087 t of raw materials were used, which included: 40,395,071 t natural raw materials and 4,053,016 t non-natural raw materials, in the cement sector..</i> | |
| 301-2 Use of recycled materials | Performance Indicators - Environmental Performance - Consumption of materials | |
| Performance Indicators - Environmental - Energy (material topic: consumption of raw materials and fuels; climate change) | | |
| 103-1 Description of the material issues and their scope | Governance - Materiality Matrix | |
| 103-2 Approach and corporate management systems | Governance - Policies and Targets | |
| 103-3 Assessment of management approach | Performance Indicators - Environmental Performance | |
| | Performance Indicators - Environmental Performance - Consumption of thermal energy Performance Indicators - Environmental Performance - Consumption of electrical energy Performance Indicators - Environmental Performance - Summary table | |
| 302-1 Consumption of energy in the Company | | |
| | Performance Indicators - Environmental Performance - Consumption of thermal energy Performance Indicators - Environmental Performance - Consumption of electrical energy Performance Indicators - Environmental Performance - Summary table | |
| 302-3 Energy intensity | | |
| | Performance Indicators - Environmental Performance - Consumption of thermal energy Performance Indicators - Environmental Performance - Consumption of electrical energy | |
| 302-4 Reduction of energy consumption | | |
| Performance Indicators - Environmental - Water (material topic: water consumption) | | |
| 103-1 Description of the material issues and their scope | Governance - Materiality Matrix | |
| 103-2 Approach and corporate management systems | Performance Indicators - Environmental Performance | |
| 103-3 Assessment of management approach | - Water consumption | |
| | Performance Indicators - Environmental Performance - Water consumption Performance Indicators - Environmental Performance: Summary table | |
| 303-1 Water intake by source | <i>The Group consumed a total of 10,671,852 cubic metres of water for the cement sector and 1,480,404 cubic metres of water for the concrete sector.</i> | <i>The data reported in this document relate to water consumption.</i> |
| | Performance Indicators - Environmental Performance - Water consumption Performance Indicators - Environmental Performance: Summary table | |
| 303-3 Recycled and reused water | <i>The Group used a total of 2,285,818 cubic metres of water for the cement sector and 465,208 cubic metres of water for the concrete sector.</i> | |

SPECIFIC STANDARD DISCLOSURES

(continues)

| MATERIAL ASPECTS | PAGE/REFERENCE | OMISSIONS |
|---|--|--|
| Performance Indicators - Environmental - Biodiversity (material topic: management of biodiversity) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Performance Indicators - Environmental Performance |
| 103-3 | Assessment of management approach | - Consumption of materials |
| | | <i>Information not currently available. Given the importance of this issue the Group is committed to reporting the issue starting from future financial years.</i> |
| 304-1 | Operational sites owned, leased, or managed within or near protected areas or areas with a high biodiversity value | Performance Indicators - Environmental Performance - Consumption of materials |
| Performance Indicators - Environmental - Emissions (material topic: climate change; air quality) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix Governance - Policies and Targets Performance Indicators - Environmental Performance - Greenhouse gases emissions |
| 103-2 | Approach and corporate management systems | Performance Indicators - Environmental Performance |
| 103-3 | Assessment of management approach | - Altre emissioni in atmosfera |
| 305-1 | Direct emissions of GHG (SCOPE 1) | Performance Indicators - Environmental Performance - Greenhouse gases emissions |
| 305-2 | Indirect emissions of GHG (SCOPE 2) | Performance Indicators - Environmental Performance - Greenhouse gases emissions |
| 305-4 | GHG emission intensity | Performance Indicators - Environmental Performance: Summary table |
| 305-5 | Reduction of greenhouse gases emissions | Performance Indicators - Environmental Performance - Greenhouse gases emissions |
| 305-7 | NOx, SOx, and other significant emissions | Performance Indicators - Environmental Performance - Other atmospheric emissions <i>The company has emitted a total of 1,157 t of dust, 26,466 t of NOx, 4,443 t of SO2 and 418 kg of Hg in the cement sector.</i> |
| Performance Indicators - Environmental - Waste and emissions | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Performance Indicators - Environmental Performance - Waste management |
| 103-3 | Assessment of management approach | Performance Indicators - Environmental Performance - Waste management |
| | | <i>The value of the waste produced is shown for respective disposal methods (dangerous and non-dangerous waste considered jointly).</i> |
| 306-2 | Waste by type and means of disposal | <i>The company produced a total of 151,130 t of waste in 2019, of which 102,232 t was disposed of and 46,784 was reused, in the cement sector.</i> |

SPECIFIC STANDARD DISCLOSURES

(continues)

| MATERIAL ASPECTS | PAGE/REFERENCE | OMISSIONS |
|--|--|--|
| Performance Indicators - Environmental - Environmental compliance (material topic: business ethics) | | |
| 103-1 | Description of the material issues and their scope | |
| 103-2 | Approach and corporate management systems | Governance - Materiality Matrix |
| 103-3 | Assessment of management approach | Governance - Corporate Governance - Penalties |
| 307-1 | Non-compliance with environmental regulations | Governance - Corporate Governance - Penalties |
| Performance Indicators - Ambientale - Rumore (tema materiale: mitigazione del rumore) | | |
| 103-1 | Description of the material issues and their scope | |
| 103-2 | Approach and corporate management systems | Governance - Materiality Matrix |
| 103-3 | Assessment of management approach | Performance Indicators - Environmental Performance - Noise |

SOCIAL

| MATERIAL ASPECTS | PAGE/REFERENCE | OMISSIONS |
|--|--|---|
| Performance Indicators - Social - Employment (material topic: working conditions) | | |
| 103-1 | Description of the material issues and their scope | |
| 103-2 | Approach and corporate management systems | Governance - Materiality Matrix |
| 103-3 | Assessment of management approach | Performance Indicators - Social Performance |
| 401-1 | Total number and number of people recruited and turnover rate by age groups, gender and region | <p>Performance Indicators - Social Performance: Charts and Tables</p> <p><i>In 2019 the recruitment rate was 14.9%.</i></p> <p><i>The number and percentage of recruited staff is shown at the Group level and is aggregated for all age groups. The absolute and percentage turnover is aggregated for all age groups.</i></p> |
| Performance Indicators - Social - Industrial relations (material topic: industrial relations; working conditions) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Performance Indicators - Social Performance |
| 103-3 | Assessment of management approach | - Collective bargaining |
| 402-1 | Minimum warning for operational changes | Performance Indicators - Social Performance: Charts and Tables |

SOCIAL

(continues)

| MATERIAL ASPECTS | | PAGE/REFERENCE | OMISSIONS |
|---|--|---|---|
| Performance Indicators - Social - Health and Safety of workers (material topic: health and safety; working conditions) | | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix | |
| 103-2 | Approach and corporate management systems | Governance - Policies and Targets | |
| 103-3 | Assessment of management approach | Performance Indicators - Social Performance - Occupational Health and Safety | |
| 403-2 | Type of injury and injury rates, occupational diseases, lost days, absenteeism and number of fatal accidents connected to work | Performance Indicators - Social Performance - Occupational Health and Safety Performance Indicators - Social Performance: Charts and Tables | |
| Performance Indicators - Social - Education and training (material topic: development of people) | | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix | |
| 103-2 | Approach and corporate management systems | Performance Indicators - Social Performance | |
| 103-3 | Assessment of management approach | Performance Indicators - Social Performance - Training and professional development | |
| 404-1 | Average annual hours of training per employee | Performance Indicators - Social Performance: Charts and Tables Performance Indicators - Social Performance - Training and professional development | |
| 404-3 | Percentage of employees that receive regular reports on results and on career development | Performance Indicators - Social Performance - Staff incentive programs | <i>The performance management process is described; the percentage of employees covered by incentive programs is not provided.</i> |
| Performance Indicators - Social - Diversity and equal opportunities (material topic: gender equal opportunities) | | | |
| 103-1 | Description of the material issues and their scope | | |
| 103-2 | Approach and corporate management systems | Governance - Materiality Matrix | |
| 103-3 | Assessment of management approach | Performance Indicators - Social Performance | |
| 405-1 | Diversity of management bodies and employees | Performance Indicators - Social Performance: Charts and Tables | <i>A breakdown is provided by geographical area, gender and professional category for employees alone; breakdowns are not provided for age and details for management bodies.</i> |

SOCIAL

(continues)

| MATERIAL ASPECTS | PAGE/REFERENCE | OMISSIONS |
|---|---|---|
| Performance Indicators - Social - Local communities (material topic: involvement of local communities) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Governance - Policies and Targets |
| 103-3 | Assessment of management approach | Governance - Stakeholder engagement |
| 413-1 | Activities for involving local communities, assessment of the impact and development programmes | Governance - Policies and Targets Governance - Stakeholder engagement |
| Performance Indicators - Social - Marketing and labelling (material topic: relations with customers) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Performance Indicators - Environmental Performance |
| 103-3 | Assessment of management approach | - Product Life Cycle (LCA/EPD) |
| 417-1 | Type of information necessary for labelling of products and services | Performance Indicators - Environmental Performance - Product Life Cycle (LCA/EPD) <i>All types of cement produced in the EU area need to have the EC mark. The EC mark indicates that the cement is in compliance with an harmonized European standard (EN 197-1 law). It allows to meet the essential requirements established by the 89/106/CEE directive in regard to the works in which it is used.</i> |
| Performance Indicators - Social - Socio-economic compliance (material topic: business ethics) | | |
| 103-1 | Description of the material issues and their scope | Governance - Materiality Matrix |
| 103-2 | Approach and corporate management systems | Governance - Corporate Governance - Penalties |
| 103-3 | Assessment of management approach | Governance - Corporate Governance - Penalties |
| 419-1 | Non compliance with economic and social regulations | Governance - Corporate Governance - Penalties |

Correlation table to the Legislative Decree 254/2016

| ISSUE OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPICS | POLICIES APPLIED AND MANAGEMENT INSTRUMENTS |
|--------------------------------------|--|---|
| Environmental | Climate change and air quality | Code of Conduct Climate change policy Environmental management systems (UNI EN ISO 14001 or equiv EPD) |
| | Consumption of raw materials and fuels | Code of Conduct Climate change policy Environmental management systems (UNI EN ISO 14001 or equiv EPD) |
| | Consumption of water | Environmental management systems (UNI EN ISO 14001 or equiv EPD) |
| | Management of biodiversity | Environmental management systems (UNI EN ISO 14001 or equivalent) |
| | Noise mitigation | Environmental management systems (UNI EN ISO 14001 or equivalent) |
| Social | Economic growth | Code of Conduct Corporate governance model |
| | Business ethics | Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001 |
| | Involvement of local communities | Code of Conduct Stakeholder engagement policy Safety Policy Occupational Health and Safety systems (UNI EN ISO 45001, OHSAS 18001 or equivalent) |
| | Supplier management | Code of Conduct, Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001 |
| | Relations with customers | Environmental Product Declaration (EPD) |

REFERENCES TO PARAGRAPHS

CORRELATION WITH GRI STANDARDS

| | |
|--|---|
| Chapter Governance, Par. Code of conduct, Internal Control and Risk Management System. Chapter Environment, Par. GHG emissions and other emissions into the atmosphere | 305-1 Direct emissions of GHG 305-2 Indirect emissions of GHG 305-4 GHG intensity 305-5 Reduction initiatives 305-7 Other air emissions |
| Chapter Governance, Par. Code of conduct, Internal Control and Risk Management System. Chapter Environment, Par. Greenhouse gases emissions Chapter Environment, Par. Consumption of materials | 302-1 Direct consumption of energy 302-3 Indicators of energy intensity 302-4 Energy saving 301-1 301-1 Raw materials used by weight or volume 301-2 Percentage of materials used that derive from recycled materials |
| Chapter Environment, Par. Water consumption | 303-1 Water intake by source 303-3 Recycled and reused water Water consumption per ton of cementitious material Water consumption per cubic metre of concrete |
| Chapter Governance, Par Code of conduct, Internal Control and Risk Management System Chapter Environment, Par. Consumption of materials | Quarries with mitigation actions with the aim of making possible the recovery of existing biodiversity and the involvement of stakeholders |
| Chapter Governance, Par. Code of conduct, Internal Control and Risk Management System Chapter Environment, Par. Noise | Production sites with monitoring of noise emissions Investments for noise mitigation interventions |
| Chapter Governance, Par. Value generated and distributed | 201-1 Direct economic value generated and distributed |
| Chapter Governance, Par Code of conduct, Internal Control and Risk Management System | 419-1 Financial and non-financial penalties for breach of social and economic laws or regulations 307 -1 Financial and non-financial penalties for breach of environmental laws or regulations |
| Chapter Stakeholder Engagement | 413-1 Activities with involvement of local communities |
| Chapter Governance, Par. Code of conduct, internal control and risk management system, Chap. Governance, Chap. Social, Par.. Human rights and supply chain | 204-1 Percentage of expenditure on local suppliers |
| Chapter Environment, Par. Product Life Cycle | 417-1 Information required by procedures and services subject to such information requirements Clinker/cement ratio |

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

| ISSUE OF LEGISLATIVE DECREE 254/2016 | MATERIAL TOPICS | POLICIES APPLIED AND MANAGEMENT INSTRUMENTS |
|---|---|---|
| Relating to staff | Development of people Working conditions | Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001 |
| | Gender equal opportunities | Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2001 |
| | Industrial relations | Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2002 Participation in European Works Council (EWC) |
| Respect of human rights | Occupational Health and Safety | Code of Conduct Safety Policy Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2002 Occupational Health and Safety systems (UNI EN ISO 45001, OHSAS 18001 or equivalent) |
| Anti-corruption | Anti-corruption practices Anti-trust practices | Code of Conduct Corporate governance model and Model of Organisation Management and Control pursuant to Legislative Decree 231/2002 |

REFERENCES TO PARAGRAPHS**CORRELATION WITH GRI STANDARDS**

Chapter Social, Par. Training and professional development

401-1 Number of employees, recruitments, turnover
404-1 Hours of training
404-3 Percentage of employees who receive regular reports on career results and development

Chapter Social, Par. Workplace Diversity

405-1 Diversity of management bodies and employees

Chapter Social, Par. Collective bargaining

402-1 Minimum notice period for organisational amendments

Chapter Social, Par. Health and safety and Human Rights and supply chain

403-2 Occupational injuries and diseases

Chapter Governance, Contrasting corruption Box
Chapter Governance, Par. Antitrust205-2 Communication and training on anti-corruption practices
205-3 Cases of corruption and actions taken



BUZZI UNICEM SPA

**INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED
NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10, OF LEGISLATIVE DECREE NO. 254/2016 AND
ART. 5 OF CONSOB REGULATION NO. 20267 OF JANUARY 2018**

YEAR ENDED 31 DECEMBER 2019



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

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Buzzi Unicem SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the "Sustainability Report 2019 - Consolidated non-financial statement under the Italian Legislative Decree n°254/2016" of Buzzi Unicem SpA and its subsidiaries (hereafter "Buzzi Unicem" or "Group") for the year ended 31 December 2019 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 25 March 2020 (hereafter the "NFS").

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

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

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

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

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

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

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the *Code of Ethics for Professional Accountants* published by the *International Ethics Standards Board for Accountants*, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts *International Standard on Quality Control 1 (ISQC Italy 1)* and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

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

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

In particular, we performed the following procedures:

1. analysis of the materiality analysis process updated in the reporting period and of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in Buzzi Unicem Group's Consolidated Financial Statements;
4. understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Buzzi Unicem S.p.A. and with the personnel of Unical S.p.A. and we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

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

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

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Buzzi Unicem Group as of 31 December 2019 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Turin, 3 April 2020

PricewaterhouseCoopers SpA

Signed by

Mattia Molari
(Partner)

Signed by

Paolo Bersani
(Authorized signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2019 translation.

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

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Cover photo:

Portrait of the participants in the International Managers' Meeting at the Cimalux quarry in Rumelange, Luxembourg





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