BUZZI UNICEM

SUSTAINABILITY

Sustainability Report 2006

1907 BUZZI 2007

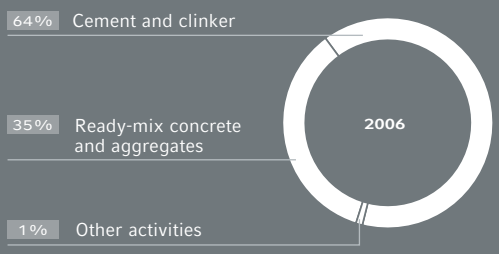
CONTENTS

Key Figures

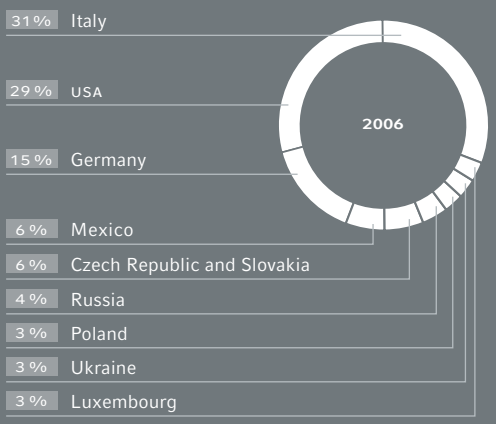
		1999	2000	2001	2002	2003	2004[1]	2005	2006
Cement sales	t/000	12,036	12,607	13,131	13,662	14,196	31,936	32,245	33,320
Concrete sales	mc/000	7,743	8,186	8,585	8,948	9,850	15,241	15,649	16,542
Aggregate sales	t/000	5,811	6,560	5,909	5,427	5,939	7,873	7,794	9,442.0
Sales revenue	€m	1,148.4	1,334.1	1,446.5	1,478.7	1,461.6	2,771.6	2,951.4	3,205.0
Capital expenditures	€m	132.0	160.0	124.9	81.2	102.1	203.9	243.1	254.0
Headcount at year end	no.	3,927	3,842	3,869	3,797	3,828	11,836	11,805	11,054

[1] first time Dyckerhoff consolidation

Sales Revenue by Line of Business



Sales Revenue by Region



Sales Revenue

(millions of EUR)

Capital Expenditures

(millions of EUR)

International presence

ITALY	Buzzi Unicem, Unical, Betonval, Cementi Moccia (50 %), Laterlite (30 %), Addiment Italia (50 %)
USA	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25 %)
GERMANY	Dyckerhoff, Deuna Zement, Beton Union, Dyckerhoff Transportbeton
LUXEMBOURG	Ciments Luxembourgeois, Matériaux
POLAND	Cementownia Nowiny, Dyckerhoff Beton Polska
CZECH REPUBLIC AND SLOVAKIA	Cement Hranice, Zapa Beton
UKRAINE	Volyn, Yugcement
RUSSIA	Sucholoshskzement
MEXICO	Corporación Moctezuma (50 %)

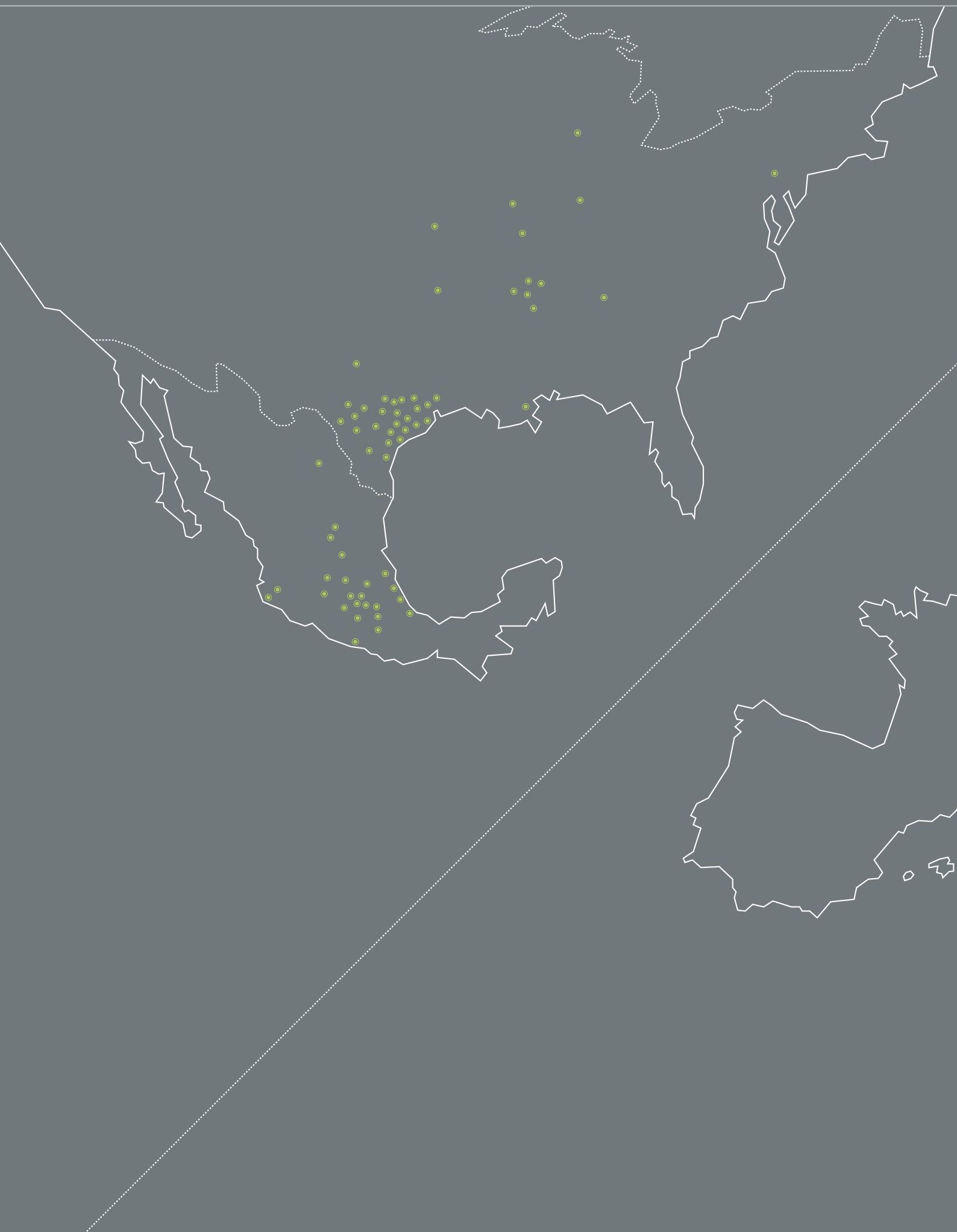
Operating structure

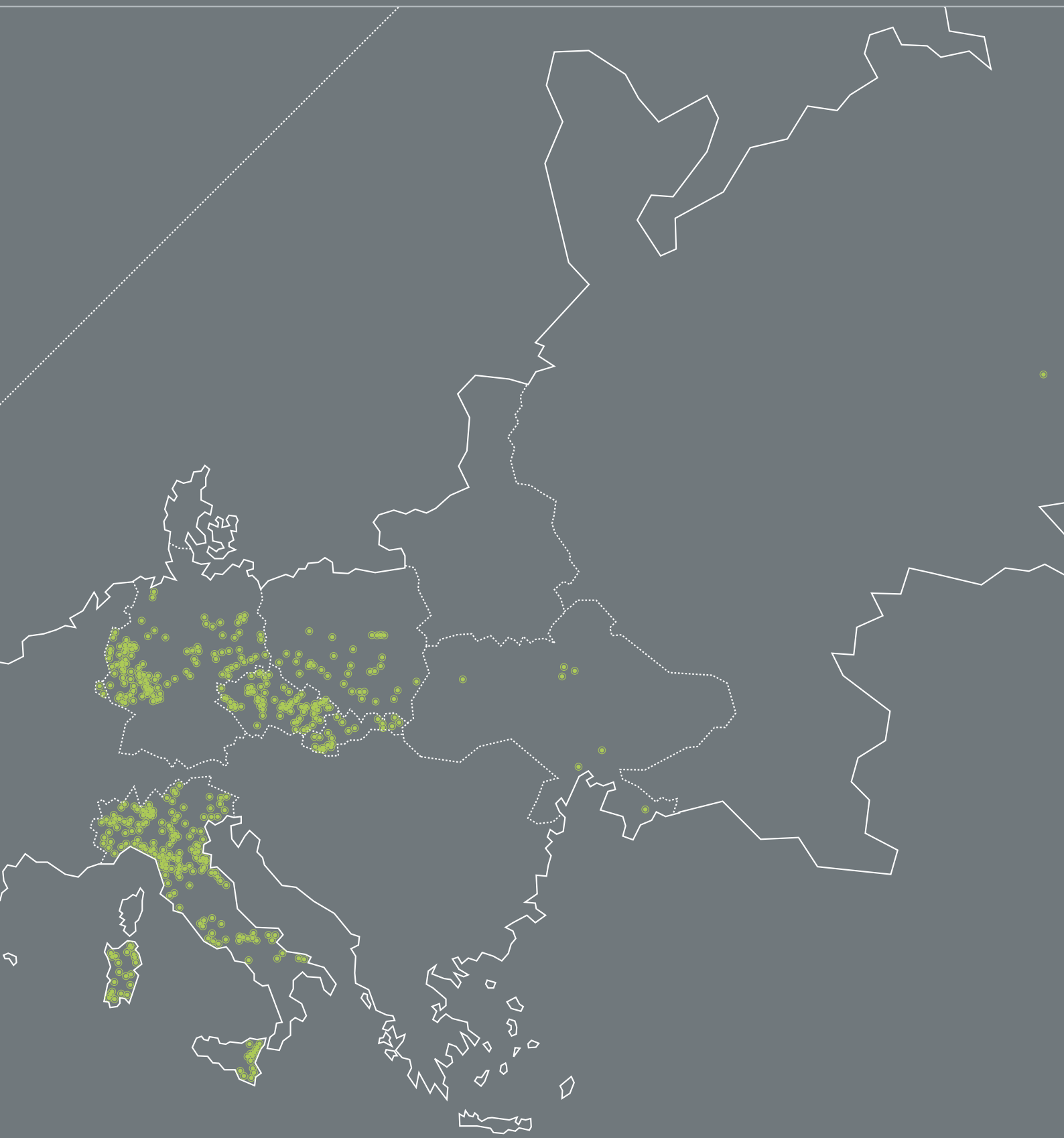
		ITA	GER	LUX	POL	CZE/SVK	UKR	RUS	USA	MEX[1]	Total
Cement plants	no.	13	8	2	1	1	2	1	11	2	41
of which grinding	no.	1	3	1	–	–	–	–	1	–	6
Cement capacity	Mio t/yr	10.4	7.2	1.0	1.6	1.1	3.0	2.4	10.0	5.0	41.7
Ready-mix concrete plants	no.	181	108	–	33	81	5	–	56	36	500
Aggregate quarries	no.	20	–	–	–	7	–	–	3	1	31
Terminals	no.	8	–	–	2	0	3	–	27	0	40

ITA/Italy, GER/Germany, LUX/Luxembourg, POL/Poland, CZE/Czech Republic, SVK/Slovakia, UKR/Ukraine, RUS/Russia, USA/United States of America, MEX/Mexico
[1] figures at 100%

Buzzi Unicem is an international multiregional, "heavy-side" group, focused on cement, ready-mix concrete and aggregates. The company's dedicated management has long-term view of the business and commitment towards a sustainable development supported by high quality and environmentally friendly assets. Buzzi Unicem pursues value creation through lasting, experienced know-how and operating efficiency.

VISION





Pietro Buzzi

Michele Buzzi

In our company's centenary year, we have decided to give greater relevance to the Sustainability Report, structuring the fourth edition according to the Global Reporting Initiative guidelines.

By acquiring the principle under which sustainability development cannot be the responsibility of a few specialists operating in the environmental field or of communication professionals, Buzzi Unicem has assigned its national and international management the task of spreading the project spirit throughout all the 10 countries in which it operates.

The synergic stimuli we receive from this process of international sharing allow us to find the correct balance among the various ways in which the need for sustainability manifests itself and to strengthen our capacity to promote a responsible corporate culture.

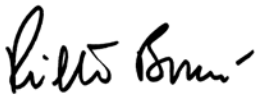
A process is underway to involve the whole company concerning awareness of the impact that our activities can exercise on the communities and territories in which we operate, with the aim of fostering dialogue with stakeholders. We believe that the on-going improvement of our modus operandi must focus on the central importance of the individual and the environment, to achieve an increasingly responsible presence within the territory.

We will describe how the potential social and environmental impact is always in evidence in our decision-making process and how it has contributed to boost the promotion of better products in terms of quality, being more sensitive to the environment and increasingly functional to the social-economic development of the markets we serve.

We will talk about our historic commitment to reduce electricity and fuel consumption, we will explain how we have achieved industrial safety and environmental results and how it is possible to extract raw materials, modelling the territory and mitigating the relevant impact. We will show how we are preparing to extend as soon as possible the results achieved to those recently acquired entities which, in the past, were not able to receive adequate investments. We will illustrate the new social ventures we have undertaken to cope with situations of need and how we can be an opportunity for the environment, re-using secondary raw materials and fuels obtained from waste.

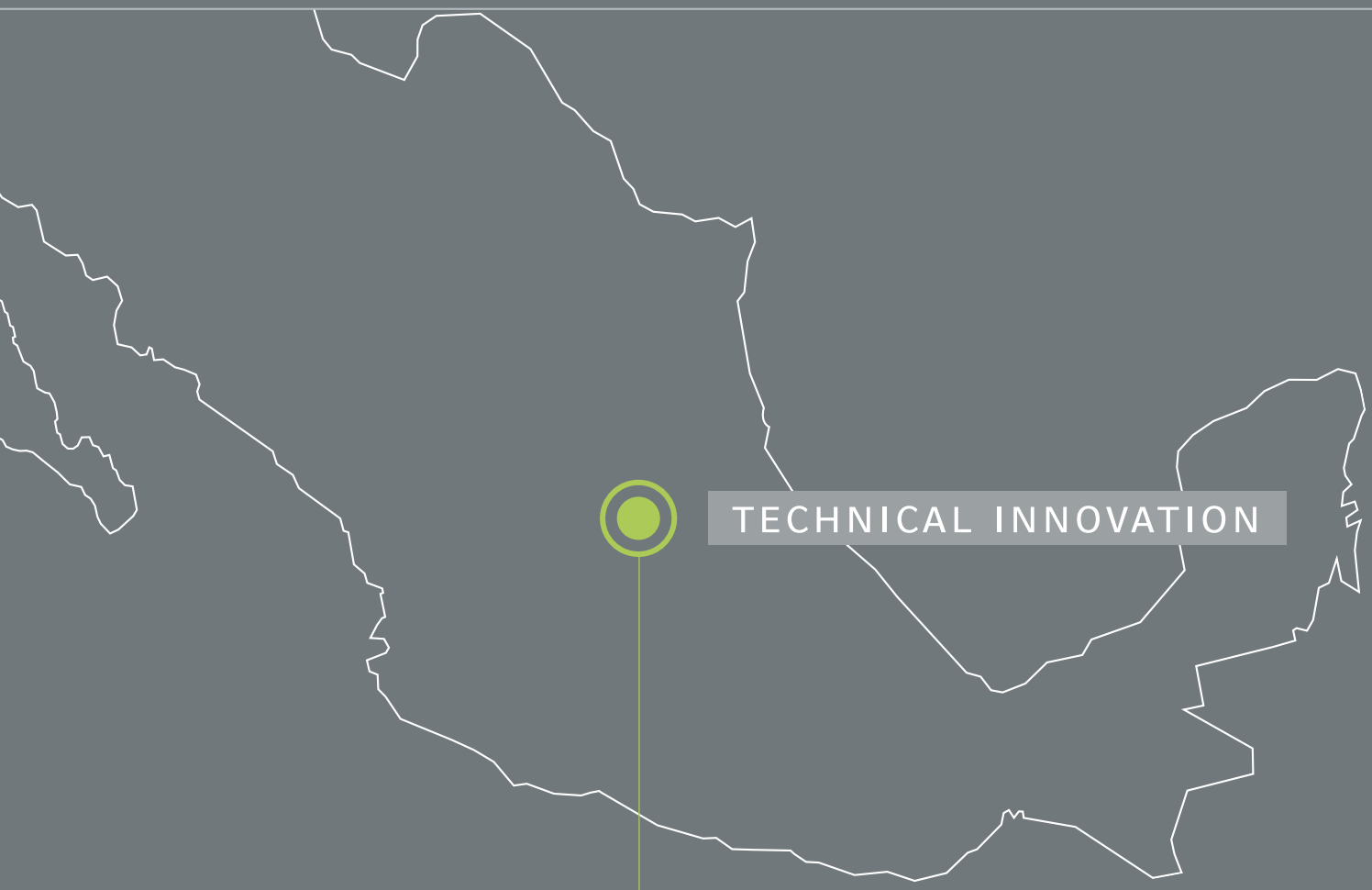
We take a trip through the company world using a different means, outside the logic of just numbers, communicating our attachment to our people and our land that has always characterized us along the path we have taken up to now.

We believe that it is only by fostering a dynamic dialogue with our stakeholders that we can continue to satisfy the needs of the present generations, without compromising the ability of future generations to satisfy theirs.



PIETRO BUZZI
CHIEF EXECUTIVE FINANCE

MICHELE BUZZI
CHIEF EXECUTIVE OPERATIONS



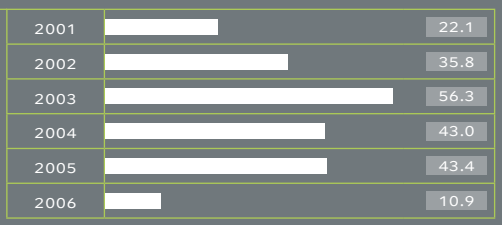
TECHNICAL INNOVATION

TECHNOLOGY

The term technology comes from the Greek "tekhnologhia", literally "art talk". Technology today is applied to develop new equipment based on science principles, while engineering adds to the existing knowledge those "human characteristics" such as imagination, good judgement and discipline in order to design, create and employ technology in a safe, efficient and repeatable way.

Expansion capex in Mexico

millions of EUR



MEXICO

By modernity we mean having plants that are not only up-to-date, but possibly also "ahead of our time". We want our projects to always contain a "piece of the future".

What this actually means is that we must act in two directions:

1) not neglecting any detail so that our plants are designed according to the most recent technology available, with the will also to assume the risks that this sometimes entails.

2) questioning ourselves constantly about how to keep existing plants at the best possible level.

While the difficulty of intervening on what already exists consists in improving a situation previously optimized with a similar intellectual effort, the challenge is to shape what does not yet exist, getting away from mental patterns that were valid up to the previous project and, if they have been surpassed, deciding where this has happened. Being modern, therefore, is a daily effort.

In line with the characteristics of the plants, and with the relevant motivations that encourage investment, we must be modern in different meanings. In terms of plant efficiency this means consuming less to produce the same quantity of product: less electricity, less fuels, less global pollution.

This brings us back to an environmental aspect: specifically, we declare that today being efficient and modern from the environmental point of view is a way to better economic results. Not only equipping plants with the means to prevent pollution, not only installing systems to monitor emission levels constantly and to allow immediate corrective measures to be taken, but also choosing process solutions that make it possible to reduce the need for natural resources, such as water.

At Cerritos, in Mexico, this "piece of the future" is a reality. With a production capacity of 2.5 million tons/year of cement, 89 kWh/t, 3100 gj/t clk, 103 employees, the plant has the least specific environmental impact of the whole group. Its level of automation, shrewdness in technological decisions and architectural elegance do not just make the project team proud, but the whole company as well. It will be difficult to beat the performance indices of Cerritos with what we will create in the future.

But this positive experience will help us. The challenge is there.

Corporate Sustainability Process

CONTENTS

Group Profile

Cement Plants Location

as of December 31, 2006

Italy

		2006	2005	06/05
				var %
Cement sales	t/000	8,565	8,387	2.1
Concrete sales	mc/000	7,652	7,563	1.2
Aggregate sales	t/000	5,258	4,569	15.1
Sales revenue	€m	1,004.0	939.6	6.8
Capital expenditures	€m	70.8	54.8	29.2
Headcount at year end	no.	2,122	2,161	– 1.8

NUMBERS & FACTS

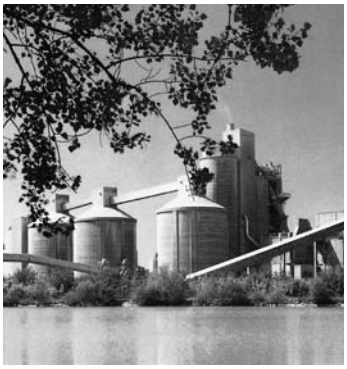
Cement production capacity 10.4 million tons, 13 plants, 8 terminals, 181 ready-mix concrete plants, 20 aggregate quarries.

Germany

		2006	2005	06/05
				var %
Cement sales	t/000	5,147	5,231	– 1.6
Concrete sales	mc/000	3,039	2,902	4.7
Sales revenue	€m	480.0	486.4	– 1.3
Capital expenditures	€m	30.8	51.6	– 40.3
Headcount at year end	no.	1,532	1,968	– 22.2

NUMBERS & FACTS

Cement production capacity 7.2 million tons, 8 plants, 108 ready-mix concrete plants.



Luxembourg

		2006	2005	06/05
				var %
Cement sales	t/000	901	847	6.4
Sales revenue	€m	83.6	146.2	– 42.8
Capital expenditures	€m	1.9	5.5	– 66.3
Headcount at year end	no.	220	641	– 65.7

NUMBERS & FACTS

Cement production capacity 1.0 million tons, 2 plants.

Poland

		2006	2005	06/05
				var %
Cement sales	t/000	1,408	1,111	26.7
Concrete sales	mc/000	913	703	29.9
Sales revenue	€m	110.4	79.3	39.2
Capital expenditures	€m	4.5	5.4	– 16.8
Headcount at year end	no.	401	412	– 2.7

NUMBERS & FACTS

Cement production capacity 1.6 million tons, 1 plant, 2 terminals, 33 ready-mix concrete plants.

Czech Republic and Slovakia

		2006	2005	06/05
				var %
Cement sales	t/000	868	754	15.2
Concrete sales	mc/000	2,076	1,809	14.7
Aggregate sales	t/000	1,361	497	174.1
Sales revenue	€m	182.4	147.3	23.8
Capital expenditures	€m	7.3	11.0	– 33.8
Headcount at year end	no.	874	783	11.6

NUMBERS & FACTS

Cement production capacity 1.1 million tons, 1 plant, 81 ready-mix concrete plants, 7 aggregate quarries.

Ukraine

		2006	2005	06/05
				var %
Cement sales	t/000	2,271	2,005	13.3
Concrete sales	mc/000	274	204	34.3
Sales revenue	€m	107.2	72.1	48.7
Capital expenditures	€m	9.6	11.5	– 16.3
Headcount at year end	no.	1,629	1,620	0.6

NUMBERS & FACTS

Cement production capacity 3.0 million tons, 2 plants, 3 terminals, 5 ready-mix concrete plants.

Russia

		2006	2005	06/05
				var %
Cement sales	t/000	2,309	2,294	0.7
Sales revenue	€m	123.9	90.9	36.2
Capital expenditures	€m	8.4	4.1	107.0
Headcount at year end	no.	1,519	1,517	0.1

NUMBERS & FACTS

Cement production capacity 2.4 million tons, 1 plant.

United States of America

		2006	2005	06/05
				var %
Cement sales	t/000	9,766	9,840	– 0.8
Concrete sales	mc/000	1,877	1,849	1.5
Aggregate sales	t/000	2,823	2,729	3.5
Sales revenue	$m	1,161.5	1,038.6	11.8
Capital expenditures	$m	102.0	79.9	27.6
Headcount at year end	no.	2,269	2,246	1.0

NUMBERS & FACTS

Cement production capacity 10.0 million ton, 11 plants, 27 terminals,
56 ready-mix concrete plants, 3 aggregate quarries.

Mexico[1]

		2006	2005	06/05
				var %
Cement sales	t/000	4,172	3,552	17.5
Concrete sales	mc/000	1,422	1,239	14.8
Sales revenue	$m	494.7	405.6	21.9
Capital expenditures	$m	36.9	73.9	– 50.1
Headcount at year end	no.	975	913	6.8

[1] figures at 100 %

NUMBERS & FACTS

Cement production capacity 5.0 million tons, 2 plants, 36 ready-mix concrete plants,
1 aggregate quarry.

Note concerning methodology

The Sustainability Report 2006 of the Buzzi Unicem group presents the economic, environmental and social results of activities performed by the group in the various countries in which it operates, in line with the approach that has been consolidated over the recent years. With regard to structure and contents, the document has been drawn up with a view to ensuring continuity and gradual refinement; in particular, during 2006, the reporting scope has been widened including the human resources performance of all the abroad companies.

Process

The Sustainability Report 2006 is the result of an articulated process carried out by a corporate working group composed of different functions representing all the different areas connected to the economic, environmental and social reporting. The group has identified the relevant aspects concerning its business sector and its activities and also the appropriate information system to be used in the reporting process; besides, data and information received from the group companies have been collected and consolidated by each working group member.

Guidelines

The Sustainability Report 2006 of the Buzzi Unicem group has been drawn up based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 (G3) and meets the content requirements of Application Level B+. Reference has also been made to the guidelines established by the Social Report Study group (GBS) with regard to aspects relating to the calculation and distribution of the added value.

Reporting principles

The Sustainability Report 2006 was drawn up in compliance with the principles established by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 3.0 (G3) mentioned above and described below:

Materiality and completeness – In order to represent economic, environmental and social main impacts, sector's relevant information and data are included in the Report. Reporting scope makes reference to the consolidated subsidiaries, unless specified otherwise, and to the period between 01.01.2006 and 12.31.2006.

Sustainability context, Stakeholder inclusiveness and Clarity – The Report allows group activity to be placed in a wider context, illustrating the social and environmental aspects of the cement and concrete production activities for the various Stakeholders involved and identified in a Stakeholder Map. This year, the effort of the working group has continued to simplify the Report by using graphs, tables and a clearer language.

Balance – The data presented has been reported in an objective and systematic manner, using a tested information structure subject to progressive improvement. The representative indicators reported in the document provide a picture of performance irrespective of whether it has improved or worsened compared with previous years.

Transparency – The working group followed the process used in drawing up the Report and coordinated the various people responsible for collecting the data and processing the texts. Financial figures are taken from the Annual Report, other figures are referred to internal documents and reporting system.

COMMUNICATION STRATEGY

The communication strategy, carried out together with Heisters & Partner, shows the great commitment that the company has assumed globally with regard to sustainable development. The project's leit motiv originates from the logo, which in "total green" represents the world and two stylized "arms". In constant evolution, the arms protect the world and safeguard its development.
The decision to use simple graphics throughout the report, with minimalist tones and black and white iconography is not random: the graphics becomes the pure vehicle of the content, the only testimony of Buzzi Unicem's modus operandi in the field of sustainable development.

Comparability – The quantitative indicators reported in the Report are compared with those of the two previous years. Tables and graphs without comparison refer to indicators where such comparison is not considered to be significant or to new indicators introduced during this year for which it was not possible to establish a trend. Reference to the model prescribed by the Global Reporting Initiative also allows comparison with the national and international organisations that adopt the same model.

Accuracy – Figures have been processed and checked by the various working group members of the Corporate who have coordinated, at their turn the individual Stakeholders in the plants and companies concerned. The economic and financial data included in the Report correspond to those reported in the Annual Report, which has been drafted according to the international standards.

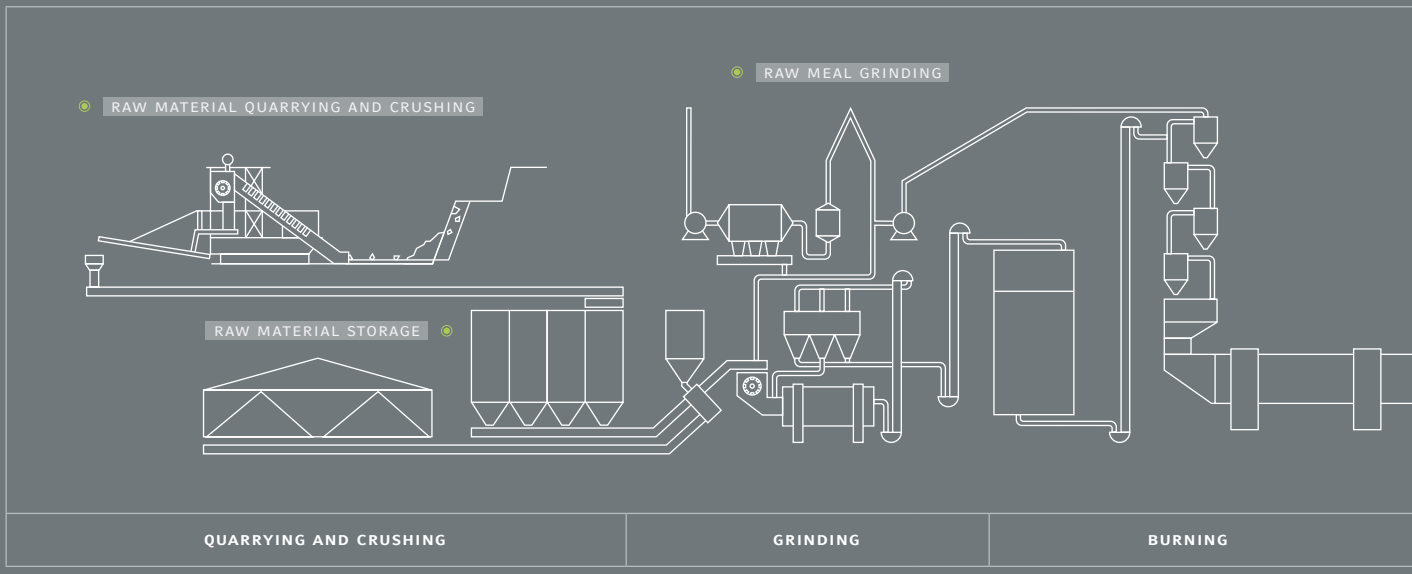
Timeliness – The Sustainability Report is published annually. Institutional communication tools, commonly used by the company, are adopted for its circulation. By visiting the website www.buzziunicem.it it is possible to access the Sustainability section where social and environmental reports and updates on the environmental and health and safety certifications obtained may be found.

Reliability – The Sustainability Report 2006 has been approved by the Board of Directors and has been submitted to an external and independent verification by PricewaterhouseCoopers. The purpose of such verification is to ensure that the Report is in compliance with the reporting principles stated in this paragraph. This year the assurance statement includes a conclusion on the application level (B+) of the new Guidelines adopted.

Reporting scope

Information and data included in the Report make reference to all the Buzzi Unicem consolidated subsidiaries, unless specified otherwise in single sections.

The cement production cycle



The cement production cycle

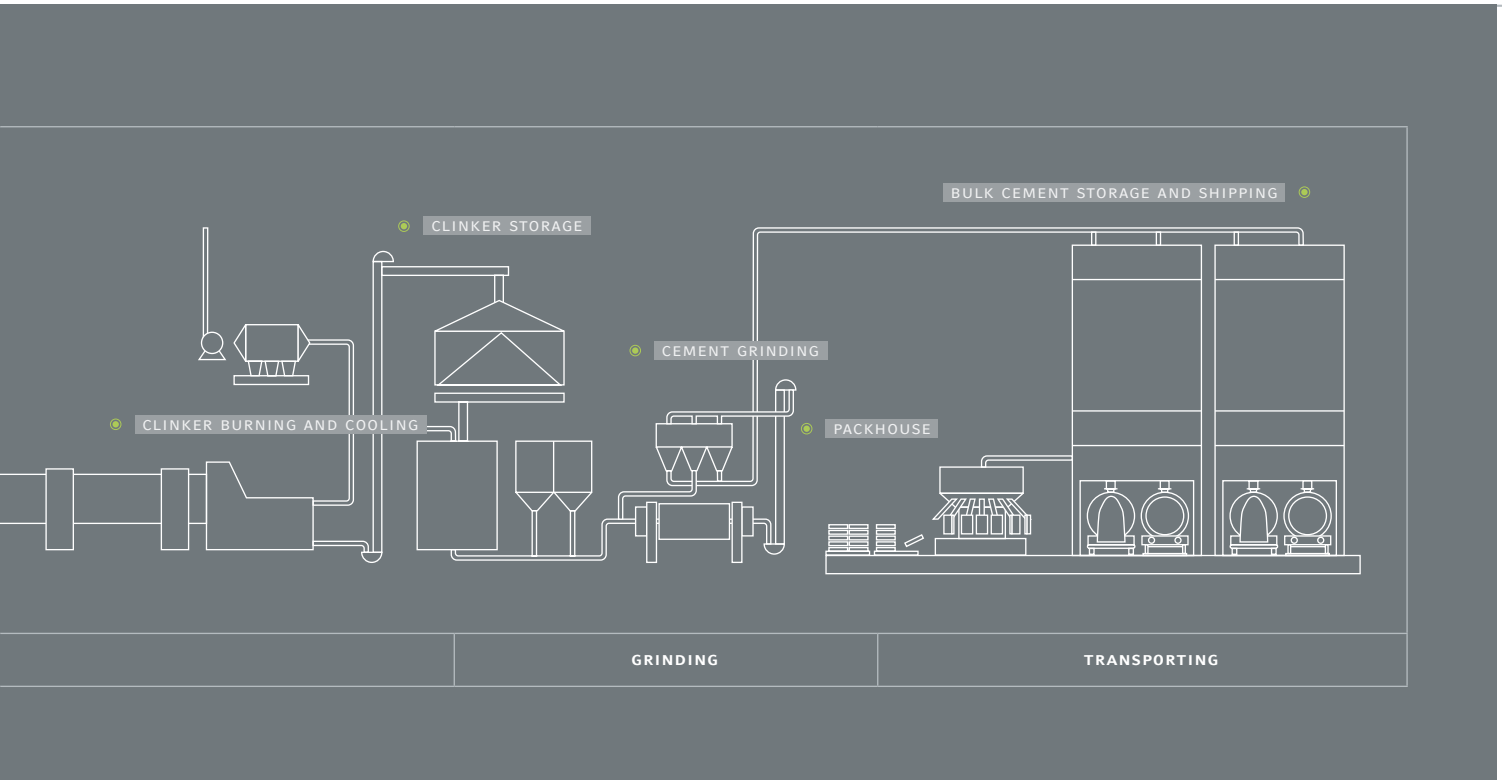
Cement manufacturing requires a complete industrial cycle. It starts from quarrying activities and ends with packing the product. It includes comminution, calcination, sintering and quenching activities. We measure, batch, homogenize and monitor our cements to maximize their consistency. The extraordinary resistance that is obtained by hydrating cement is due essentially to tricalcium silicate ($3CaO \cdot SiO_2$), a product that does not exist in nature, obtained through our industrial process.

Our technological cycle, regardless the type of process, exercises an impact on the environment that requires, in addition to air and water:

_calcium oxide, silica, alumina and iron available in nature and in the chain of the materials to be disposed of

_thermal energy also available as fossil fuel or coming from the recovery from waste

_electricity coming from renewable and non-renewable sources.



After obtaining the authorizations of the relevant authorities, we extract raw materials by mining our quarries usually in benches with boring, charging and blasting with explosives. We crush the hard rock so that it can be broken down into smaller pieces; if necessary we prehomogenize the meal. We mix the various components in the proportions established by on-going chemical calculations.

We dry, grind and homogenize in order to obtain a raw meal with the consistent quality also necessary for guaranteeing stability in the subsequent phase. The burning process is the most significant phase for this report: it requires thermal and electric energy, large quantities of air and water; chemical-physical reactions occur in the processed materials.

Clinker is the semi-finished product that results from it. After undergoing all the quality checks, it is batched in accurate proportions with other components before being sent to the final grinding phase. After being correctly refined, the various types of cement are created. Available in bulk or bagged.

Key elements

In an era of unprecedented economic growth, characterized by an increasing globalization, Buzzi Unicem is constantly searching for new opportunities to generate prosperity and improvement in the quality of life. The enthusiasm generated by the liberalization of markets, the sharing of know-how, the development of new products, and by the technological synergies coming from a multinational presence, is counter-balanced by alarming concerns. Statistics show that the opportunities for responsible development are only made available by a part of the world's population and are accompanied by critical factors such as environmental stability and poverty. The enormous risks and threats to collective sustainability coming from the topics illustrated in the "Critical Factors" box, as by the World Business Council for Sustainable Development (WBCSD) make the production of transparent reports imperative. We confirm our commitment to conduct our activities, remaining fully aware of social and environmental impact at all times. Only by continuing to deserve the unconditional credibility of our stakeholders, we will be able to nurture our spirit and our growth.

CRITICAL FACTORS

_CO_2 and the climate
_responsible use of fuels and raw materials
_health and safety
_monitoring and reporting emissions
_land and communities

100 YEARS: A LONG-TERM COMMITMENT

Making cement: the ancient link that man has with the earth is consolidated in this work where continuity is one of its essential characteristics.

In the year in which we celebrate our centenary, we must remember that many of our, now modernized, plants started their activity about one hundred years ago. In building a plant, up to now, the rule of having available raw materials, a market, energy, and a territory that wanted to work, was the rule of the day. In the face of large sums of initially invested capital and long-term returns, we believed in the future. In this sector, when you select a territory, you select it with a view to becoming a part of it. You don't think about repositioning production at the first difficulty you meet. Kilns, mills, silos have strong foundations, a close relationship is born with the earth; we interact strongly with it, understood as the environment: we need it, this is why we respect it.

We need raw materials, air, water, natural fuels such as gas, coal and oil. We have worked and continue to work with the earth, to give back a product that is functional to the development of modern society, always using the best available technologies. We think of our action on territories as a mutualistic symbiosis, in which, on our side, we provide our strength to help the social and economic growth of the territories that host us. In addition to direct work, we continue to generate important induced activities, we reuse raw materials and energy coming from waste products, we participate actively in local cultural development. Even our product has remained very local, very close to its origins during these first hundred years. We envisage that in the future it may no longer be like this, because environmental problems have also assumed a global nature. We are voluntary promoters of the search for continuous improvement.

In forming a corporate culture, we have highlighted social responsibility and sustainable development, in order to safeguard what is closest to our heart: our people and our land.

Values

The centrality of individuals of the individual expressed through the total enhancement of Staff, the fair remuneration of Shareholders, attention to the needs of Customers and a long-term relationship with Suppliers.

Respect for the environment expressed by adopting environmentally friendly business practices and through ethical conduct and the creation of wealth and opportunities in favour of the environment-community.

Integration of sustainable development into our organization

	R&D	Human Resources	Marketing	Finance	Production	Environmental Affairs
Responsible for What	Product Responsibilities	Recruitment Training Industrial Relations	Brand Reputation	Corporate Governance Financial Data	Sustainable management of production units within local activities	Risk management on environmental and safety
To Whom	Customers	Employees Trade unions Prospect Employees	Employees Customers Communities	Shareholders Market	Local communities Employees	Employees Communities Institutions
Through What Mechanisms	Quality standards Compliance Assurance	Schools and University Trade unions Internal communication	R&D new sales channel Improve corporate culture towards Sustainibility	Financial Reporting Shareholder meetings Press release	Compliance with production, environmental and safety standards	Comply with new laws and regulations Training Auditing
With What Outcomes	Improve product life cycle	Promoting Corporate cooperation and competitiveness	Improve brand equity Improve corporate identity	Transparency Completeness	Meet and improve sustainable production parameters	Improve safety and environmental working standards

The Corporate governance system

The Corporate governance system

Buzzi Unicem's Corporate Governance is in line with the recommendations made by CONSOB, oriented to the principles contained in the Corporate Governance Code of listed companies and, more generally, best practices found in the national and international sphere.

Voluntary instruments, such as, the antitrust code, are applied in all the group's companies, including foreign companies; on the other hand, instruments that refer to legal provisions, comply with the directives of the various legislative contexts.

The adoption of corporate governance instruments was implemented gradually and within the industrial model, without making its management more arduous. The spread of the corporate culture and observance of internal and external rules is closely linked with the sustainable development of the Buzzi Unicem group.

Organization of the parent company

In compliance with the provision of the Italian legislation regarding listed companies, the company organization is structured as follows:

_a Board of Directors in charge of the company management, currently composed of 5 executive directors and 8 non-executive directors (they were respectively 6 and 7 during the financial year 2006), 4 of whom are independent. The Chairman and two Vice Chairmen are both executive directors, since the Board has assigned them special consultancy duties and representation of the corporate bodies of the group's foreign companies.

_a Statutory Auditors Committee is responsible for supervising observance of the law and the Articles of Association, and observance of the principles of correct administration in carrying out corporate activities and for monitoring the adequacy of the organizational structure, the internal control systems and the company's administrative-accounting system.

_the Shareholders' Meeting.

Auditing activity is assigned to a specialized company registered in the CONSOB register and appointed for the purpose by the Shareholders Meeting.

Internal auditing system

The Board of Directors has final responsibility for the internal auditing system.

The company has established the Internal Auditing function with the task of verifying constant observance of both operating and administrative internal procedures, established in order to guarantee a healthy and efficient management and protection of the company's assets. The Compliance Officer is the head of Internal Auditing function and does not report hierarchically to any manager in the operating areas. In 2006 the Internal Audit Committee was set up for international activities, composed by the heads of Internal Audit function of Buzzi Unicem and Dyckerhoff. At the end of the financial year, the Internal Audit Committee drafts an Audit plan approved by the executive directors and relating to the activity of the following year. Quarterly reports on the audits carried out are sent to the Board of Directors and the Statutory Auditors Committee, containing proposals of any improvements.

QUARRYING

PHASE 01

Deep mines, along tunnels to extract marl: the raw material for natural cement. Opencast quarries, in the mountains, on hills or on the plain or at the bottom of lakes or seas, for extracting limestone, chalk, clay: the raw materials for artificial cement. Ancient rocks, stones which, without extraction work, would never have seen the light of day, would never have shown man their different colors and stratifications, their amazing fossils.

We are seriously committed to respecting these resources.

Operations with related parties and interests of directors

The Board of Directors approved the procedure relating to operations with related parties, in which subjects falling within the category of related parties were identified, in compliance with the definition contained in the International Accounting Standards, referred to for this purpose by CONSOB provisions.

This procedure also identifies operations that must be approved in advance or ratified at a later date, by the Board of Directors and those that must be the object of quarterly reports to the Board of Directors itself, distinguishing, for this purpose, the thresholds of significance for infra-group operations and for those with other related parties. Finally the procedure governs the communications to the Board of Directors and the Statutory Auditors Committee, situations in which a director may possibly hold an interest on his own behalf or on the behalf of third parties, specifying that, if the situation involves an executive director, he must refrain from carrying out the operation, investing the Board of Directors to carry it out, and leaving it to the discretion of the directors concerned to evaluate whether or not to abstain from the discussion and voting with regard to decisions concerning which they have a specific interest.

Processing of confidential information

The Board of Directors approved the Manual on the market abuse and privileged information, aimed at establishing a series of procedures and practices followed within the group with reference to the external communication of privileged company documents and information. In particular, this Manual identifies in the Managing Directors the organs responsible for managing and processing privileged information concerning the company and the group.
The Manual also governs the procedures for identifying privileged information within the group and the procedures to be followed for the regular flow and external communication of the same. Moreover, the company has set up and manages Registers of Informed Persons pursued to legislation in force.

Internal Dealing

The Board of Directors has adopted the Internal Dealing Procedure aimed at governing, in compliance with the relevant legislation and regulations, the operating procedures for observance of information obligations by Significant Subjects in relation to operations carried out on shares or on other financial instruments linked to the listed companies of the Buzzi Unicem group.

Code of Ethics

The importance of an economic industrial activity focused on observance of the law and both state and regional administrative rules and the importance that the same should be carried out with transparency have been recognized. Therefore the Italian companies in the group have adopted their own Code of Ethics. This code expresses the commitments and ethical responsibilities in conducting business, regulating and standardizing company conduct according to standards focused and transparency and correctness towards stakeholders.

Organization, management and control model

The Board of Directors has adopted the Organization and Management Model provided by Legislative Decree 8/06/2001 n. 231, which introduced the principle of the criminal responsibility of companies for crimes against the Public Administration (corruption, extortion, etc.), corporate crimes (falsification of accounts, etc.) and crimes involving abuse of the market (abuse of privileged information and manipulation of the market) committed by its own directors, managers or employees, in the interest of or to the advantage of the companies themselves. The Supervisory Body has been identified in the Internal Auditing function. Auditing is addressed and guided by the analysis of activities subject to the crime risk. This analysis is reviewed annually with all operating functions. The model is a further step to provide shareholders with adequate guarantees on company management.

Antitrust Code

With a view to providing the group's employees with a series of references that can allow them to operate in full respect of all the provisions to protect free competitions, the Board of Directors approved the document containing "Behavior Directives for Employees of the Buzzi Unicem group for the Fulfillment of Provisions for the Protection of Competition".

Code of Conduct

The parent company has issued a document that dictates the standards of behavior that must be followed by staff; the Board of Directors has examined the Code and it has been sent, translated in 7 languages, to all the group's staff, composed of about 11,000 employees. The Managements of the subsidiaries have been made aware of how important it is for their own structure to observe the Code. The most significant principles are:

_responsibility towards customers for products, services and the relevant quality and safety characteristics;

_responsibility towards employees, with the direct and indirect commitment not to employ children, or forced labor. The commitment to avoid discrimination based on race, color, sex, religion, political opinion, nationality. The commitment to provide employees with the opportunity for professional development and growth;

_responsibility towards shareholders regarding the circulation of reliable information and the maximizing of long term value;

_responsibility toward civil society, with regard to ecology, health and safety.

CRUSHING

PHASE 02

Crushers are powerful machines; they chew up the rock and spit it out in little pieces. They can be impact, jaw, hammer or eccentric cone operated, depending on the state of the material.

Today, the most modern ones are in the quarry and are fed in vertical wells of 100 – 200 m that link them directly with the quarry surface. This cancels their visual, acoustic impact and reduces the emission of dust to the minimum.

Observance of the Code is an essential part of contractual obligations and is the commitment and duty of all employees of the Buzzi Unicem group.

HSE Organization (Health, Safety and Environment) – Italy

The Central Health, Safety and Environment (HSE) and those of the Production Units guarantee the standard behavior of Buzzi Unicem Italia and the involvement of the various company functions, to ensure that objectives regarding environmental aspects, safety and industrial health are achieved, with particular reference to maintaining compliance with standards.

Central Management has defined an organization chart that identifies the functions and relations of staff involved in managing ecology, environment and safety; the company organizational structures guarantee the maximum efficiency of HSE Services, through the establishment of positive, controllable targets, the allocation of clear and agreed roles and the realization of a consistent management.

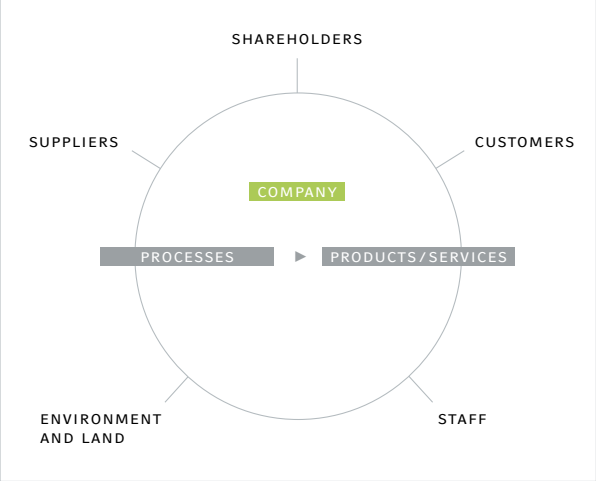
HSE workers in the Production Units report functionally to the Central HSE Body, which is responsible for checking their activity, concerning the updating, application and verification of the constant observance of laws.

If the Central HSE considers it necessary during the auditing phase, it operates directly to ensure correct and timely observance of legal obligations, the responsibility for which remains, in any case, that of the Managers of the Production Areas/Units.

Stakeholders

Buzzi Unicem considers stakeholders all those (individuals or groups) who are involved in the decision making process of the company and such to hold interests in the results of the group, actively participating into it by influencing its success or simply by assisting to it with equal benefit.

Main stakeholders



Suppliers

During 2006, twelve Italian plants belonging to the parent company were analyzed and found to have around 2,700 suppliers, 40 % of which reside in the territory where the production units are located.

Buzzi Unicem has always tried to create value in the plants' sphere of influence, paying particular attention over the years to developing relations with local businesses, trying to create a relationship of loyalty with them, which, in most cases, has developed beyond the territorial aspect.

In fact by local supplier we mean those companies that reside in the vicinity of one of our production units and which, over the years, has kept a local dimension or has known how to structure itself, both at an organizational and qualitative level, so that it can also serve other plants.

Local suppliers represent more than 60 % of purchases relating to the analyzed perimeter. From an analysis of the suppliers' list the importance of the link with local businesses is even clearer: 46 % of the major 150 suppliers, representing 80 % of expenditure for purchases, are local.

Obtaining the loyalty of our suppliers is part of the business philosophy of Buzzi Unicem. A significant part of these, both national and local, has been working with our company for many years; in particular some suppliers of services have been working with us for more than twenty years.

With regard to the above and considering the fact that suppliers are considered an important company resource, current contracts last for two or three years. Since in Italy there is a "Code of Ethics" to be followed, suppliers are required to accept this and it becomes an integral part of the general supply conditions.

Buzzi Unicem bases its relationship with suppliers on correct relations and observance of the law; their selection is made solely on the basis of the technical and economic competitiveness of offers.

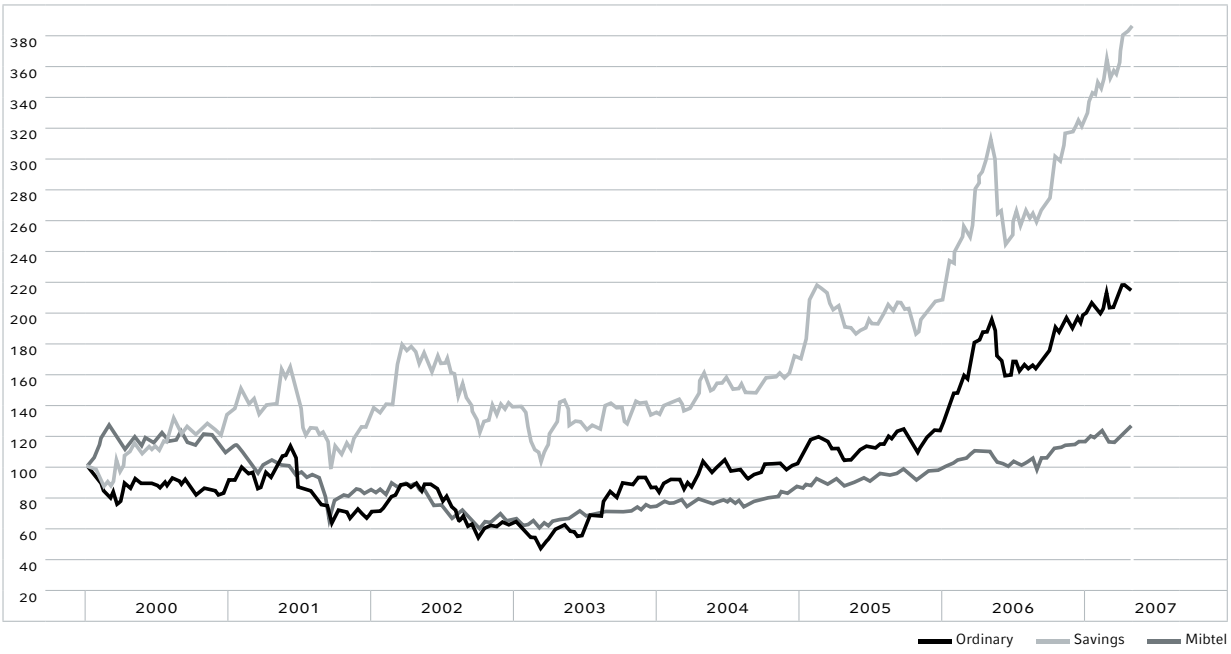
Payment conditions, for the same type of supply and commodity sector, are standardized; payments are made according to agreed timescales and methods: during the reporting year no disputes due to delays were recorded.

Shareholders

For Buzzi Unicem shareholders the year 2006 has been very positive. The course of the stock market, thanks to improved macroeconomics conditions, positive trend in the sector and excellent results supported the share quotes of Buzzi Unicem, which on the occasion of its Centennial celebration also rewarded the loyalty of its equity holders through the payment of a 0.400 and 0.424 euro dividend, respectively to the ordinary and saving shares.

Moreover, effective from January 2nd, 2007 Buzzi Unicem's ordinary shares (BZU.MI) have been included into the S&P/MIB index, which measures the performance of the 40 major stocks (blue chips) trading on Borsa Italiana MTA and MTAX. It is an impressive achievement which rewards the work of all group employees and acknowledges the market appreciation for our company.

Buzzi Unicem trading
(base January 2000 = 100) at April 30th, 2007



Also the financial indicators clearly show the improved return for the shareholders:

Highlights per share

	2000	2001	2002	2003	2004	2005	2006
EUR							
Basic earnings per ordinary share	1.04	1.15	0.93	1.07	0.97	1.31	1.77
Diluted earnings per ordinary share	1.07	1.17	0.93	1.01	0.93	1.27	1.71
Cash flow per share	1.96	2.22	2.31	2.10	2.37	2.67	3.14
Shareholders' equity per share	6.03	7.94	7.87	9.13	8.16	9.67	10.63
Price/Earnings ratio	8.72	6.46	7.21	8.72	11.14	10.07	12.63
Price at year end							
ordinary	9.08	7.43	6.68	9.32	10.78	13.16	21.45
savings	5.59	5.76	6.06	6.04	7.51	9.17	14.56
Dividend per share							
ordinary	0.20	0.23	0.25	0.27	0.29	0.32	0.40
savings	0.22	0.25	0.27	0.29	0.31	0.34	0.42
Yield							
ordinary	2.2 %	3.1 %	3.7 %	2.9 %	2.7 %	2.4 %	1.9 %
savings	4.0 %	4.4 %	4.5 %	4.9 %	4.2 %	3.8 %	2.9 %

The year 2006 has also witnessed the entrance into the share capital of important institutional investors; as of Dec. 31st the main shareholders were:

Main shareholders
at December 31, 2006

	Ordinary	Savings	% of total share capital	% of ordinary share capital	% of voting rights
Presa SpA (Buzzi family)	72,736,806	–	35.4	44.2	44.2
Fimedi SpA (Buzzi family)	15,700,000	–	7.6	9.5	9.5
Alliance Bernstein LP	16,208,569	–	7.9	9.8	6.6
Julius Bär Investment	3,435,622	–	1.7	2.1	2.0
Amber Capital	3,360,529	–	1.6	2.0	2.0

Over 32 % of the ordinary share capital is owned by foreign investors

In order to support the frequent contacts with small investors, financial analysts and institutional investors the company makes use of an internal Investor Relations office. Communication channels, often supported by the top management, are multiple: conference calls, in-house meetings, presentation to the financial community, road shows held in the main financial capitals.

The main events occurred during the year 2006 are as follows:

February	PII	Road Show Euromobiliare	Frankfurt
February	PII	Road Show Euromobiliare	Edinburgh
April	PII	Dresdner Construction Conference	London
May	AA	Annual General Meeting	Casale Monferrato
May	PII	Chevreux Italian Large&Mid Cap Conference	Paris
September	PII	Road Show Man Securities	London
September	PII	Mediobanca – The Italian Industrial Conference	S. Margherita di Pula
November	PII	Unicredit Small Caps Conference	Milan

SM: shareholder's meeting; AP: analyst presentation; PII: presentation to institutional investors

BURNING

PHASE 03

Pre-calcination – Sintering – Quenching – these are the three phases of our burning process. After extracting the CO_2 from the meal, it is made to react chemically at high temperatures until it reaches a liquid phase in which the new crystalline compounds remineralize. Then it is "quenched", i.e. it is cooled with strong air currents through special steel grids. Flame temperature reaches around 2,000°C while the material 1,500°C.

It is the most demanding and fascinating part of our process: it is the area in which we feel stronger.

Worth of mention is a recent research of the Swiss bank Credit Suisse which puts under the spotlight family owned companies (with the creation of a new index – Bloomberg: CSFAM Index) discovering that on average these stocks tend to overperform the reference benchmark index. As a matter of fact, companies under a significant family influence record in the long term superior returns and higher profitability than companies with a fragmented shareholder structure. According to the research, family controlled company have a longer-term management focus, they concentrate on core activities and better align the interests of the management with those of the shareholders.

Customers

In Buzzi Unicem commercial and industrial decisions are constantly assessed giving utmost importance to satisfy the needs of our customers. Buzzi Unicem has set itself the target of constantly providing its customers with an excellent product and service. In particular providing a product in line with the specific needs of the individual final applications in which it is considered to be of the utmost importance. In order to be able to guarantee this level of quality, the sales force is accompanied by a group of technical experts who work together with our Research Centers to satisfy the requirements of our individual customers.

Moreover, constant, direct dialogue between the sales and industrial areas allows immediate information transfer among the various internal areas. In this way, the customer's voice reaches those individuals responsible for operations so that they can intervene on the process. Constant investments assigned to improve the product's quality and to guarantee immediate observance of new laws are also another strongpoint that allows us to create a relationship of trust with our customers, increasing their loyalty over the years.

Environment and land

Right from the very beginning our production units have actively involved the territory in which they are located. During the often complex authorization phase, discussions with local authorities and communities are mainly aimed at guaranteeing that the company respects the environment and the citizens' health.

In this context Buzzi Unicem commits itself to design and build its own plants equipped with the best environmental technologies, to strictly observe laws and to design structures that mitigate the impact of its activities.

GRINDING

PHASE 04

Our "grinders", today called "mills", are the most modern anyone can imagine, and are designed to obtain meal, not of the edible kind, but of very fine stone, with particles smaller than 60 microns. They have powerful, sometimes enormous motors, with thousands of horse power, like those of a great ship.

Our technologists continue to seek solutions for an increasingly more responsible use of electricity.

Maintaining these commitments and our willingness to inform public opinion with documented figures is the premise that ensures that the Communities amongst whom we work can appreciate the economic and social benefits that derive from our business venture: work for employees, contractors and for suppliers of goods and services.

Our group has and will endeavor to be a credible, transparent, reliable partners for people.

The most detailed information about the environmental parameters of our production sites and surrounding territory have, for many years and long before it was made a legal obligation, registered using sophisticated instruments and have been transmitted to the various supervisory Authorities and the Municipalities, often in real-time.

The desire to minimize environmental impact has always pushed the company to adopt the best environmental technologies, keeping them at the maximum level of efficiency, to transform and extend infrastructures for public use. Within the areas where we are present, our principle of respecting pre-existing social realities has been acknowledged.

Company representatives are trained and encouraged to pursue this line with their work, and together with them, it has been possible to expand and modernize our plants, wherever necessary.

Over the years, our operating units have become an integral part of the communities in which they are located and as such participate in social life, intervening with economic and instrumental means to support the various ventures that aim at improving local populations life quality.

In the many companies in which we work we have created centers for various purposes aimed at social and cultural aggregation. We host educational activities for schools of various kinds and levels, support sports activities, contribute to the building of public infrastructures and sponsor environmental research and control activities.

In pursuing this policy of open dialogue and the sharing of targets, we think we continue to deserve local trust and to operate in the general interest.

TRANSPORTING

PHASE 05

Hundreds, thousands of tons are moved quickly: vertically with elevators, horizontally with bridge cranes and conveyed on steel or rubber belts, or again on sloping tracks. By articulated trucks and freight car, over land, river and sea our cement reaches the building site as far away as 300 km in Europe, at 1,000 km in America and even at 5,000 km in Russia.

We strongly commit to logistic rationalization, increasing efficiency and reducing the environmental impact.

Staff

Buzzi Unicem is committed to the on-going search for more efficient instruments so that its own human resources can continue to improve their contribution to achieving corporate targets.

The international organization of the multi-regional group, moving from a single central spirit summarized in the "vision", fosters the exchange of experiences and joint work on specific technical-professional topics, both with regard to the important investment projects underway and with regard to the most typically central functions, such as marketing and communication, information systems and finance. Therefore, opportunities to work at production units and with company bodies of different nationalities to the one from which they come will become increasingly frequent, especially for young people with high potential.

With regard to industrial safety, Buzzi Unicem has started structured ventures to train and to make its staff more aware, with organizational paths designed on the principle of "shared responsibility", indispensable in order to integrate technical and production needs with legal prescriptions, stimulating and addressing the operating culture towards the search for effective internal synergies. Through this process of self-analysis, health and safety department internal auditors can acquire greater skills and a style of dynamic leadership and can promote their own function of service and consultancy, with on-going professional updating, developing communication and organizational capacities alongside technical ones; awareness of the role and the preventive mentality will enable the analysis of critical aspects and governance of the many changes and growing future challenges in the field of ecology, the environment and safety.

ROOTS AND TRADITION

The same names often come up in our plants as sons and grandchildren from the same family follow in the footsteps of their elders. The plants and their mode of operation have changed over time, of course, but just like the roots of a 100-year old tree, they come to the surface and provide a solid support when necessary.

We hand down the unspoken value of teamwork, creating a sense of unity that does not need any announcement or a study in social communication because it comes from the hard work and satisfaction that we share in our common commitment on a daily basis.

We cultivate the respect for knowledge, expertise and availability and we strive to transmit to younger employees the know-how and the desire to learn and improve even more, not only for themselves but also for those who will follow in their footsteps.

Performance indicators

CONTENTS

ENERGY RECOVERY

ENERGY

Coming from the Greek “energheia” (en – intensive particle and ergon – acting ability), this term was used by Aristotle to underline an effective deed. Inspired by Aristotelian poetry, the term was later associated to the idea of expressive force. In 1619 Kepler gave this word the current meaning of physical energy.

Geseke fuel substitution

in %

conventional		35.1
1	Lignite	35.0
2	Oil	0.1
alternative		64.9
3	Plastics and tires	58.4
4	Liquid waste fuel	4.8
5	Animal meal	1.7

GERMANY

During 2006, in our Geseke plant, fuel substitution replacement with alternative fuels such as rubber, plastic mixtures, solvents and animal meals, amounted to 64.9 %, one of the highest values in the world. This result was obtained after a long experience, gained not only in the plant but at group level also. In particular, we only use fuels of certified origin, approved specifically by the relevant national and local authorities, which have developed a considerable knowledge through their collaboration with our plant. The combustion process is monitored constantly by an electronic system that guarantees attainment of standards. Also, a system that ensures the constant quality of the supply and observance of the safety parameters of the fuels used is also being adopted. The quality characteristics of the product are monitored constantly to ensure that they comply with requirements at all times. Analytical results are provided on-line for the consultation of control authorities and corporate management.

Economic Performance

EC1

Direct economic value generated and distributed

At group level, 2006 was once more a very positive year, with improving sales and operating results; the progress is attributable to Unites States of America, Eastern Europe countries, Italy and Mexico.

Balance Sheet Highlights

	2004 IFRS	2005	2006
milions of euro			
Current assets	1,742.9	1,412.1	1,616.3
Fixed assets	3,784.9	4,111.0	3,764.2
Uses of Funds	**5,527.8**	**5,523.1**	**5,380.5**
Short-term liabilities	1,185.9	675.2	729.3
Long-term liabilities	2,587.7	2,617.8	2,225.9
Net equity	1,754.2	2,230.1	2,425.4
Source of Funds	**5,527.8**	**5,523.1**	**5,380.5**

Net sales and more extensively the production value have grown considerably, above production costs; as a consequence it is recorded an improvement in the added value, calculated as difference between production value and consumption of goods and services.

Income Statement Highlights

	2004 IFRS	2005	2006
milions of euro			
Value of production	2,861.3	3,048.5	3,310.2
Cost of production	(1,716.3)	(1,844.3)	(1,983.3)
Other income and expenses	3.9	11.9	80.6
Gross Added Value	**1,148.9**	**1,216.1**	**1,407.4**
Amortization and depreciation	(214.9)	(226.2)	(203.2)
Net Added Value	**934.0**	**990.0**	**1,204.2**

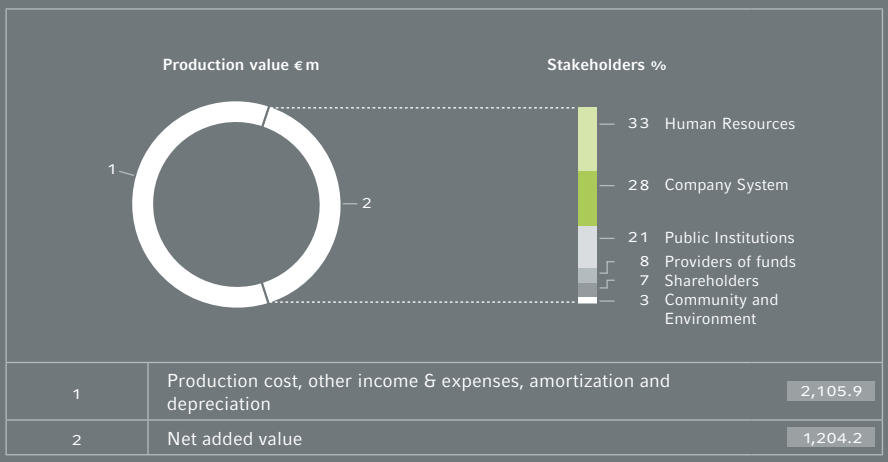
Note: calculation of the added value incorporates some modifications to better express the restatement of the income statement

The improved net added value highlights the ameliorated economical benefit that Buzzi Unicem operations have generated toward the main shareholders. The restatement of the balance sheet and income statement, working as a transfer between the financial statements and the sustainability reporting, clearly express the numerical connotation of these benefits, then distributed among the shareholders according to their economical, social or environmental nature.

Distribution of the Net Added Value

	2004 IFRS	2005	2006
in %			
Human Resources	45	42	33
Company System	17	23	28
Public Institutions	16	14	21
Providers of funds	13	11	8
Shareholders	5	6	7
Community and Environment	3	3	3

Composition and distribution of added value



1	Production cost, other income & expenses, amortization and depreciation	2,105.9
2	Net added value	1,204.2

The partition of the net added value indicates that its growth has been absorbed for a good portion by "Public Institutions", mainly as income taxes given the improved results; also the "Company System" and the "Shareholders" have enjoyed the same progress in the results. The share addressed to the "Provider of funds" has considerably diminished, given a further decrease of debt service cost, which benefited from net debt reduction. Lower is also the percentage of added valued distributed to the "Human Resources", following the disposal and deconsolidation of a few companies operating in the concrete products sector in Germany and Luxembourg with a consequent reduction of the headcounts. Stable at high levels, if compared to the sector, is the portion absorbed by "Community and Environment", to confirm Buzzi Unicem commitment toward social and environmental topics.

EC3

Coverage of the Organization's defined benefit plan obligations

We believe that providing comprehensive employee benefit programs is an essential aspect of how we choose to do business. First and foremost, our programs support the general health and welfare of our employees and their families, and in doing so they have a significant impact on the quality of their lives. Further, our programs are a competitive resource that enables us to attract and retain a motivated workforce with the skills and abilities to secure the future of the company for years to come. Fully recognizing the importance of such tools for our employees and for the company, we are committed to managing the design and administration of our benefit programs exhibiting both diligence and prudence.

Buzzi Unicem group operates in several countries, each with different structures and in social context extremely different one from the other. Starting from an heavy presence of state social structure in Italy, that rule the pension plan system, we reach a situation of evolved plans and politicies in the United States and in Germany, where it exists a high degree of flexibility to satisfy the future expectations of the employee life.

Group companies provide post-employment benefits for their employees either directly or indirectly, by paying contributions to independently administered funds or by defined contribution plan and/or defined benefit plans.

The way these benefits are provided varies according to the legal, fiscal and economic conditions of each country in

which the group operates and the benefits generally are based on the employees' remuneration and years of service. The obligations relate both to active employees and to retirees.

Beside the contributions paid to publicly or privately administered entities on a mandatory basis, Buzzi Unicem records in its financial statements contribution on a contractual or voluntary basis.

Defined benefit plans may be unfunded, or they may be wholly or partly funded by the contributions paid by the company, and sometimes by its employees, to an entity or fund legally separate from the employer by which the benefits are paid. The defined benefit pension schemes that the group operates in Germany and, to a lesser extent, in Luxembourg are mainly unfunded, while in the USA and in Mexico pension plans are mainly funded, while healthcare obligations are unfunded in nature. Life insurance and healthcare plans after retirement are considered defined benefit plans, as well as the obligation for employee severance indemnities (TFR) for the Italian companies.

The item "Other" includes loyalty bonuses, which are due to employees who reach a specified seniority and are generally settled when an employee terminates its employment; these schemes are unfunded.

The group grants also other long-term benefits to its employees, which include those generally paid when the employee attains a specific seniority. In this case the valuation of the obligation reflects the probability that payment is required and the length of time for which payment is likely to be made.

Group employees can also subscribe private pension plans with insurance company that provide fiscal benefits for the committed amount.

The obligations for employee benefits are analyzed as follows:

thousands of EUR	2005	2006
By category		
Post-employment benefits:		
Pension plans	172,068	159,201
Healthcare plans	121,804	110,268
Employee severance indemnities	40,560	40,655
Other	170	104
Other long-term benefits	6,893	9,754
	341,495	**319,982**
By geographic area		
Italy	41,559	41,700
Germany and Luxembourg	218,391	214,071
USA and Mexico	81,545	64,211
	341,495	**319,982**

Czech Republic and Poland grant a state pension system plan, similar to the western model, partially funded by the employee and for the remaining portion by the employer: such cost is directly expensed in the income statement under "staff costs". Even in these countries do exists private pension funds where to allocate part of the salary, benefiting of a tax reduction.

Russian and Ukrainian pension system is fully financed by the State, but often resulting not sufficient to support the retirement of the employee, who cannot be forced to retire at a defined age: in certain cases and because of this situation we tend to favour the employee whose desire is to leave the company with forms of one time bonus.

EC4

Significant financial assistance received from government

In the 2000–2006 years Buzzi Unicem has sustained capital investments in underdeveloped areas of the Italian territory (mainly Sicilia, Sardegna and Puglia regions) for approximately 50 million euro, benefiting from investment incentives granted by the Ministry of the Production Activities (under the law 488/92), recorded as tax credit for about 10 million euro. These subsidies account for about 20 % of the overall investments that the company has undergone in the same period of time. As of today incentives for 6.7 million euro have been credited, of which 0.7 million recorded into 2006.

In Germany, with the scope to integrate the regions belonging to the former German Democratic Republic, are available some state subsidy programmes, but restricted to new depreciable assets acquired for the first time. In 2006 Deuna Zement GmbH (Dyckerhoff) has received subsidy for about 0.4 million euro, in the form of investment supplements, as fiscal support measure.

GERMANY: ECONOMIC SUPPORT OF THE GOVERNMENT

Since 1989, the year Germany was reunified, the economies of the "two Germanies" have developed at different rates. For many years, the recovery process has stagnated and growth rates in the east were lower than those of the west. At the end of 2006, the process to rebuild the eastern part has not yet finished, even though significant results have been achieved in many areas during the last 16 years. For a long time now, economic development has stopped progressing, following a unified model. The development of many regions has meant that they have achieved greater economic power, attracting, consequently, important investments, while other areas have been depreciated. Regional differences are closely linked to industrial density, the growth of which corresponds to the increase in development. The transformation industry already contributes more than 17 % to the gross added value of eastern Germany and has doubled its export rate from 1992 up to today.

The government provides subsidy programs, created to support the recovery and development of the east. For example, the law on investment aids envisages some subsidies by companies: these subsidies can be requested in the case of operations in the transformation industry sector or in the sector of "near-production" services, located in Eastern Germany (in the Länders of Berlin, Brandenburg, Western Mecklenburg-Pomerania, Saxony, Saxony-Anhalt and Thuringia). Investment integration is paid tax free and calculated on the basis of a percentage rate established by law with reference to the costs of purchasing and producing the asset that is entitled to the subsidy.

Personal protective equipment

Control of the correct combustion in a kiln

EC7

Procedures for local hiring

Although the group does not have a global policy yet, it is widespread policy to recruit staff – especially blue-collars, foremen and white-collars working at the plants – giving priority to local workforce, with equal conditions and professional skills, to maintain and increase relations with the local communities.

Cement and concrete manufacturers have a regional character. Therefore it is important to know the local employment market conditions and the social milieu. Our company policy promotes, in all countries, the recruitment and training of managers of the respective nationalities and consequently linked to the social life of the area in which the company operates.

However, this does not mean that our managers do not have the chance to increase their experience beyond national borders in other business units, for example taking part in short-term projects. Their inclusion in the social environment is always encouraged by the company.

In Italy about 36 % of current employees are employees or former employees breed (offspring).

While in the cement works only 50 % of directors are local (it is in fact common practice that directors are transferred from one production plant to another during their career), in the concrete sector as many as 90 % of area (geographical region) managers are recruited from the local communities and pursue their careers within the company. In some cases, managers come from other companies in the sector: the concrete market is developed mainly at local level and is fundamentally based on know-how and links with the economic community of the area.

ENVIRONMENTAL RESTORATION

ENVIRONMENT

Natural environment consists in a set of factors spontaneously ruled by nature, in contrast with "artificial" milieus where progress is influenced by humans. Environmental restoration brings the land back to its former conditions safeguarding the remaining resources and the ecosystems, the recovery of some areas and of the animals living there.

Ecology and Environmental restoration expenses in Italy
(base 2002 = 100)

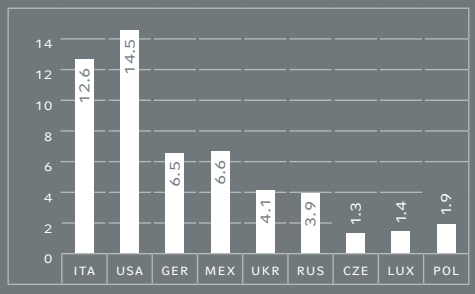
ITALY

The general concept at the basis of environmental recovery is that of operating to obtain sufficient living conditions for the establishment of organic components and animals that are typical of the area. In particular, the main aim in case of environmental recovery or restoration of a quarry, is to restore the quarry so that it can be returned to its surrounding landscape and nature. The final destination of the area is usually linked to an essentially naturalistic function and the guidelines of the work are:

_softening of the visual impact;
_establishment of organic coenosis that can evolve spontaneously and rapidly toward natural eco-systems;
_encouragement of bio-diversity.

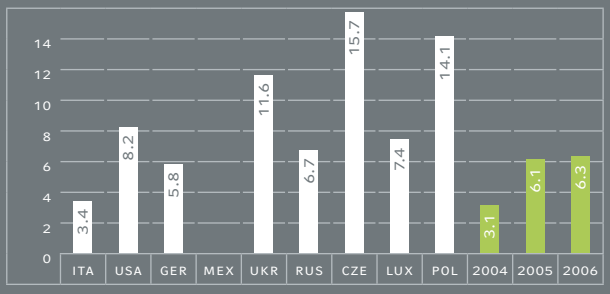
In the short term, we aim, first and foremost, at limiting erosive phenomena triggered by alteration of the natural profile and by the lack of organic coverage, in particular of forest growth. The stability of surfaces is guaranteed firstly by the profiling escarpments with slope values that are compatible with the physical characteristics of the land. Subsequent stabilization work therefore consists in re-establishing the soil where plant coverage will be placed. The anti-erosive action is completed by planting rapid-growth grasses that will consolidate the surface layer of the soil with their roots and protect it from the beating rain, with the portion outside the ground. In the medium and long term, on the other hand, we focus on the gradual return of the damaged area to the territorial context, gradually improving its visual impact, by re-establishing plant coverage and by planting strictly local trees and bushes. This guarantees that plants will grow faster and that processes to re-colonize the area and develop the vegetation will begin naturally. Usually recovery proceeds at the same time as extraction activities go on, so as to combat the damage to depleted areas and accelerate the time required to return the area to its surrounding landscape and environment. In general, recovery is carried out with typical "Restoration ecology" methods, based on low environmental impact techniques of naturalistic engineering, a technical discipline that uses live plants in the sphere of complex works (para-natural structures of ecological and landscape interest) and anti-erosive and consolidation work, in general together with other materials (wood, stone, galvanized netting, geotextiles, biomats, etc). These works aim at achieving objectives that "rebalance the eco-system" and are designed and carried out referring to the ecologic characteristics and requirements of the habitat, community and target species that are typical of the site in which we operate.

Raw material consumption
(million tons)



EN1

Natural raw material substitution
(in %)



EN2

Environmental performance

In order to ensure the consistency and comparability of the environmental impacts, the indicators refer to equivalent cement (indicated in the graphs as cem). These indicators allow to compare the real impacts without taking into account any internal movements of clinker.

The indicators relating to just the burning phase refer to 1 ton of clinker produced. If the values for the previous years are not indicated in the graphs, this absence is attributable to the change in the reference area of the collected data, which means that said data is not fully comparable.

The environmental indicators concern the impacts generated by the group cement works, excluding the affiliated company Moccia, and with regards to the concrete sector, by the study relating to the Santena plant (Turin).

EN1 EN2

Raw materials

The production of cement implies an important consumption of non-renewable natural mineral resources, such as limestone, marl, shale and clay, extracted from quarries and mines.

Extraction activities, almost everywhere, are subject to procedures for evaluating the environmental impact aimed at minimizing the effects on the territory. The main consequence of these authorization procedures is the adoption of mining and environmental recovery techniques more onerous than in the past, which however considerably increase the eco-compatibility of the activities.

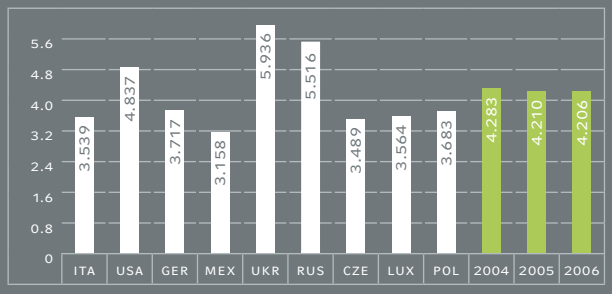
The main activities performed are as follows:

_the underground installation of crushing plants fed by casting chute in order to reduce yard handling, dust and noise;

_adoption of conveyor belts, transportation via rail or water in order to reduce pollution linked to road transport;

Kiln specific consumption

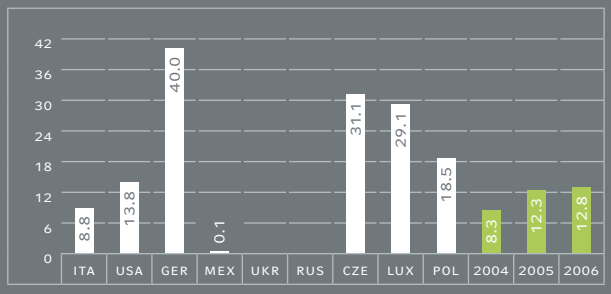
GJ/t clinker



EN3

Fuel substitution

(in %)



EN3

_morphological re-modelling according to natural geometries for an improved re-introduction of the site into the environmental context;

_adoption of naturalistic engineering techniques, strengthened sowing and planting for progressive reintegration with the local flora, also by means of the creation of nurseries for the production of native tree and shrub species;

_projects for the re-use of sites abandoned by extraction activities so as to convert industrial areas for new functions.

The importance of natural mineral resources is such that, over the last few years, in order to reduce the exploitation of the subsoil and prolong the duration of the quarries, the group started up the use of alternative materials deriving from other production and consumption processes.
The situation is illustrated in the diagrams (previous page).

The main secondary raw materials used by the group are: mill scales, incinerator slag, shard and stone rubble, foundry sand, water purification sludge, blast furnace slag, ashes from thermo-electric power plants, aluminum residues, chemical gypsum.

EN3

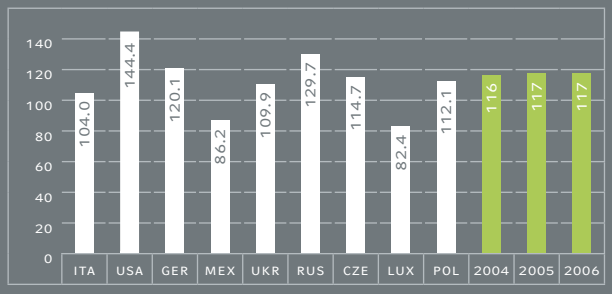
Energy

As illustrated in the graphs, significant differences are revealed in the specific consumption of energy from fuel in the group's countries. This takes place as a result of the different technological and plant engineering efficiencies, on which the company is currently and promptly working so as to endow all the plants with improved technology.

Of greatest importance are the differences seen in the heat replacement of fossil fuels, increasingly less available, with alternative fuels, the abundance of which lies among the compulsory problems of our civil society. The topic concerns the replacement of non-renewable energy deriving from gas, oil and coal, which we know is precious and which involves environmental, safety and cost problems, with fuels deriving from waste, including biomasses. It would seem to be the easiest solution, good business for everyone, especially for the environment, but due to the spreading of the NIMBY (Not In My Back Yard) syndrome, in many countries today it is the most difficult activity to pursue.

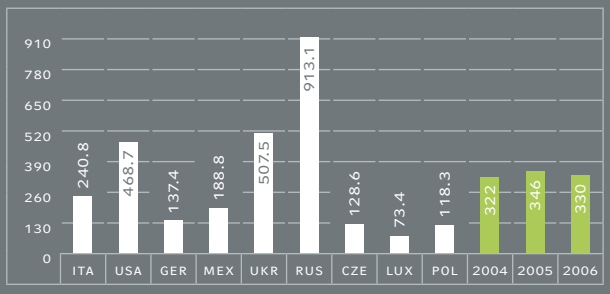
The Kyoto protocol in fact acknowledges the re-utilization of alternative fuels with the possibility of reducing greenhouse

Specific electrical consuption
kWh/t cem



EN3

Process water consumption
l/t cem



EN8

gas emissions. Precisely those countries such as Germany, which over the years have matured greater environmental sensitivity, support the implementation of these replacement programs which are decidedly winners for the environment.

Our company, on a consistent basis with the choices made in the past and thanks to know-how developed over decades in numerous plants present in many countries, not only makes itself available, but is an active part in the fostering of programs aimed at the conservation of global energy reserves for solving the as yet unsolved problem of the responsible recycling of our waste.

RENEWABLE ENERGY: EAUX DE LA VALLÉE

The "Eaux de la Vallée" brand certifies the production of clean and renewable energy generated exclusively by hydro-electric resources. Buzzi Unicem continues its commitment as consortium member of Idroenergia (part of the C.V.A. group): part of the utilities of the group companies use energy produced by hydro-electric power stations, located in Valle d'Aosta, which are supplied via the Enel Distribuzione S.p.A. network and by local distributors. The entire requirements which Idroenergia supplied to Buzzi Unicem during 2006 came from renewable sources.
Buzzi Unicem renews its commitment with regards to the use of pure and hydro-electric energy benefiting the environment and the community.

Electricity consumption in the cement plants is expressed in kWh/ton of cement. As can be noted from the graph, the values vary sharply from country to country.

The following contribute towards forming the numerous factor differences:

_the technological efficiency essentially relating to the grinding plants. This is linked to plant engineering choices on the type of the mills and the classifiers. With regards to the latest constructions, the group has adopted the Horomill technology which, has allowed to achieve the best sector efficiencies.

_the use of electrical equipment aimed at optimizing efficiency. By way of example, mention is made of the adoption of high performance transformers and motors with variable speed drives.

_the product types. In certain countries, for example the USA, as a result of legislative obligations a high percentage of clinker is requested which absorbs greater energy.

_the process type. Wet ways are favored with regards to electricity, while they are disadvantageous for the combustion of fuel.

The endeavor which the various corporate bodies are required to carry out for the purpose of improving this important environmental performance indicator must not ignore the marketing of products with a low energy content, and is aimed at directing investments towards the most performing technologies. Furthermore, within the sphere of the individual production units, awareness continues to be raised in relation to the daily attention of the operators for the efficient use of available technologies.

EN8

Water

The cement production plants require water resources for two different uses:

1) process water in the wet and semi-dry processes.

These are the oldest plants, those simplest to run, of which we record the highest specific consumption of fuel. The Ukraine and Russia are the two countries where this system is adopted on which we have started, and it will be necessary to continue to invest in order to change the process type. The investments required are important and have returns over the long-term. The water used is vaporized.

2) cooling water:

a) of the thermal load of reducers, bearings, lining of the operating equipment (kilns, mills, crushers, compressors, etc.); the on-going supply of water is carried out by means of a closed loop circuit, therefore complete with re-circulation and recovery. The correct value of the temperature going into the utilities is guaranteed by a refrigeration tower which comes as standard with the circuit.

b) of the gassy flows of the process; the water is meticulously micronized in the conditioning towers and the flow of gases deriving from the kiln is sent to filtration. It is also sprayed in the mills in order to limit the temperature of the cement during grinding.

This water is fully consumed and therefore reintegrated by means of milking the wells.

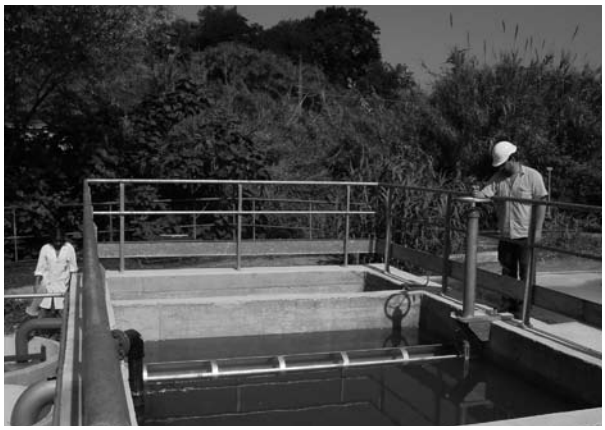
An additional portion of the water is used for feeding the fire-prevention circuit and for watering the plants green areas, especially during the summer.

The drinking water is taken from the municipal water systems or from wells (made drinkable by specific treatments) serving the workers operating at the plant.

In Italy, recent legislation (Italian Law No. 152/2006) and PTAs (Water Protection Plans) lay down, as supporting action, the reduction/requalification of the withdrawals from underground water ways and water rationalization. Acknowledging the legislative indications, the company intends to tackle the matter dedicating investments in two directions:

_optimization of the water resources;
_re-utilization of industrial water

Optimization in the use of the water resources involved identifying improper, uncontrolled uses, and recovering the losses in the underground circuits, looking after the functioning of the water levels in storage tanks, and the constant checking of the consumption on the branches of the industrial water loop. Re-utilization is pursued by means of re-circulation in the industrial water tank.



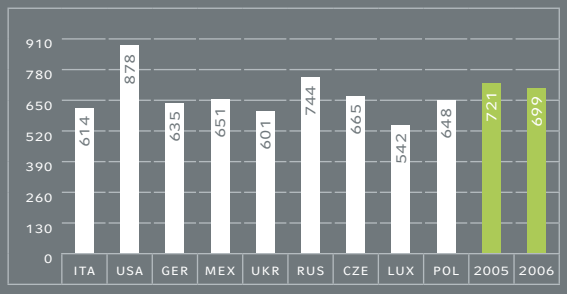
Water treatment system

Chimneys water reflection

RAIN WATER RECYCLING

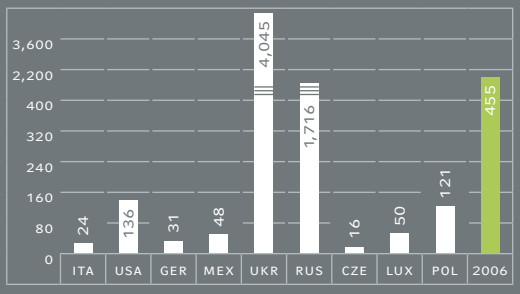
The opportunity associated with recycling rain water with particular reference to initial precipitation, should be recalled. This is now possible and desirable following the legislative adaptation of the water drains which manufacturing sites are subject to according to the technical regulations issued by the individual Regions. In fact, rain water which "washes out, even if in a pre-ordained and systematic way (therefore discontinuous), an area subject to manufacturing activities, passive or otherwise, and takes with it residual elements of said activities" is subject to regulation of the drains. The rain water which falls during the first 15 minutes and for 5 mm of draining surface area of the industrial plant, is considered contaminated (the studies which have led to these technical conclusions are international). Consolidated experience indicates how the most efficient systems for the containment of the polluting load are represented by the creation of collection and containment tanks. Furthermore, a feeding system must be created so as to exclude the same once they have been filled, in order to avoid the dilution of the initial precipitation collected with the subsequent so-called second precipitation. Once the rain has stopped falling, the activation of the tank emptying operations must be guaranteed within 48–72 hours after the last rainfall involving the water being sent to the treatment plant. The water, after appropriate treatment, can be discharged into clean water drainage systems or into surface water bodies in observance of the emission limits of the water drains contained in table 3, attachment 5 of Italian Law No. 152/2006. The treatment takes place by means of a riddle system, coarse sedimentation by means of fast falling and/or forced sedimentation by means of foliated packs. Lastly, any traces of oil are eliminated, after flotation, by means of specific coalescence oil extractors. The company, instead of discharging this water, sends it on to be re-used, having endowed all the plants with specific pumping systems in the industrial water accumulation tanks so as to contain the volumes withdrawn from the distribution network. Any excess is used for watering or wetting roads and yards.

Greenhouse gas
kg/t cem



EN16

Dust
g/t clk



EN20

EN16 EN20

Air

With the ratification of the Kyoto protocol, the international community undertook the commitment to reduce greenhouse gas emission by 8 % by the end of 2010, when compared with the emissions in 1990.

The Buzzi Unicem group, operating in a sector featuring elevated emissions of carbon dioxide, contributes to reach Kyoto objectives by participating in Italy, Germany, the Czech Republic, Poland and Luxembourg to the Emissions Trading Scheme, as well as taking part on a voluntary basis to agreements with the same aim in the USA and Mexico.

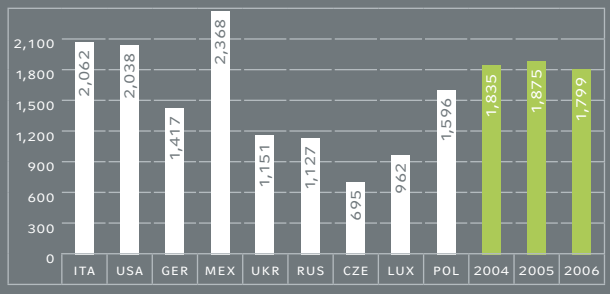
The Kyoto protocol's great merit has been to force companies to consider the right to emit carbon dioxide a scarce resource, with its own price, as any other raw material, and whose introduction into the atmosphere represents, for all purposes, a cost for the company.

In 2006, Buzzi Unicem managed in total to reduce its specific emission of CO_2 by 3 % when compared with the previous year.

This result was obtained thanks to the greater utilization of bio-fuels replacing conventional fossil fuels, an improved thermal efficiency of the plants and the reduction of the clinker content in cement.

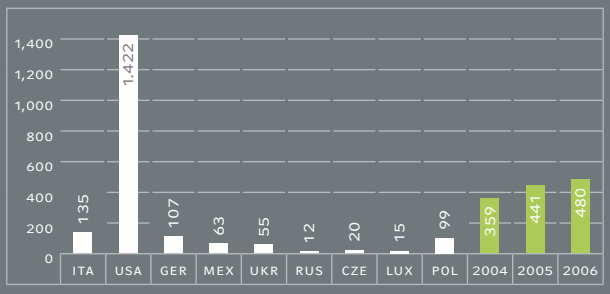
Emissions into the atmosphere, particularly those relating to dust, nitrogen oxides and sulphur oxides, deriving from clinker production, are amongst the most important environmental impacts generated in the cement production cycle. In order to be able to constantly monitor the emission values, the company has equipped itself – even if not expressly required by current legislation – with modern systems for the continuous monitoring of the emissions (CEM). When this document was drawn up, the kilns equipped with CEM covered more than 50 % of clinker production. We intend to continue to invest so as to increase the percentage as quickly as possible.

NO_x
g/t clk



EN20

SO_2
g/t clk



EN20

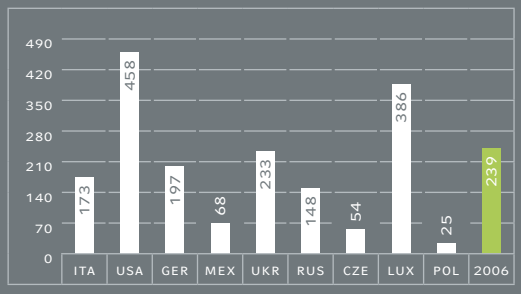
Nitrogen oxides are generated in the combustion phase, mainly as a result of the high temperatures and the composition of the fuel. So as to achieve increasingly higher strict emission limits, especially in case of recovery of waste as fuel, besides primary measures, such as the reduction of flame temperature, the use of low-NO_x burners and low nitrogen-content fuels, during 2006 another 3 non-catalytic reduction systems (**SNCR**) entered into service, in addition to those already installed. The SNCR technique requires the introduction of a watery urea solution into the exhaust gas, so as to reduce the nitrogen oxides present in N_2. The use of these systems in 2006 permitted a decrease of around 10 % in the emission factor (g/tons clk) in Italy, with peaks of **51 %** at the Travesio plant.

Sulphuric oxides are mainly generated as a result of the sulphur content in the raw materials under the form of sulphides, and in the fuels where the sulphur content varies up to as far as 6 %. The cement kiln, since it is a genuine chemical reactor, highly basic, facilitates the combination of the sulphur oxides in the burning material. This catchment makes it possible to reduce the SO_x by around 90 %. Besides this intrinsic ability of the process, in particular cases there is the need to use absorbents, such as calcium hydroxide, capable of reducing the emissions by around 40 %. During 2006, the emission factor (g/tons clk) in Italian cement works was reduced by around **23 %**.

Dust emissions during 2006 registered a reduction in the indicator in Italy of around 2.5 %, with excellent results at the Vernasca plant, where the installation of a modern baghouse dust collector made a reduction in the emission factor (g/tons clk) of 63 % possible.

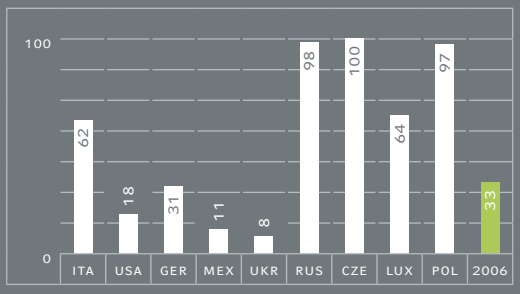
The anomalous values relating to dust emissions in the Ukraine and Russia and to the sulphur oxides in the USA are due to the fact that monitoring of the pollutants was not carried out and consequently the maximum concentrations envisaged by current legislation were considered.

Waste production
g/t cem



EN22

Recovered waste
in %



EN22

EN22

Waste

The cement production cycle, just like that involving concrete, does not generate waste, other than that deriving from the services, the offices and the maintenance activities. So as to be able to obtain a comparable indicator, over the years and in the individual countries, the decision was taken not to consider the waste deriving from extraordinary and routine maintenance (for example: waste from demolition, iron and steel).

In order to mitigate the environmental impact linked to the production of waste, where authorized, there is the possibility of recovering in the same production cycle certain waste produced inside the cement plants; where this is not possible, it would be sent to disposal or recovery plants. During 2006, the percentage of waste sent for recovery came to 33 %. This percentage, also considering the waste deriving from maintenance, rises to over 80 %.

In Italy, mention is made of the Robilante plant which, in addition to the recoveries already highlighted in the sections Energy and Raw materials, recovers around 600 tons of waste produced inside the plant (paper, wood, refractory material, etc.).

If authorization for recovery has not been received, selective waste collection carried out at other group plants in any event makes it possible to send the waste to other authorized recovery plants.

EN26

Products and services

The Environmental Product Declaration (EPD) is a voluntary communication tool, used to analyze the environmental impacts linked to the production of a finished product, such as for example 1 ton of cement or 1 mc of concrete, taking into consideration the entire product life cycle. The information contained in the EPD is objective, measurable, comparable, credible and checked by an accredited certification body. The main objectives of an EPD may be the encouragement of environmental improvement, encouragement for the supply and demand of ecologically preferable products or the disclosure of detailed and verifiable information relating to environmental aspects, permitting the comparison between functionally equivalent products (e.g. the environmental "costs" linked to the manufacture of a concrete structure can be compared with those for the steel structure).

THE COMMITMENTS OF THE ASSOCIATIONS IN THE FIELD OF SUSTAINABILITY

Cembureau
Cembureau is the association which represents the European cement industry. Divided up into 5 working groups, the associate activities aim to promote the product, take common stances for responding to questions concerning EU legislative and develop standards. One commission in particular has the task of developing the theme of responsibility of the product for which two brochures have also been published on fire safety and on the construction of energy efficient buildings. Furthermore, with regards to labeling, another commission is tasked with preparing a study into the environmental product declaration. Lastly, the "Sustainability" commission carefully follows the standardization on sustainability in construction work. Disciplining environmental product performances is a matter followed diligently by a group of international experts.

WEB: www.cembureau.be

AITEC
AITEC – Associazione Italiana Tecnico Economica del Cemento – established in 1959 as a trade association for Italian companies manufacturing cement.

Its mission is to represent the Associate Companies in negotiations with the institutions, Social Parties, Bodies and public and private organizations, as well as to further awareness of the technical-economic potential of the product and the correct image of the Sector.

The association is involved in monitoring the market by means of macro-economic and business trend analysis, economic-statistical studies and research. Training activities addressing schools, universities, businesses, Bodies and professionals is of great importance. With regards to environmental protection, AITEC is involved in monitoring the product-related legislative framework, carrying out analysis and studies on environmental regulation, issuing publications and technical documentation and maintaining relations with technical bodies and organizations, both national and overseas.

The environmental policy of the associates covers the following principles:

_full observance of current legislation
_careful and responsible use of the natural resources
_on-going research and investments for the improvement of the environmental performances
_minimization of potential sources of pollution
_development of eco-compatible products
_protection of safety in workplaces

The cement companies which are members of AITEC represent more than 95 % of national cement production which, for years, is amongst the highest at world level.

WEB: www.aitecweb.com

PCA – Portland Cement Association
Founded in 1916, the Portland Cement Association represents the companies which operate in the cement sector in the United States of America and in Canada. The association deals with market development, engineering, research, training and consolidating relations with national and international technical bodies and organizations. Of particular value are the studies into sustainability solutions which show how concrete offers strategies on how to solve many environmental significant issues, including noise pollution, the partial restoration of buildings which makes it possible to save part of the existing structure, resistance to natural disasters, durability and many others.

WEB: www.cement.org, www.concretethinker.com

Houston Cement Company: cement import terminal

Raw material transportation from quarry to plant (Chattanooga, USA)

The efficacy of these instruments and innovative approaches for environmental communication (such as EPD) is based on the belief that environmental quality can produce competitive benefits.

During 2006, as part of a wide project which will lead to the definition of a sole international EPD system, Buzzi Unicem obtained certification relating to the EPD declaration for the cement manufactured at Vernasca and the concrete of Santena plant.

The use of the analysis of the product life cycle and the data contained in the EPDs represent a modern concept of planning, with greater attention paid to the environmental impact.

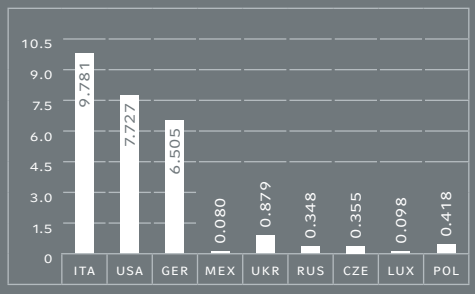
Within this context, besides being highly proactive in an EU sphere, in June 2006, Buzzi Unicem took part in the second FIB conference (fédération internationale du béton) held in Naples, so as to increase awareness of the quality of this innovative instrument among engineers and professionals in the sector.

The EPDs are available on the website www.environdec.com.

CEMENT AND WATER: USA

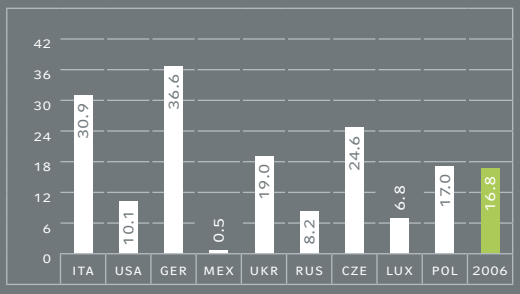
The Mississippi river system, with its network of tributaries, represents the greatest navigable system in the world, reaching 31 American states and 2 Canadian provinces, linking New Orleans and the Gulf of Mexico. Cape Girardeau, New Orleans, Selma and Chattanooga production is distributed via river over distances covering thousands of kilometers. The changes in internal demand of the market are offset by importing cement mainly from Europe and from the Far East. The cement is transported towards the distribution terminals by means of barges with capacities ranging from 1,000 to 3,500 tons. The Buzzi Unicem USA plants have around 600,000 tons of storage on Mississippi's large river system. At the end of 2006, the new import terminal of the Houston Cement Company was opened in Houston (HCC-East Terminal), a joint-venture between Ash Grove Cement, Alamo Cement Company and Texas Lehigh Cement Company. The terminal is one of the most important facilities of its type in the country.

HSE investments
(millions of EUR)



EN30

HSE investments on total
(in %)



EN30

EN30

Investments for HSE (Health, Safety and Environment)

Cement production activities are characterized by high consumption of thermal and electrical energy and by the use of important volumes of natural resources.

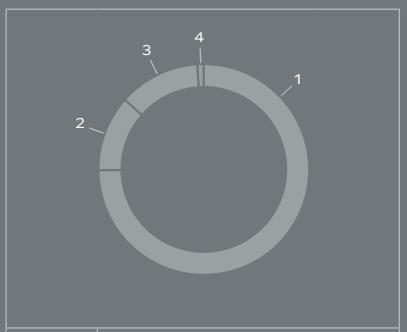
The group has therefore developed, in countries where it is present with its own plants, an investment policy for technological adaptation as well as for the implementation of production process management systems in order to respond to the expectations of the local communities with regards to environmental protection.

The priorities of the initiatives emerged as different in relation to the specificities of the various countries. In Italy, the most significant portion of the investments has been allocated to reduce the emissions into the atmosphere – dust, NO_X, SO_X – from its burning kilns by means of the replacement of electrostatic precipitators with baghouse dust collectors, the choice of adequate combustion techniques and the installation of efficient abatement systems. The project for the reduction of hexavalent Chromium is now fully on stream and has led to hoped results, just as significant improvements have been obtained from investments for containing the CO_2 emissions. Furthermore, a plan has been launched both for the reduction of around 5 % (when compared with the previous year) in water consumption and for the prevention of any possible contamination of the terrain or surface water ways from its drains by means of the creation of adequate safeguards.

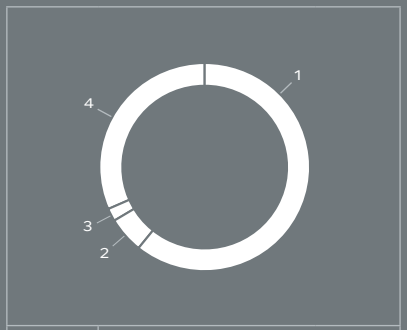
In Germany, Poland and the Czech Republic plants have been enhanced for increasing the use of alternative fuels instead of fossil fuels of natural origin. At the Geseke cement works, the heat replacement in 2006 reached a value of 64.9 %.

As has already occurred in Mexico, in Festus (MO) USA, and in Suchoi Log in Russia, work is underway for the modernization of the plants with more efficient production lines and the use of best available technologies. These will involve a reduction in the thermal and electrical consumption in addition to a drastic decrease in CO_2, NO_X, SO_X emissions (per ton of equivalent cement) into the atmosphere and dust, in observance of the most restrictive environmental standards.

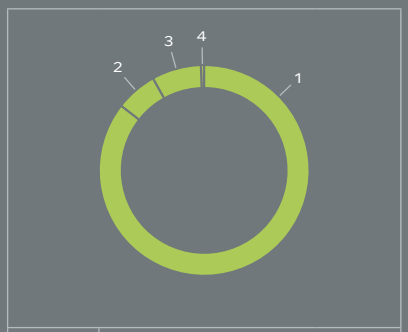
Concrete production: environmental impact details
(in %)



1	Cement	74.8
2	Other raw material	11.6
3	Transportation	12.5
4	Plant	1.0



1	Cement	60.8
2	Other raw material	5.6
3	Transportation	2.0
4	Plant	31.6



1	Cement	85.6
2	Other raw material	6.4
3	Transportation	7.6
4	Plant	0.5

Global warming Water consumption Energy

Concrete

The study into the product life cycle, relating to just the Santena plant, appropriately assessed and certified, has allowed to highlight the environmental burdens, associated with the production of 1 mc of concrete, and to divide them up into the various phases of the process.
As shown in the diagram, the environmental impact is minimal for all the aspects, with the exception of water consumption, where the weight linked to the production of concrete is around 30 %.

Also taking into account this indicator, the concrete mixing plants have been equipped with systems for recovering water seen as the:

_correct handling of the industrial water (completely recovered in the production cycle)

_separation with re-utilization of the cement water and the aggregates.

At present, 98 % of the concrete production plants in Italy are equipped with tanks for the collection and recovery of process water; there are no industrial drains leading outside in these plants. 24 % of the plants are equipped with an eco-efficient recycling system.

This solution combines the recovery of the industrial water with the possibility of re-using the aggregates in the rendered concrete; besides reducing the consumption of the natural resources (water and raw materials), these technological solutions make it possible to reduce the eventual production of waste to be disposed of.

An additional 27 % of the plants are equipped with recovery tanks with mixers which permit the re-utilization of the cement water and a portion of the aggregates.

Over the next two years, as part of the regulation of the rain water (and the related drains) the creation of tanks for the collection and treatment of initial precipitation water is envisaged at all the plants. Technically we forsee the recovery of this latter water in the production cycle as well.

With regards to the re-utilization of non-natural raw materials (coal combustion ashes), these are recovered in 52 % of the plants, in replacement of the cement. During 2006, for every cubic meter of concrete produced, the consumption of ash came to 12.7 kg, instead of 5 kg of cement, equivalent to around 1.7 %.

Furthermore, in the plants with more sensitive external receivers, systems and capping for noise containment (load tunnels and barriers) are installed, positioned at the loading point of the concrete mixers. These solutions make it possible to observe the provisions in force concerning the noise impact limits at the perimeter.

HSE certification

The application of the most important management systems, certified by ICMQ, a body accredited by Sincert, is the confirmation of a pro-active vision with regards to the environment and the health and safety of the workers.

Since 1999, Buzzi Unicem has been the leading Italian company in the sector to follow the path to voluntary certification in accordance with the international EN ISO 14001 and OHSAS 18001 standards.

A high level of environmental protection and safety of the worker, with a view to continually improve the services, is guaranteed by means of constant and repeated auditing activities.

Furthermore, so as to increase the awareness of all the staff involved, including outside firms, on-going training courses are held.

A modern approach to the environmental problems has also permitted the registration of the EPD trademark, both for the cement produced at the Vernasca cement works and for the concrete at the Santena plant, the only ones in the world in the related sector.

Such work has made it possible to assess the environmental impacts associated with the entire industry, from extraction of the raw materials to delivery of the finished product, adopting a “from the cradle to the grave” approach.

			UNI EN ISO 14001	OHSAS 18001	EPD
			Environmental management system	Health and safety management system	Environmental product declaration
cement plants	Italy	Augusta	•		
		Barletta	•		
		Cadola	•	•	
		Guidonia	ongoing		
		Robilante	•	•	
		Siniscola	•		
		Travesio	•	•	
		Vernasca	•	•	•
	Germany	Deuna	•		
		Lengerich	ongoing		
		Geseke	ongoing		
		Göllheim	ongoing		
		Amöneburg	ongoing		
	Mexico	Tepetzingo	•	•	
		Cerritos	ongoing	ongoing	
	Czech Republic	Hranice	•		
concrete plants	Italy	Orbassano	•	•	
		Settimello	•	•	
		Castelfiorentino	•	•	
		Monsummano	•	•	
		Santena			•
terminals	Italy	Ravenna	•		

RUSSIA

In line with past traditions, at Suchoi Log, the company supports various ventures of a social nature aimed at employees, their families and the local community.

In particular Sucholoschskzement is committed to supporting a recreation centre that offers numerous activities ranging from sport, to music and leisure time. Its pride and joy is the music school that offers a high level of preparation, as shown by the excellent results achieved by the amateur spirituals choir of Suchoi Log which, in 2005, won first prize at the Fourth International Brahms Festival for amateur choirs in Wernigerode (Germany).

The company also participates in the organization of local concerts, musical tours in the Swerdlowsk region, the purchase of musical instruments and works to renovate the school building.

The centre not only offers interesting initiatives, but it also contributes to keeping young people away from alcohol and drugs, a real plague in Russia today.

The social commitment of Sucholoschskzement also embraces the medical prevention field thanks to its support of a medical centre for adults and children for the treatment of various pathologies. This facility offers numerous therapies for diseases of the muscular and motory systems and of the bones and respiratory tract.

Another noteworthy venture is the contribution that has been given for more than 11 years to a home for children from 6 to 16 years of age, all with a history of family abuse. The aid provided by Sucholoschskzement goes towards the purchase of elements that are indispensable for daily life, such as clothes, toiletries, food and sports equipment. Children also have the chance to go to the local swimming pool and on special occasions, such as graduation or at New Year, there is no lack of gifts.

These are some of the programs that the company has been pursuing in the social responsibility area, confirming its intention to guarantee a better quality of life for the local communities.

SOCIAL RESPONSIBILITY

SOCIABILITY

Human beings are genetically inclined to sociability, attitude gained through the evolution of the species; the tight link between nature and human culture implies interaction with other human beings while the raising of societies goes side by side with language evolution and collective survival strategies, which are social abilities without which human needs could not be satisfied.

Social contributions in Russia
(base 2001 = 100)

Social Performance

LA1

Total workforce by employment type, employment contract, and region

	ITA[1]	GER	LUX	POL	CZE	SVK	RUS	UKR	USA	MEX	Total
Manpower total 2006	2,109	1,421	141	399	670	125	1,507	1,469	2,269	975	**11,085**
Males	1,938	1,197	139	319	590	106	1,156	1,049	2,098	896	**9,488**
Females	171	224	2	80	80	19	351	420	171	79	**1,597**
Term contracts	2,014	1,421	141	399	660	125	1,507	1,469	2,269	944	**10,949**
Permanent contracts	95	0	0	0	10	0	0	0	0	31	**136**
Full time	2,082	1,356	141	398	651	113	1,506	1,457	2,255	975	**10,934**
Part time	27	65	0	1	19	12	1	12	14	0	**151**
Manpower total 2005	2,148	1,557	132	407	604	127	1,506	1,481	2,238	913	**11,113**
Males	1,976	1,326	130	324	528	110	1,136	1,020	2,059	829	**9,438**
Females	172	231	2	83	76	17	370	461	179	84	**1,675**
Term contracts	2,071	1,557	132	407	591	127	1,506	1,481	2,238	863	**10,973**
Permanent contracts	77	0	0	0	13	0	0	0	0	50	**140**
Full time	2,119	1,500	132	406	585	114	1,506	1,469	2,231	913	**10,975**
Part time	29	57	0	1	19	13	0	12	7	0	**138**
Manpower total 2004	2,162	1,585	143	402	599	107	1,544	1,489	2,254	868	**11,153**
Males	1,979	1,360	141	320	534	91	1,169	1,026	2,081	790	**9,491**
Females	183	225	2	82	65	16	375	463	173	78	**1,662**
Term contracts	2,066	1,585	143	402	580	107	1,544	1,489	2,254	806	**10,976**
Permanent contracts	96	0	0	0	19	0	0	0	0	62	**117**
Full time	2,131	1,528	143	401	593	97	1,543	1,478	2,244	868	**11,026**
Part time	31	57	0	1	6	10	1	11	10	0	**127**

[1] without Addiment and Premix

The Sustainability Report 2006 is the first to include all the group's international activities in the social area. Social indicators refer to all the Italian, US and Mexican Companies in the group. As far as the activities of Germany, Luxembourg, the Czech Republic, Poland, Russia and the Ukraine are concerned, the figures differ slightly from those published in the 2006 Annual Report and also in the "Company Profile" section since for this first "Corporate" edition, the indicators have only been recorded for the main activities. The area covered by the survey constitutes more than 95 % of staff and for this reason is considered to be quite representative of the group as a whole. It is Buzzi Unicem's intention to include all employees in the 2007 survey.

Analysis of figures shows a steady employment trend in all countries of the reference perimeter (2006 perimeter for both previous years).

Italy

At macro level, an element that distinguishes Italy from other countries is the fact that there is a significant number of term contracts in Italy (with some differences during the three years), with a bar centre around 5 % of total staff. Certainly, a part of the term contracts is composed of mixed contracts (once called training contracts, now induction contracts and an embryonic attempt at applying the new apprenticeship scheme) while another part is composed, especially in the concrete sector, of work peaks, for particular projects, often linked to important supplies, such as the High Speed Railway.

It is, however, certain that these temporary needs lead to the choice of the fixed-term form – almost unheard of in other countries, except for Mexico and the Czech Republic – also due to the particular penalty discipline in force in our Country in the case of unjustified termination of an employment contract and for the considerable lack of mobility of the labor market.

In any case, Buzzi Unicem has always privileged, except for specific and contingent needs, stabilization of atypical employment contracts into permanent contracts, also possibly re-allocating staff employed in supplies for large-scale works – concrete sector – to other plants that supply the ordinary market.

Germany

Cement Sector: following the drop in the market registered in recent years, a joint program was started in 2004 to rationalize clinker and cement production. In particular, the Neubeckum and Amöneburg plants underwent a downsizing process, which lasted three years, finishing in 2006.

Concrete Sector: this was completely re-organized in 2006; seven regional companies were absorbed by Dyckerhoff Beton GmbH & Co. KG through a merger, with a production of 2.4 million cubic meters and a turnover of 142 million euro. Not only does this simplify the administration process but this operation has also enabled greater rationalization of the management in the concrete sector as a whole. The centralization of administrative functions at the Wiesbaden headquarters has also proceeded in this context.

Mexico

In Mexico, full running of the second line of the new plant and the organic growth in the ready-mix concrete sector have resulted in the employment of an additional 42 people, for the Buzzi Unicem share.

Employees subdivision by category

Nation/sector	Manager, Staff	Blue collars	Total
Italy	1,081	1,028	2,109
Germany	737	684	1,421
Luxembourg	63	78	141
Czech Republic	169	501	670
Poland	176	223	399
Russia	288	1,219	1,507
Ukraine	288	1,181	1,469
Slovakia	40	85	125
United States of America	747	1,522	2,269
Mexico	40	935	975
Total	**3,629**	**7,456**	**11,085**

LA2

Total number and rate of employee turnover by age group, gender, and region

	ITA[1]	GER	LUX	POL	CZE	SVK	RUS	UKR	USA*	MEX	Total*
Manpower total 2006	2,109	1,421	141	399	670	125	1,507	1,469	655	975	**9,471**
Total hirings	100	59	11	46	150	22	135	130	295	254	**1,202**
%	4.7	4.2	7.8	11.5	22.4	17.6	9.0	8.8	45.0	26.1	12.7
Total terminations	139	195	2	54	84	24	134	142	271	192	**1,237**
%	6.6	13.7	1.4	13.5	12.5	19.2	8.9	9.7	41.4	19.7	13.1
Males	129	167	2	52	60	23	86	94	248	183	**1,044**
%	6.1	11.8	1.4	13.0	9.0	18.4	5.7	6.4	37.9	18.8	11.0
Females	10	28	0	2	24	1	48	48	23	9	**193**
%	0.5	2.0	0.0	0.5	3.6	0.8	3.2	3.3	3.5	0.9	2.0
Under 30s	20	50	0	7	32	9	29	26	69	119	**361**
%	0.9	3.5	0.0	1.8	4.8	7.2	1.9	1.8	10.5	12.2	3.8
b/w 30s and 50s	43	116	0	32	19	5	48	64	169	62	**558**
%	2.0	8.2	0.0	8.0	2.8	4.0	3.2	4.4	25.8	6.4	5.9
Over 50s	76	29	2	15	33	10	57	52	33	11	**318**
%	3.6	2.0	1.4	3.8	4.9	8.0	3.8	3.5	5.0	1.1	3.4
Manpower total 2005	2,148	1,557	132	407	604	127	1,506	1,481	631	913	**9,506**
Total hirings	98	50	1	30	83	46	44	101	225	169	**847**
%	4.6	3.2	0.8	7.4	13.7	36.2	2.9	6.8	35.7	18.5	8.9
Total terminations	112	78	12	25	78	26	82	109	210	124	**856**
%	5.2	5.0	9.1	6.1	12.9	20.5	5.4	7.4	33.3	13.6	9.0
Males	97	61	12	18	59	24	70	94	189	116	**740**
%	4.5	3.9	9.1	4.4	9.8	18.9	4.6	6.3	30.0	12.7	7.8
Females	15	17	0	7	19	2	12	15	21	8	**116**
%	0.7	1.1	0.0	1.7	3.1	1.6	0.8	1.0	3.3	0.9	1.2
Under 30s	19	36	0	11	22	4	20	25	52	83	**272**
%	0.9	2.3	0.0	2.7	3.6	3.1	1.3	1.7	8.2	9.1	2.9
b/w 30s and 50s	46	26	2	12	21	12	30	60	115	35	**359**
%	2.1	1.7	1.5	2.9	3.5	9.4	2.0	4.1	18.2	3.8	3.8
Over 50s	47	16	10	2	35	10	32	24	43	6	**225**
%	2.2	1.0	7.6	0.5	5.8	7.9	2.1	1.6	6.8	0.7	2.4
Manpower total 2004	2,162	1,585	143	402	599	107	1,544	1,489	616	868	**9,515**
Total hirings	106	33	4	54	90	22	106	172	192	241	**1,020**
%	4.9	2.1	2.8	13.4	15.0	20.6	6.9	11.6	31.2	27.8	10.7
Total terminations	154	120	25	70	64	20	111	125	207	132	**1,028**
%	7.1	7.6	17.5	17.4	10.7	18.7	7.2	8.4	33.6	15.2	10.8
Males	146	99	25	53	50	18	73	97	188	124	**873**
Percentuale	6.8	6.2	17.5	13.2	8.3	16.8	4.7	6.5	30.5	14.3	9.2
Females	8	21	0	17	14	2	38	28	19	8	**155**
%	0.4	1.3	0.0	4.2	2.3	1.9	2.5	1.9	3.1	0.9	1.6
Under 30s	26	38	2	8	16	1	30	34	45	70	**270**
%	1.2	2.4	1.4	2.0	2.7	0.9	1.9	2.3	7.3	8.1	2.8
b/w 30s and 50s	51	55	3	45	29	8	38	56	123	58	**466**
%	2.4	3.5	2.1	11.2	4.8	7.5	2.5	3.8	20.0	6.7	4.9
Over 50s	77	27	20	17	19	11	43	35	39	4	**292**
%	3.6	1.7	14.0	4.2	3.2	10.3	2.8	2.4	6.3	0.5	3.1

[1] without Addiment and Premix

* the indicator is provided just for alamo cement; Buzzi Unicem USA data will be enclosed in the 2007 sustainability report

LA4

Percentage of employees covered by collective bargaining agreements

In a group present in such diversified geographic areas it is difficult to compare the coverage of employees in terms of collective bargaining; the situation is not homogeneous even within the same nation – in terms of business (differences between cement and ready mix concrete) and in terms of geographic or company (as in United States) differentiation.

A detailed analysis of the situation for each nation follows:

Italy

A national collective employment contract is applied to all categories of employees: in the cement sector – except for executives and directors – the national collective employment contract for the cement industry (lasting four years for the general conditions and legal requirements, and two years for the economic part) signed by Federmaco – Italian Federation of basic building materials – with the direct participation in negotiations of Buzzi Unicem – and by the industry Trade Unions; in the ready mix concrete sector – except for executives and directors – the national collective contract for employees of the construction industry (lasting for four years for the general conditions and legal requirements, and two years for the economic part) signed by Ance (National Association of the construction industry) and by the industry Trade Unions. All Executives and Directors are covered by the national contract for industrial manufacturing and services directors, signed by Confindustria and by the National Association of Directors (Federmanager). In addition to national collective negotiations for all categories of workers – except for directors, there is also a second level negotiation which, for the cement sector, is company-wide (Buzzi Unicem) and negotiated every four years (usually not during the same year as national negotiations take place), while for the concrete sector the negotiation is at county level, (negotiated by local employers associations with the local industry unions) and usually takes place every two years (negotiations start after the economic part of the national contract has been renewed).

Germany

The percentage of coverage of collective bargaining varies from company to company. Dyckerhoff AG has 83 % collective bargaining coverage, Deuna Zement 94.3 % and Dyckerhoff Beton, 90.6 %. On the whole, all white and blue-collar workers are covered by a collective contract, while directors and executives are not. No corporate collective negotiations exist, but at the level of the individual federal state collective contracts are negotiated between the employers associations and the unions, including members of the local works councils. According to the methodology explained above, five different collective contracts for the concrete sector and four for the cement sector are applied in Germany, according to the geographical location of the plant. The same Unions are involved in all contracts for cement and ready mix concrete while the employers associations varies from sector to sector and from one federal state to another.

In the other European states, collective negotiation coverage is as follows:

Luxembourg	93 %
Czech Republic – cement sector	100 %
Czech Republic – concrete sector	0 %
Poland – cement sector	100 %
Poland – concrete sector	0 %
Slovakia – concrete sector	0 %
Russia – cement sector	100 %
Ukraine – concrete sector	100 %

Dyckerhoff employees

Augusta plant employee

A considerable difference emerges from the above figures relevant to the rate of coverage of the collective bargaining between the cement and concrete sectors in Poland, Czech Republic and Slovakia; this is due to the fact that collective bargaining and the role of unions is much more widespread and relevant in industrial sectors in general (and therefore cement in particular) than in the construction industry.

United States of America

The situation in the USA varies according to the plant and to the geographical localization. In Buzzi Unicem U.S.A. 57.3 % of staff is covered by collective bargaining. Unions differ from one plant to another and according to their geographical location. On the whole, the company negotiates with four unions. No collective contract is applied in Alamo Cement Company as the threshold is not reached.

Mexico

An average of 51 % of staff is covered by forms of collective bargaining.

GERMAN CO-DETERMINATION (MITBESTIMMUNG)

Co-determination allows employees to play a role in the company's decision-making process. Through an election process, employees choose their delegates, whose job it is to present their interests in open discussions with company management. On one hand, this process has an influence on the organization of activities, work conditions, commercial policy and the development and future of the company. On the other hand, workers assume their responsibilities in change processes.

We can therefore consider co-determination as a modern instrument for increasing a company's efficiency. Studies carried out by some experts on social matters have established that damages deriving from union disputes are greater than the presumed loss of efficiency created by the granting of co-determination rights. The result of empirical tests conducted by IAB (the Institute of Research for the Labor and Employment Market) on a group of companies representative at national level, show that productivity is higher where there is worker representation, compared with companies in which this practice is lacking. For employees operating in a co-determination context, the greatest advantage is that it is possible to negotiate company policies which would otherwise be decided unilaterally by management.

While the company tends to maximize profits, co-determination is aimed at balancing management vision. Moreover, from the point of view of unions, co-determination is justified by the process of democratizing the economy and is considered a possible way to compensate employees for limited powers and information through a procedure that is, in any case, governed by and aimed at the sharing of results.

According to social scientists, the major benefits that a company can obtain from co-determination are:

_greater motivation of employees
_elimination of asymmetries in the information process
_reduction of transaction costs

JOINT STATEMENT OF THE EXECUTIVE COMMITTEE AND THE COMPANY WORKS COUNCIL OF DYCKERHOFF AG

Collaboration with all sectors of the Works Council also continued in a relaxed atmosphere of reciprocal trust in 2006. In the context of a periodic exchange of information, the management committee, the executive committee and plants managements provided complete and detailed information about the development of activities and company results concerning plants and regions, to the Company Works Councils – both at a general and a local level – and also to the workers' economic committee and to the European Company Committees. These meetings were also the occasion for critical discussions and an exchange of ideas. Great value, within Dyckerhoff AG, is attributed to workers' participation – widely governed by German Employment Law; moreover, according to article 9 of the German constitution, freedom of association is an essential right that receives considerable protection.

Wiesbaden, 10 January 2007

LA5

Minimum notice period regarding significant operational changes

The group covers geographical areas that have different cultural and social traditions, employment law systems and unions coverage.

For this reason, the "weeks of notices before implementation of organizational changes" indicator varies greatly from nation to nation. Summing up:

Italy	11 weeks
Germany	4 weeks
Luxembourg	no notice
Poland	12 weeks
Czech Republic – cement sector	12 weeks
Czech Republic – concrete sector	2 weeks
Slovakia	8 weeks
Russia	2 weeks
Ukraine	8 weeks in Volyn, 9 weeks in Yugcement
USA	9 weeks in case of plant termination
Mexico – cement sector	3 weeks
Mexico – concrete sector	2 weeks

Italy

In Italy, the obligation to inform the Works Council is disciplined by two legislative provisions.

In case of mergers and acquisitions, for companies with more than 15 employees (law by decree 18/2001), companies must provide information about the merge project to the works council with 25 days notice with respect to stipulation of the final deed, notifying information about the industrial plan, impact on staff and contractual obligations.

In the event of redundancies (exceeding five dismissals) law 223/1991 prescribes an obligatory procedure on the basis of which companies must provide complete and detailed information to the Works Council and unions officers concerning the criteria adopted in selecting redundant staff. The law was issued with the aim of preventing disputes. The procedure, which lasts for a maximum of 75 days, is aimed, if possible, at reducing redundancies and at providing clear identification of the criteria adopted in selecting the redundancies. If, within 75 days, the company and the unions have not managed to reach an agreement, the company may proceed with dismissals, but it is obliged to pay higher social contributions for the dismissed employees.

Negotiations are underway with the unions for the establishment of European Works Councils even if, in 2006, such negotiations were slowed down by the renewal of the national employment contract and by the application of the new grading system in the cement sector.

Germany and Western and Eastern Europe

The Works Council must be informed timely and thoroughly about planning activity concerning staff as a whole, technical and organizational changes and actions regarding individual workers – such as, for example, recruitment, promotion, transfer – and termination of the employment relationship. Information must be notified promptly, to allow the works council to discuss and assess the matter. In case of termination of the employment contract, the works council must be informed with one week notice for terminations of employment according to the contract and with 3 days' notice for terminations due to exceptional events.

During the last financial year, provisions subject to this type of obligatory information in Germany were:

_The merger of companies in the concrete sector (Dyckerhoff Beton GmbH & Co. KG)

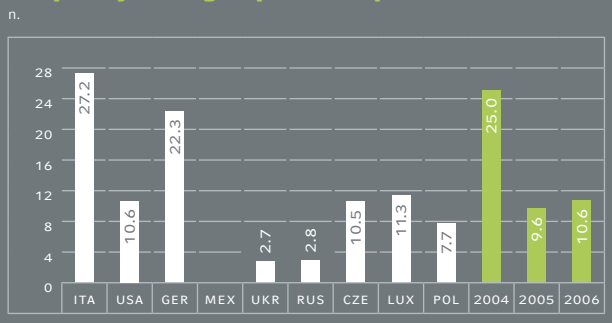
_The centralization of administrative activities at headquarters (Dyckerhoff AG and Dyckerhoff Beton GmbH & Co. KG)

In Ukraine, 13 employees left the company following changes in the organizational structure; the transfer of some activities to external suppliers, via outsourcing, involved 17 employees.

United States of America

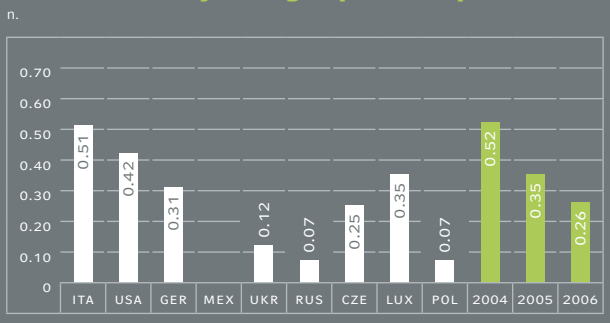
In United States, companies are not obliged by law or by collective contracts to give notice to employees, with the exception of a plant closure. The "Worker's Adjustment and Retraining Notification Act" of February 1989 (W.A.R.N.) provides that the employer must give at least 60 days written notice of dismissal due to the closure of a plant. This communication must be sent to the Unions, the employees concerned who do not belong to any union and to the state employment agencies located over the territory and to local government administrations.

Frequency rate (group cement plants)



LA7

Accident severity rate (group cement plants)



LA7

LA7

Rates of injury, occupational diseases and number of work-related fatalities by region

Accident prevention is divided into three operating phases:

_investments to guarantee and gradually adapt the safety of equipments and plants and environmental protection to the best available technology;

_the maintaining of the safety conditions already achieved;

_the creation, in all Production Units staff at any hierarchical levels, of an indispensable form of behavioral self-discipline with regard to accidents, with an extensive and widespread accident-prevention culture which, starting from Top Management, involves all the people assigned to prevention and protection activities and transmits to all operators the necessary awareness in order to minimize working risks. In Italy, the group has been analyzing the accidents trend and the causes that generate each individual accident for more than 20 years.

In Italy, in the cement sector, during the period 1981 – 2006, a gradual reduction has been registered both in the accident frequency rate (AFR) and the accident severity rate (ASR) with a decrease of more than 55 %. In 2006, the specific accident trend of the various Italian production units had an AFR of 27.2 and a ASR of 0.51, on average 35 % lower than the average recorded in the Italian cement sector (AFR = 42 and ASR = 0.87). The rates were calculated in compliance with regulatory provisions, i.e. accounting all accidents that entailed an absence from work of more than one day. In 2006, the average duration of accidents was 19 days, while around 70 % of the causes of accidents were attributable to behavioral factors (failure to use personal protective equipment, unsuitable tools, incorrect actions, etc.).

Again in 2006, figures relating to the accident rates of all 40 cement plants in the group recorded an AFR of 10.6 and an ASR of 0.26. In particular, in 6 cement works (Augusta, Riva del Garda, Neubeckum, Independence, Cerritos and Tepetzingo) no accidents at all were recorded.

It is important to underline that no fatal accidents were recorded in the whole group during 2006.

Accident duration average (group cement plants)

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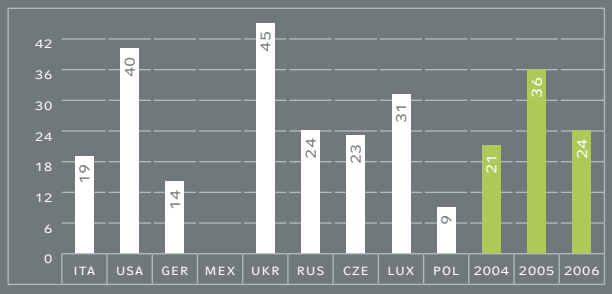


LA7

Despite the diversity of the social insurance systems, the accident trend is substantially positioned at levels that are lower than sector averages, confirming the particular attention paid by the group to safeguarding health and safety in the workplace.

At group level (cement and concrete sector) the absenteeism rate that includes sickness, accidents and other absences presents a diversified picture.

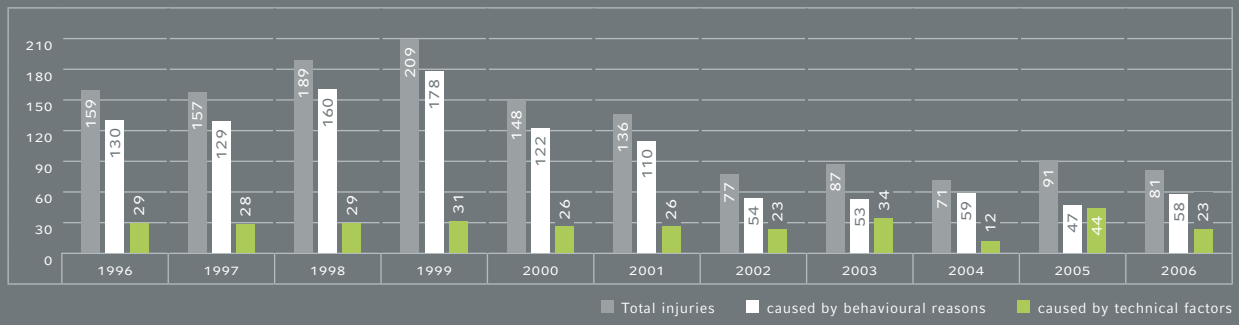
In details:

Italy[1] – cement sector	3.8 %
Italy[1] – concrete sector	2.9 %
Germany – cement sector (Dyckerhoff AG)	3.5 %
Germany – cement sector (Deuna Zement)	3.2 %
Germany – concrete sector	3.9 %
Luxembourg	5.1 %
Czech Republic – cement sector	2.4 %
Czech Republic – concrete sector	4.3 %
Poland – cement sector	2.0 %
Poland – concrete sector	3.1 %
Slovakia (concrete sector only)	0.9 %
Russia (cement sector only)	3.4 %
Ukraine (cement sector only)	4.0 %
USA: no frequency rate available yet. During 2007 a new process will be implemented and the data will be available for the 2007 Sustainability report.	
Mexico – cement sector	0.2 %
Mexico – concrete sector	2.2 %

[1] Managers excluded

In the Buzzi Unicem group, health and safety activities are organized according to the "Health and Safety in the workplace Assessment Standards" (OHSAS).

Accident classification according to injury category (cement sector – Italy)



Activities concerning health and safety are generally co-ordinated via a joint work group, made up of company experts in health and safety in the workplace (departmental or works), a workers' representative and, for more delicate matters, a member of the central Ecology, Environment and Safety team.

A workplace health and safety specialist is present at each plant. In many countries, the presence of this professional is compulsory by law and must be officially appointed by the employer. The individual's main task is to assist the employer in implementing and creating all the measures necessary for guaranteeing safety in the workplace. This extremely delicate role is usually covered by an environmental engineer, a specialized technician or a department head. The specific tasks of the specialist in workplace health and safety include:

_Providing advice and suggestions on all the matters inherent to the prevention of accidents to both the employer and the individuals appointed

_ Providing advice and suggestions on matters concerning the structure of the workplace, the operating procedures and the ergonomics

_Choosing and testing the personal protective equipment

_Testing and inspecting the operating means, before its definitive commissioning

_Carrying out the workplace health and safety accident prevention measures; carrying out regular inspections at the workplace, proceeding with the identification and the correction of any defects noted

_Checking that the employees comply with the safety regulations.

In the majority of the countries where we are present, besides the in-house expert, in each company which exceeds a certain employment threshold (depending on the country, this can be 15 or 20 employees) a safety representative must be designated or elected by the workers. Additional safety representatives may also be requested, in relation to the size of the production site.

The role of the safety representative assumes particular importance: in fact, thanks to their direct work experience, technical knowledge and awareness of the local conditions,

Safety equipment

Ordinary maintenance activity

they must be able to precisely assess the risks of accident and the dangers associated with the health of the employees, which may derive from daily working conditions. The meetings and negotiations between the in-house safety representatives and those of the workers are frequent and intense, often extended to site or group management and the site or group workers' unions.

It is also thanks to this constant dialogue that the number of professional illnesses and injuries is limited.

LA8

Prevention and risk-control programs for workforce and their families

Safety in the workplace and the safeguarding of health are basic elements of staff policy. These aspects are considered according to other important objectives, such as the efficiency and the quality of the product in that each accident has a negative impact on both the health of the individual involved, and on the production process.

Safety in the workplace and the safeguarding of health concern each company employee. Each employee must not only pay attention to their own safety, but also that of their colleagues, visitors and employees of other companies. A first aid unit is available at all the plants for initial medical treatment.

Safety in the workplace and the safeguarding of health are perceived as a constant commitment which requires a high degree of attention for identifying possible additional improvements. Conferences are also organized for raising awareness of accidents on a regular basis, during which the causes of the accidents are analyzed for the purpose of defining specific measures which make it possible to avoid their repetition in the future.

ZAPA BETON'S SOCIAL COMMITMENT

The company supports programs for physically disabled people in the Czech Republic and Slovakia by funding several projects. Thus, since 2005, Zapa Beton works together with an institute for girls and women with Turner Syndrome, a genetically caused incurable illness that causes dwarfism. Furthermore, the company supports the Czech Sport Handicap Club where physically disabled people play tennis and competitions and tournaments are promoted. The company continues to support the Czech Union for the Deaf. In 2006, the company organised a colourful children's festival (Kindertag) for children from children's homes and social aid facilities, with many attractions in their neighbourhood.

Prevention measures include training on safety in the workplace, fire drills and training courses for preventing posture problems.

Italy

Medical check-ups are carried out at regular intervals, at least once a year.

Besides checking the exposure of the employees to chemical, physical (noise and vibrations) and biological agents, involving environmental and staff investigations, the company – in collaboration with the health professional in charge – avails of monitoring of the state of health of the employee by means of carrying out a series of in-depth tests with a frequency which varies according to the duties and the medical examinations.

Such tests are requested by the health professional in charge of the preparation of the health protocol.

Besides a normal occupational medical check, the analysis envisaged in a normal health protocol includes spirometry, audiometry, thorax ex-ray, electrocardiogram (ECG), and functional assessment of the rachis. The results of the tests are assessed by the health professional in charge and discussed, ensuring that the employee's privacy is protected, during the periodic meeting required by current legislation, and if the OHSAS 18001 standard is applied, during the management review.

Anomalous situations may lead to the employee's suitability for carrying out duties with limitations, or a change in duties, so as to avoid the possibility of any pathologies arising.

Germany

Numerous training, advice, prevention and treatment programs are available for the employees. Here are some examples:

_Fire safety
_Safety in the workplace
_Pathologies from repeated strain
_Ergonomics of the work position
_Stress
_Check-up for bowel tumor
_Cardiovascular check-up
_Specialist eye visit for revealing ocular pressure

Luxembourg

All types of training, advice, prevention, risk control and illness treatment programs are exclusively reserved for the employees. Furthermore, staff attendance at a monthly seminar/meeting on accidents in the workplace is envisaged.

Czech Republic

Only the employees are trained/informed on matters concerning safety in the workplace.

Poland

No measures are foreseen.

Slovakia

No measures are planned.

Russia

Training measures for employees and medical assistance for employees, family members and the community are scheduled.

Ukraine

Volyn: training, advice and risk analysis measures are envisaged for employees.

Yugcement: healthcare programs are also extended to family members of employees and to the community.

United States of America

Buzzi Unicem USA and Alamo Cement Company provide healthcare assistance to both employees and their families. In particular, Buzzi Unicem USA provides a healthcare assistance program which makes it possible to avail of 6 consultations for each event which has occurred during the year and unlimited telephone advice for employees and their families.

Mexico

The "Health Fair" program, launched in collaboration with the public health institutions, provides daily healthcare to the communities of the districts close to the plants.

The assistance provided mainly concerns the supply of vaccines, early diagnosis of breast cancers and family planning.

LA10

Average hours of training per year per employee by employee category

Training is fundamental in the process for professional qualification and development of the human resources.

Training activities depend on the specific needs and comprise training courses which range from the improvement of the operating and production processes, to protection of the environment, leadership and management, IT, business administration and the legal and tax sectors. Vocational training carried out internally by one's direct boss is not registered. At present within the group, staff attendance systems are being studied also for introducing internal training time.

At the Suchoi Log plant in Russia, an international project is currently being developed for the installation of a new dry process rotary kiln; to-date, the wet process has been used. So as to permit the employees to acquire familiarity with the new process and the consequent organizational changes, a training program has been set up which includes the organization of production, safety and management, as well as the technological aspect. The project also pays particular attention to the study of foreign languages.

Average days of training per employee by category of workers

Nation/Sector	Manager, Staff	Blue collars
Italy	2.9	0.6
Germany – Dyckerhoff AG	5.1	2.1
Germany – Deuna	2.2	0.4
Germany – Concrete	1.0	2.5
Luxembourg	10.5	0.0
Czech Republic – Cement	2.0	3.0
Czech Republic – Concrete	3.7	1.0
Poland – Cement	2.6	0.4
Poland – Concrete	1.1	0.8
Russia	1.5	7.6
Ukraine – Volyn	4.1	1.1
Ukraine – Yugcement	1.6	2.1
Slovakia	1.5	3.0
USA – Buzzi Unicem USA	2.5	2.5
USA – Alamo Cement	0.7	2.4
Mexico – Cement	1.5	1.4
Mexico – Concrete	1.5	0.5

ITALY: TRAINING FOR SAFETY MANAGERS AND PROFESSIONALS

Throughout 2006, an important training course was held for the qualification of all our safety managers and professionals. As a result of Italian Legislative Decree No. 195/2003 which supplements Italian Legislative Decree No. 626/94, an article has been introduced which disciplines the abilities and the professional requirements of the safety managers and professionals.

The legislation defines the minimum essential requirements to be: possession of qualifications at least up to high or secondary school level and a certificate attesting frequency of specific training courses, with final examination of the level achieved, obliging Health & Safety Department members to acquire the diploma and the related certification on their "training booklet" by February 2007.

Subsequent legislative developments imposed the obligation of attending 3 macro training units, differentiated in subsequent units according to the nature of the risks in the workplace and the work activities performed.

With regards to Buzzi Unicem, the courses organization for all those involved in the Prevention and Protection Service represented a substantial commitment due to the difficulty in identifying partners authorized for training by the competent bodies.

The training procedure involved 41 individuals including managers and workers from the cement and concrete sectors, with a commitment of 72 training hours per head provided by the consulting firm IGEAM [partner of the central HSE (Health, Safety and Environment) body since 1982]. Igeam was appointed to plan the specialist sector unit and the unit relating to the prevention and protection of risks, with particular attention paid to the timescales, legal matters and the effective training needs of the specific production units of Buzzi Unicem and the Integrated Environment and Safety Management System, already implemented within the group.

The teaching Team comprised Igeam trainers and professionals from Public Institutions (ISPESL, the Fire Brigade, Professional Associations – Industrial Hygienists – Universities and research bodies) as well as freelance professionals who are sector experts.

The content of the specialist unit was devised in relation to the nature of the risks present in the workplaces and the related work activities.

Specifically, with regards to Buzzi Unicem and Unicalcestruzzi Health and Safety Department, 48-hour training courses were scheduled. For Health & Safety professionals who carry out their activities also in quarries, a supplementary edition of the specialist unit covering a further 12 hours was provided, so as to achieve the total hours envisaged for the macro-sector of extraction activities, also featuring in-depth looks at the activities in question on workplaces.

The aims of the 48-hour specialist unit are:
_the acquisition of know-how and expertise relating to risk factors and prevention and protection measures which can be implemented in the specific related sector
_the acquisition of analysis abilities for the characterization of the working activities and the consequent identification of the dangers and the quantification of the risks relating to the activities
_the acquisition of abilities and know-how for identifying the gear suitable for individual protection – personal protective equipment for the various work activities
_the acquisition of know-how for identifying the risk factors for which health supervision is envisaged.

The unit relating to the prevention and protection of risks, also concerning ergonomic and psychosocial matters, those concerning the organization and management of the technical administrative activities and in-house communication techniques and trade union relations, had a duration of 24 hours.

LA14

Equal opportunities

In the countries where we operate, indicators of diversity are not used in a structural manner. Our US affiliated company, Buzzi Unicem USA, differs both for geographical and cultural reasons, applying the directives of the Equal Employment Opportunity (EEO) for the classification of the employees of each category, divided up into men and women: Managers and Executives, Professionals, Technicians, Sales staff, Administrative staff, Blue-collar workers (specialized), Blue-collar workers (semi-specialized) ordinary Blue-collar workers and auxiliary service staff. The cement and concrete industry does not generally attract female staff; therefore, the positions which offer employment in this sense concern office work. Exceptions to this rule are countries such as Russia and the Ukraine which for historical reasons have always employed female staff in production activities. Top management mainly comes from within and envisages long technical-operating training, therefore in the majority of cases it is predominantly male.

HR4 HR5 HR6 HR7

Human Rights

All group staff has received the code of conduct and has been informed of the reasons and the common values on which our activities are based on.

Our commitment is to observe the national regulations in all the countries where we perform our activities. The company operates in countries which have ratified the fundamental agreements of the ILO regarding the abolition of forced and child labor, assimilating them in the respective national laws.

For this reason, we consider the observance of the national laws in the various countries where we operate to be a valid instrument for the full respect of human rights, non-discrimination and for guaranteeing the absence of child and forced labor within the group's sphere of responsibility.

Within this context, all the management staff or in any event those with responsibility for handling human resources have been informed and trained in observance of local legislation regarding employment regulations.

During 2006, three alleged cases of discrimination were highlighted at group level: the conditions for disciplinary action were dropped in two cases; in the third case the organization carried out in-depth analysis into the incident.

San Antonio (TX, USA): from limestone quarry to golf course

Cerritos (Mexico) plant employees residence

SO1

Activities in favor of the local communities

The Buzzi Unicem group is involved in various activities in favor of the local communities, in all the countries where it operates with a significant presence.

Buzzi Unicem Onlus (No-profit organization) Foundation

The **Buzzi Unicem Onlus Foundation** was founded in 2003, in Casale Monferrato, Italy, upon Buzzi Unicem initiative, so as to further and support improvement measures for the diagnosis and treatment of Malignant Pleural Mesothelioma, a tumor linked to environmental and professional exposure to asbestos. This disease, not particularly widespread throughout the world, is a social phenomenon with extremely worrying effects in the Casale area, where, in the past, industrial processes for the production of asbestos-based products were located.

The foundation fulfils its statutory commitments with measures involving research, diagnosis and the treatment of Pleural Mesothelioma, financing projects proposed by researchers belonging to Universities, Research Institutes and Hospitals aimed at:

_Scientific research applied to prevention and immunetherapy systems;

_Direct intervention on patients aimed at early diagnosis and treatment.

The foundation works together with the public sector, directing funds to projects most suited to pooling ideas, experiences and resources to facilitate the paths that lead to correct clinical solutions, the ideal link between science and the patient.

Projects completed by Buzzi Unicem Onlus Foundation from 2004 to 2006

Preclinical research, immune-therapy

Description	Head	Istitute/Department
Pre-clinical assessment of the anti-proliferation effect of new kinase pharmaceutical inhibitors in pleural mesothelioma therapy.	Prof. Giovanni Gaudino [1]	Clinical, Alimentary, Pharmaceutical, Pharmacological Sciences, Novara East Piedmont University
Genomic analysis of malignant pleural mesothelioma by means of DNA-microarray: assessment of individual susceptibility.	Prof. Riccardo Puntoni [1]	Istituto Scientifico Tumori, Genoa and Pisa University
Development of therapeutic bio-immune-therapy strategies in pleural mesothelioma.	Prof. Michele Maio	Oncological immune-therapy, Siena University
Research into specific anti-SV40 antibodies and SV40 DNA sequences in patients suffering from mesothelioma and exposed to asbestos.	Prof. Mauro Tognon	Morphology and Embryology, Ferrara University

Diagnosis and treatment of patients

Description	Head	Istitute/Department
Post-surgical dosage intensification radiotherapy in pleural mesothelioma.	Prof. Stefano Magrini	Radiotherapy, Brescia Civil Hospital.
Mesotheline levels and serum osteopontin.	Dr. Alfonso Cristaudo	Preventive Occupational Medicine, Azienda Ospedaliera Universitaria Pisana
Assessment of the role of Perifosine as an inhibitor of Mesothelioma.	Dr. Camillo Porta [1]	Medical Oncology, San Matteo General University Hospital, Pavia

OUTLOOK

"New perspectives for the treatment of Pleural Mesothelioma" – by Luciano Mutti (member of the Foundation's Scientific Committee)

Pleural Mesothelioma is a primitive neoplasia of the pleura essentially linked to exposure to asbestos fibres which still today presents almost certain death (12 – 18 month) with extremely scarce response to traditional treatment. In Italy, more than a thousand people a year die from this neoplasia. At the VII[th] World Conference on Mesothelioma held in Chicago, data was presented relating to a discovery made by a group of standard and clinical researchers belonging to the Italian Mesothelioma Group (G.I. Me) in collaboration with the Istituto Tumori in Genoa. The use of Imatinib Mesylato (already used for certain forms of leukaemia and other rare tumors) in combination with low doses of chemotherapy has in fact demonstrated strong selective activity against the Mesothelioma cells. These studies, carried out on cell cultures at the DISCAFF & DFB centre at the East Piedmont University, have now been published as a "selected article" in the prestigious UK publication Thorax and have already led to a rather encouraging pilot clinical trial in Italy which has justified its extension to an extended study which will see Italian and British centers involved. Confirmation of the efficacy of the treatment, also in light of the extremely scarce toxicity, opens up new prospects which could realistically revolutionize the prognosis of patients with Mesothelioma in just a few years. The projects and researchers financed by the Foundation (highlighted with a number [1]) were fundamental for the published studies.

ASPHI Onlus (no-profit organization) Foundation

The group supports the A.S.P.H.I. Foundation (Association for the Professional Development of the Handicapped in the IT field) – a non-profit-making institution. Its mission is to promote the integration of disabled people in schools, jobs and society through the use of ICT technology (Information Communication Technology). Thanks to ASPHI, hundreds of young people have entered the world of employment showing that handicaps can be overcome.

The group's patronage of the Arts

The body for the enhancement of the artistic and cultural heritage of Turin currently has 28 members, including Buzzi Unicem. The FAI, Fund for the Italian Environment, also has Buzzi Unicem as a member, in the role of Corporate Golden Donor.

VOLYN-CEMENT (UKRAINE) AND THE PALACE OF CULTURE

Zdolbunov's cultural scene, a town of 25,000 inhabitants situated in the north-western part of the Ukraine near to the city of Rivne, is closely linked to the Palace of Culture of the workers at the Volyn cement works.

The construction of the Palace took place at the same time as that of the works, both concluded in 1957. For the last 50 years, Volyn-Cement has supported this cultural centre used 75 % by the cement works staff and their families, but also by the inhabitants of Zdolbunov for various activities at amateur level.

Since it was opened, various artistic groups have been set up including: the brass and wind orchestra, the choir, the dance and folk singing school for adults and children, the theatre circus, the school for soloists and various musical groups of different kinds.

The artists of the Palace of Culture are not only known in the town but also throughout the entire region and the brass and wind orchestra, particularly, has already performed in Russia, Byelorussia and Latvia. Many groups of the cultural centre have received awards and acknowledgments for their commitment towards the promotion of folk art and for participation in various festivals and regional and national competitions.

The Palace of Culture also houses a museum on the history of the Volyn cement works, a library with over 25,000 volumes, a club for photography buffs and is also used for celebrating the plant's workers' festivals.

The trade union delegations and the management of the cement works support the activities of the various amateur groups and also see to the maintenance of the building.

The company also finances programs for the physical and sports training of the workers; the Volyn-Cement football team is the leading one in the Zdolbunov district with placings at regional level and in the national amateur championship.

The group's support for socialization

Activities have continued at our recreational centers in Trino, Robilante and Casale Monferrato which represent an important occasion for the local community to meet.

Other examples of social endeavor in relation to the local community include:

_the annual sponsorship for an environmental maintenance program for the Teutoburgo forest (Germany).

_the launch of a cycle of interviews with the environmental authorities and the local municipalities in order to ascertain the possibility of intervention in the fields of education and health, on a similar basis to that which has been implemented in the Cerritos community (Mexico).

_aid for the "social state" in the areas of schooling, the church, family support (Russia).

_measures regarding the waste disposal method, re-cultivation of quarries and support for disabled employees (Slovakia).

_investments into environmental safety and support measures for the indigenous population (Ukraine).

SO2

Business transparency

The Buzzi Unicem group essentially operates in countries where the risk of corruption is not very high. In any event, the level of attention paid to payment systems and proxies is high and monitored by head systems and. Since 2005, the Buzzi Unicem Code of Conduct has been sent to the employees of all the companies in which the parent company holds an interest of at least 50 %. The Code is the commitment and duty of the group employee. The following specific initiatives have been implemented in the individual countries:

Italy

Analysis has been carried out into risks for all the companies. The Organization Model pursuant to Italian Legislative Decree No. 231/01 has therefore been introduced and approved, as indicated in the section on the Governance System.

USA

The risk in the country is low. It has not been specifically assessed.

Germany / Eastern Europe

The Dyckerhoff group annually prepares systematic analysis of the possible areas and risks regarding corruption.

Mexico

The use of the control system for health and safety (OHSAS 18001) contemplates the identification of corruption risks.

Art mixed to our cement history

Our staff for business transparency

SO3

Training for anticorruption and ethics behaviour

The Buzzi Unicem group has undertaken both voluntary initiatives and those required by specific legislation, in order to train its employees on the prevention of corruption, in the countries where these aspects are most significant.

In particular, 17.4 % of the employees in Italy who carry out activities potentially at risk have been trained.
The completion of this training cycle is envisaged by the end of 2007.

56.6 % of the employees in Mexico have been trained.

SO8

Sanctions and fines for non compliance practices

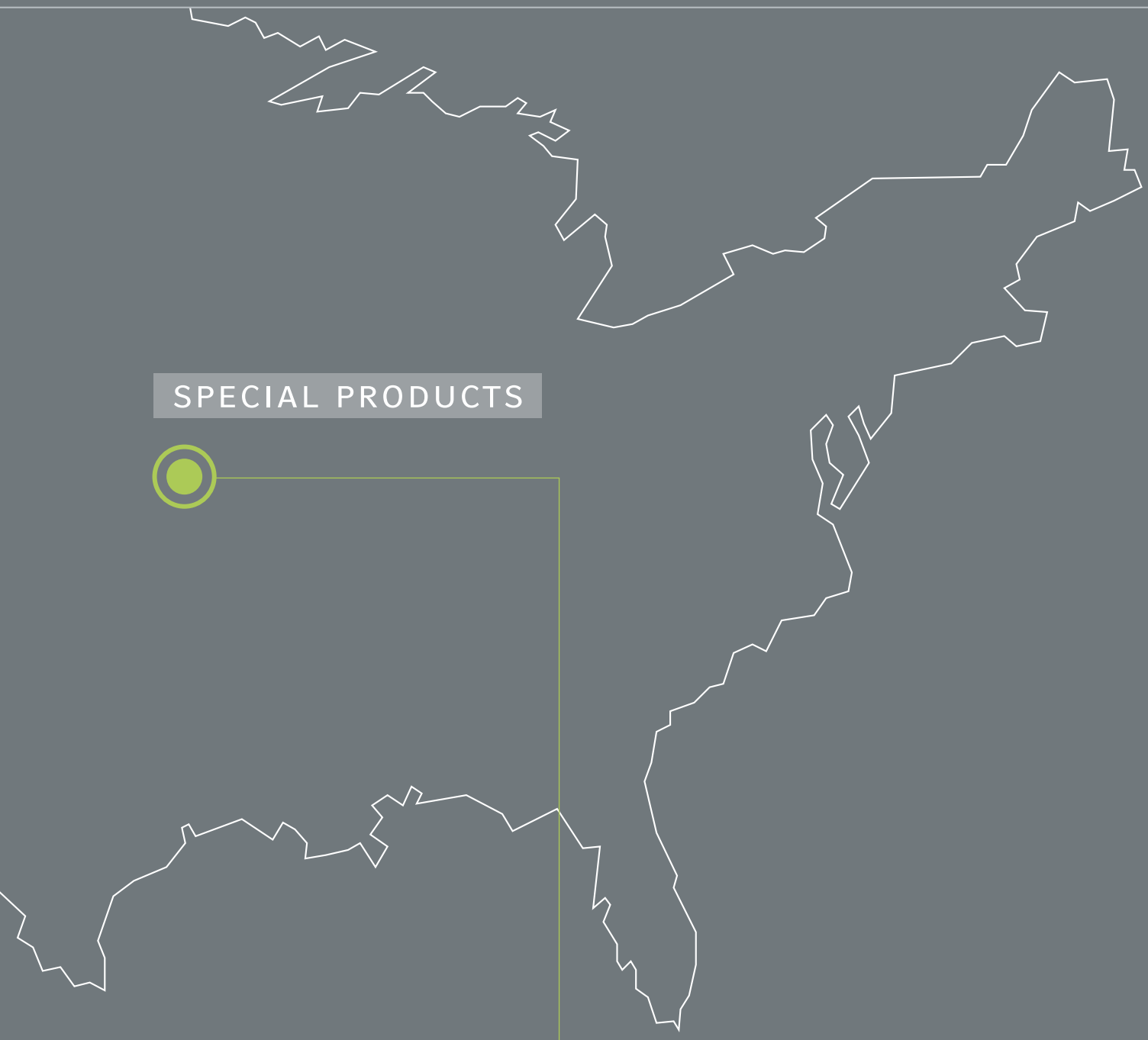
The Buzzi Unicem group is subject to numerous laws and regulations, both of a national and local nature in the countries in which it operates. The amount and the number of the sanctions and fines received for 2006 was negligible.

SO4

Actions taken in response to incidents of corruption

During 2006, no events/incidents of corruption were reported within the group activities.

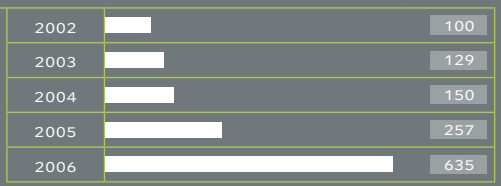
SPECIAL PRODUCTS



CEMENT

The history of cement is as ancient as the civilizations it comes from, as it was used by Egyptians, Greeks and Babylonians. From the II century BC, Romans used "opus caementicium" (lime, sand, puzzolana and stones) to create new structural elements, bringing new shapes within the building of interior areas.

Special products sales in the USA
(base 2002 = 100)



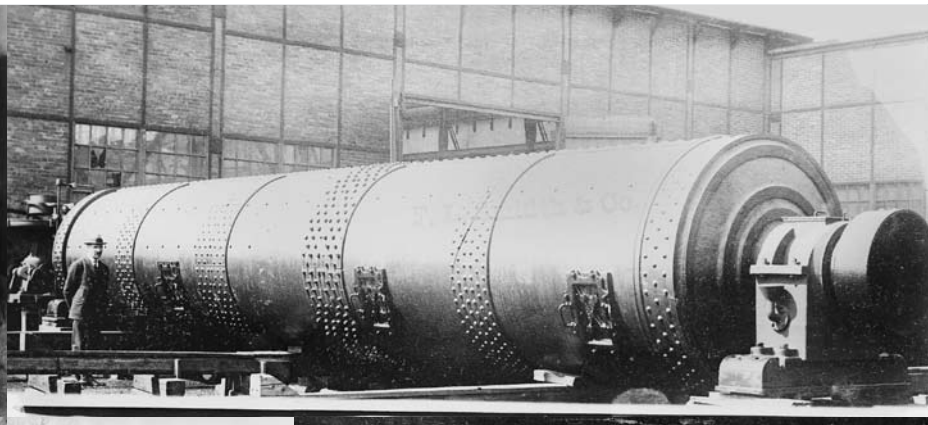
USA

The potential of concrete in architectonic design and planning has been explored in the United States during the "LIQUID STONE" exhibition held at the National Building Museum in Washington DC. Design opportunities offered in the architectonic field as well confirm that we use natural resources for returning an indispensable product to the sustainable development of the areas served.

The fascination of this product does not only lie in the extraordinary resistance, but in the ability to adapt itself, flexibly and harmoniously, just like fluid. Behind each industrial process lies a discovery. In our case, the extraordinary features obtained hydrating the cement are essentially due to the production of tricalcium silicate, inexistent in nature, produced skillfully by man.

Via our research centers, besides improving traditional products, we continue to develop new product lines. More than 20 years ago the production of sulphoaluminate cement began at our production unit in Kansas, USA, in use today for the most demanding applications. Its uniqueness in fact lies in the development of extremely high resistance in just a few hours: it is possible for a plane to land at 6 in the morning on a runway laid during the night! And not only. We manufacture Flowstone cement, capable of a perfect surface finish, for decorative elements which charm designers. White cements of extraordinary beauty. The Solidur line for the reclamation of contaminated sites, the Ecospritz line for structural restoration. Special cements for oil wells and many more.

We are not commodity producers. Architects, designers and scientific-technical circles acknowledge us the merit of developing product lines which are increasingly in keeping with the individual and remain fascinated by the limitless potential as yet unexpressed in practical applications.








B

1907–2007

100 years.
Our history.

Milestones

The Trino plant

1907
Fratelli Buzzi Snc was founded by Pietro and Antonio Buzzi. Cement production begins at the Trino (VC) plant, which was constructed with an investment of £280,000.

1925
Fratelli Buzzi builds the **Casale cement plant**, which is connected to the quarry by an industrial narrow gauge railway that operates from 1920 to 1960.

1940
Pietro Buzzi (1879–1940) is replaced upon his death by his son **Luigi**, who has been working in the company since the '30s and who also replaces him in the company's name which becomes Fratelli Buzzi di Antonio e Luigi Buzzi s.n.c.

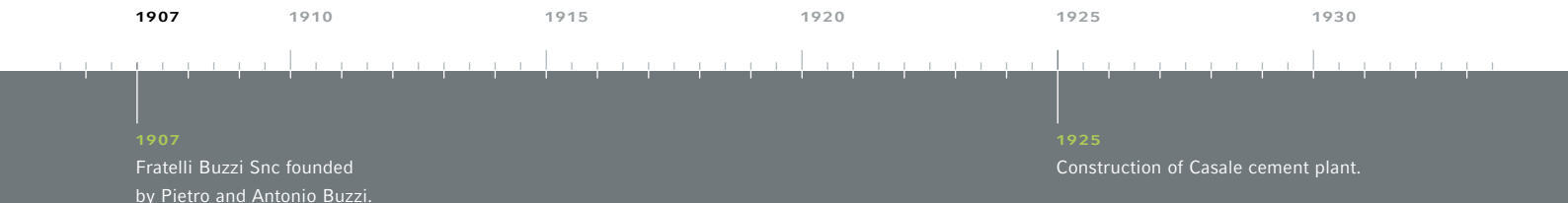
1948
After surviving the very difficult production conditions during 1940–45, **Fratelli Buzzi** is incorporated thus providing the company with a structure that is more suitable for its development needs during the post-war years.

1951
After the death of Antonio Buzzi (1881–1951), Luigi leads the company through its transition from the production of natural cement to the production of **artificial cement (Portland)** cement, gradually abandoning the underground excavation of marl in favor of open-pit limestone quarries.

1952–1959
The years during which **Trino** and **Casale** cement plants undergo a technological transformation. Situated at this point in the center of town, the Casale plant is equipped with a vertical kiln while the grinding plant is modernized with the installation of an electrostatic filter. Two new Lepol rotary kilns fueled by methane (natural gas) are installed at Trino.

1957
50 years in the words of **Luigi Buzzi** "A company is not just a complex of buildings and machinery… It has a personality of its own, which is in full development at 50 years of age. At this age, we need to take stock of how far we have come and prepare ourselves for the distance we still have to go."

The production capacity of the Trino and Casale cement plants reaches 300,000 and 100,000 tons/year respectively.



1907
Fratelli Buzzi Snc founded by Pietro and Antonio Buzzi.

1925
Construction of Casale cement plant.

The Robilante plant

1963 – 1965
The **Robilante** cement plant is built near the town of Cuneo, the first plant in Europe equipped with centralised control system, featuring with an initial production capacity of 300,000 tons/year.

1966
The F.lli Buzzi group starts pro duction of **ready-mixed concrete** with the establishment of Plusbeton, followed by the acquisition of Calcestruzzi Torino, Calcestruzzi Genova and Milano shortly thereafter.

The third generation of the family takes over the top management of the company, with **Sandro** as Technical Director, **Franco** as Financial and Commercial Operations Director, **Enrico** as Project Manager and later the Operations Director at Robilante, followed a short while later by **Pier Emanuele**, who is in charge of integrating the cement and concrete sectors. The father, Luigi, thus devotes himself to AITEC (Italian Technical and Economical Cement Association), which he founded in 1959 and serving as the president until 1968.

1970 – 1977
A second line is installed at **Robilante**, bringing the production capacity of the plant to 700,000 tons/year, while the production of expanded clay ARES, used for structural lightweight concretes, is implemented at **Trino**.

1978 – 1982
The process to acquire a few companies that have played an important role on the local cement business such as Cementi Alta Italia, Bargero, Gabba & Miglietta was implemented at Casale.

1979
The group initiates its overseas expansion with the joint venture acquisition of S. Antonio Portland Cement in San Antonio, Texas (USA), and the following construction of the new production line, **"Alamo Cement 1604"**.

1982
In Mexico, a major portion of the equity of **Corporación Moctezuma**, with a plant in Jiutepec – Morelos, is acquired.

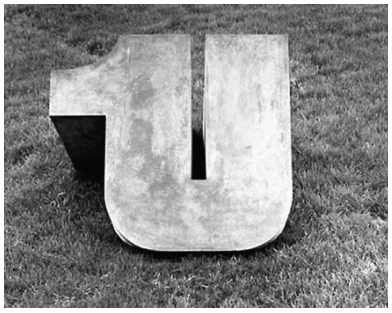
Corporación Moctezuma Jiutepec (Mexico).

1935 1940 1945 1950 1955 1960

1940
Pietro Buzzi (1879 – 1940) is replaced upon his death by his son Luigi.

1951
Transition from the production of natural cement to the production of artificial cement.

1957
Company's 50th anniversary.



The Unicem Logo

1990

Addiment Italia is formed in partnership with Heidelberg Cement in Medolago (BG) operating in the field of specialty chemical products for the construction industry.

1992

Following the deaths of Pier Emanuele Buzzi and the patriarch, Luigi, the **fourth generation** steps into key positions in the company, with Pietro taking over the administrative management of the group and Michele responsible for the ready-mixed concrete sector.

1996

The new, technologically innovative **Tepetzingo** cement plant goes into operation.

1997–1998

An agreement with IFI-IFIL is signed on 12 May for the acquisition of the controlling majority interest in Unicem, second Italian cement producer with presence in the USA. The ready-mixed concrete business operations of both groups are merged into **Unical.**

1999–2000

Buzzi Cementi incorporates Unicem and becomes listed on the Stock Exchange under the name of **Buzzi Unicem**. 13,000 million tons of cement and 7 million cubic meters of concrete per year.

2001

In June, an industrial alliance is reached between **Dyckerhoff AG**, the main German player in the cement field, family and Buzzi Unicem, allowing the latter to acquire 34 % of Dyckerhoff's ordinary capital. Dyckerhoff also operates in the USA and in Eastern Europe.

The Cerritos (Mexico) cement plant.

River, one of the Unicem plants in the USA.

Ready-mix batch plant

1965 1970 1975 1980 1985 1990

1965
Start up of the Robilante plant.

1966
Beginning of ready-mixed concrete production.

1979
Beginning of overseas expansion (San Antonio,Texas, USA).

1982
Entering the Mexican market.

1989
The fourth generation steps into the company.

2002 – 2003
Through the step acquisition of Dyckerhoff AG, Buzzi Unicem thus achieves the ambitious goal of establishing a presence in 10 countries, subdivided into five large market areas with more than double the size with respect to 1999.

Construction starts at **Cerritos**, a "greenfield" plant producing 2.5 million tons/year in Mexico.

2004
After receiving anti-trust approval from the Federal Trade Commission, the two American companies within the group, RC Cement (Buzzi Unicem) and Lonestar (Dyckerhoff), are merged. Operating as **Buzzi Unicem USA**, together with Alamo Cement the new company now counts 11 cement plants and approximately 30 river and railway terminals at its disposal.

After consolidating Dyckerhoff line by line since the beginning of the year, Buzzi Unicem thus increases its sales and production capacity tenfold with respect to 1995, with sales volume of 32 million tons of cement, 15 million cubic meters of concrete and approximately 12,000 employees.

2006
The Board of Directors appoints **Pietro Buzzi**, 45 years, and **Michele Buzzi**, 43 years, as **chief executive officers,** with Pietro in charge of Corporate Finance and Michele heading Operations.

2007
The **centenary** year is ushered in with a volountary tender offer to the Dyckerhoff minorities allowing Buzzi Unicem to increase its holdings to 96 % of the voting shares and 88 % of the overall capital.

The 2006 books close with sales exceeding 3,000 million euro, an operating margin over 900 million euro, and a net profit over 330 million euro.

Buzzi Unicem Headquarter in Casale Monferrato.

The company 100th years anniversary logo

1995 2000 2005 **2007**

2001
Industrial alliance between the Dyckerhoff family and Buzzi Unicem.

1999
Buzzi Cementi incorporates Unicem. Listing of Buzzi Unicem on the Stock Exchange.

2006
Pietro and Michele Buzzi become chief executive officers.

2007
100 years of Buzzi Unicem

GRI Content Index

GRI Content Index

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3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	14	Note concerning methodology
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AR	Annual Report 2006	
CG	Report on corporate governance 2006	Available on www.buzziunicem.it
www	Buzzi Unicem Website	

GRI Content Index

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4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	24	Stakeholders
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4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	50	the commitments of the associations in the field of sustainability
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HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	74	Social Performance
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SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)	75	Social Performance
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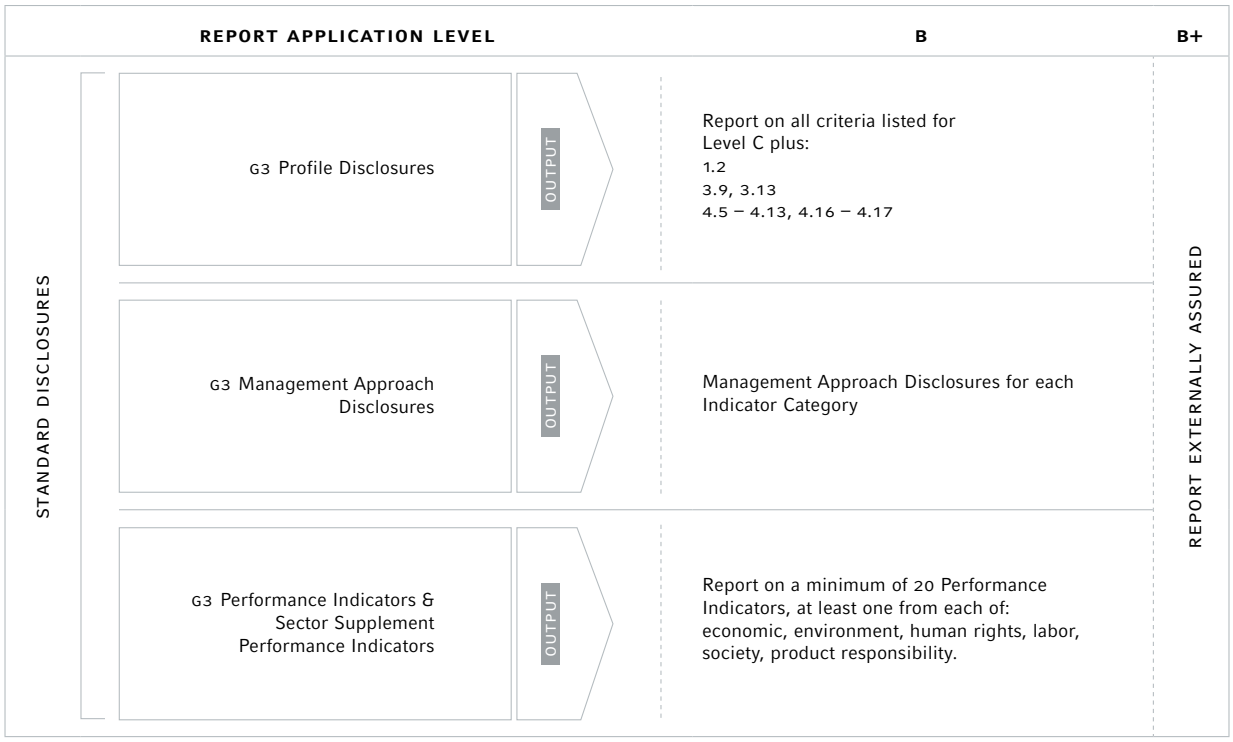
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core).	–	Non significant fines in the reporting period

Self-declared Application Level GRI G3

We self-declare this report to GRI Application Level B. Reports intended to qualify B+, must contain each of the criteria that are presented in the following column:



Assurance statement

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Advisory

ASSURANCE STATEMENT

To the Board of Directors of
Buzzi Unicem SpA

1 We have carried out some testing and analysis of compliance of Buzzi Unicem Group (hereinafter "Group") Sustainability Report as of 31 December 2006 (hereinafter "Report") following the procedures summarized in paragraph 3 of the present document.

2 Our work has been conducted in accordance with the principles and guidelines stated within the "International Standard on Assurance Engagements 3000", as presented by International Auditing and Assurance Standard Board (IAASB), applicable to this engagement. Our work has been performed following the principles of a *limited assurance engagement* in order to evaluate the Board of Directors statement included in paragraph "Note concerning methodology". This paragraph states that the Report has been drawn up referring to Sustainability Reporting Guidelines by Global Reporting Initiative (GRI) G3; the value added is calculated in accordance with "Principi di Redazione del Bilancio Sociale" by "Gruppo di studio per il Bilancio Sociale" (GBS). The Board of Directors of Buzzi Unicem SpA is fully responsible for the contents of the Report completed in accordance with the above mentioned principles, our responsibility is attesting compliance to these principles.

3 In order to evaluate the Board's statement in paragraph 2, we performed the following verification procedures:

a. adherence and correspondence of economic and financial information to those reported in the Buzzi Unicem consolidated Financial Statements as of 31 December 2006. As for this activity we made refer to the auditors' report dated 11 April 2007, issued by other auditors;

b. analysis on the completeness and internal coherence of qualitative information included in the Report. This activity has been performed following the guidelines stated above;

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c. for the information concerning the Italian companies of the Group operating in cement and concrete sectors we have performed the following verification procedures:

   I. interviews and discussions with key managers and personnel in order to achieve a general comprehension of the Group business and in order to collect information about information systems and accounting practices applied for completing the Report;
   II. interviews and discussions with the key managers and personnel in order to obtain a general understanding of procedures supporting the collection and the subsequent management of data transmitted to the department responsible for drawing up the Report;
   III. obtaining third parties confirmation on litigations and claims regarding the Italian entities of the Group;
   IV. on-site verification of the Vernasca plant;
   V. analysis, on a sample basis, of the documentation supporting the Report in order to confirm the reliability of data and information collected through meetings, interviews and on-site verification and to confirm they were properly managed.

d. obtaining a representation letter signed by the legal representative of Buzzi Unicem SpA relating the completeness and transparency of the Report, the information and data included, as well as the adherence to the reporting principles.

4 Based on the procedures we carried out, nothing has come to our attention that causes us to believe that the Report is not in compliance with the principles and guidelines stated in the paragraphs "Note concerning methodology". We can confirm the following as well:

a. the economic and financial data included in the Report correspond to those reported in the Group consolidated Financial Statements as of 31 December 2006;
b the data and information contained in the section "Performance Indicators" concerning the Group Italian companies of the Group operating in cement and concrete sectors are coherent with the internal documentation provided to us;
c. regarding the comparative data relating to the 2005 Sustainability Report reference should be made to our assurance statement dated 6 July 2006;

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d. the Report has been drawn up in accordance with Sustainability Reporting Guidelines by Global Reporting Initiative (GRI) G3, fulfilling the B+ Application Level.

Milan, 4 July 2007

PricewaterhouseCoopers SpA

Signed by

Roberto Pirola
(Partner)

This report has been translated from the original, which was issued in Italian. We have not performed any control on the 2006 Sustainability Report translation.

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_CO-ORDINATION AND GRAPHIC DESIGN
Heisters & Partner
Büro für Kommunikationsdesign,
Mainz/Germany

This Sustainability Report has been
completed in accordance with GRI
B+ standards

BUZZI UNICEM

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