

Sustainability

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

VISION

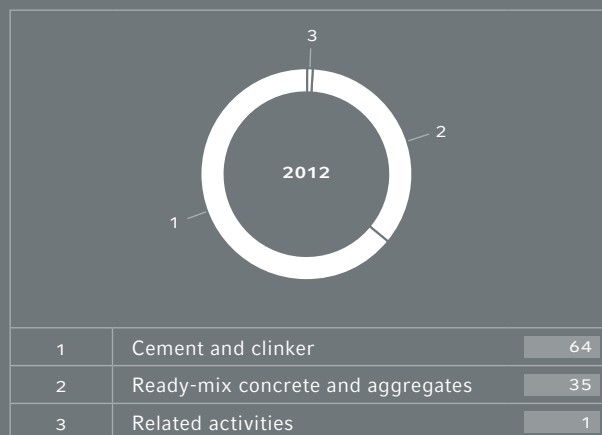
Key Figures

		2006	2007	2008	2009	2010	2011	2012
Cement sales	t / 000	33,320	34,067	32,093	25,548	26,570	28,218	27,263
Concrete sales	mc / 000	16,542	17,096	16,996	13,893	14,379	15,066	13,641
Aggregates sales	t / 000	9,442	14,050	12,280	10,031	10,651	9,708	8,642
Sales revenue	€m	3,205.0	3,496.1	3,520.2	2,671.8	2,648.4	2,787.4	2,813.4
Capital expenditure	€m	254.0	527.4	853.3	389.9	268.2	156.6	234.0
Headcount at year end ¹	no.	11,054	11,520	11,845	11,269	11,316	10,956	10,837

¹ Mexico at 50 %

Sales Revenue by Line of Business

(in %)



Sales Revenue by Region

(in %)



Sales Revenue

(in million of EUR)

2006	3,205.0
2007	3,496.1
2008	3,520.2
2009	2,671.8
2010	2,648.4
2011	2,787.4
2012	2,813.4

Capital expenditures

(in million of EUR)

2006	254.0
2007	527.4
2008	853.3
2009	389.9
2010	268.2
2011	156.6
2012	234.0

International presence



ITALY	Buzzi Unicem, Unical, Cementi Moccia (50 %), Laterlite (33 %), Addiment Italia (50 %)
GERMANY	Dyckerhoff, Deuna Zement, Dyckerhoff Beton
LUXEMBOURG	Cimalux
THE NETHERLANDS	Dyckerhoff Basal Netherlands
POLAND	Dyckerhoff Polska
CZECH REPUBLIC AND SLOVAKIA	Cement Hranice, ZAPA beton
UKRAINE	Volyn-Cement, YUGcement, Dyckerhoff Ukraina
RUSSIA	Sukholozhskcement
USA	Buzzi Unicem USA, Alamo Cement, Kosmos Cement (25 %)
MEXICO	Corporación Moctezuma (50 %)
ALGERIA	Société des Ciments de Hadjar Soud (35 %), Société des Ciments de Sour El Ghozlane (35 %)

Operating structure

		ITA	GER	LUX	NLD	POL	CZE / SVK	UKR	RUS	USA	MEX ¹	Total
Cement plants	no.	14	7	2	–	1	1	2	1	8	3	39
of which grinding	no.	4	2	1	–	–	–	–	–	–	–	7
Cement capacity	m tons/year	10.8	7.2	1.4	–	1.6	1.1	3.0	3.6	9.8	6.3	44.7
Ready-mix batch plants	no.	146	135	–	15	29	79	6	–	70	57	537
Aggregate quarries	no.	10	3	–	2	–	10	–	–	6	3	34
Terminals and deposits	no.	4	3	–	–	1	–	3	–	30	–	41

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

¹ figures at 100 %



Pietro Buzzi



Michele Buzzi

It is certainly difficult to give this message a note of optimism and hope given the critical economic and financial situation, both Italian and global, in which we find ourselves. Every day we are forced to recognize that we are living a period of serious and intense crisis, with figures and statistics not suggesting improvement in the short term.

We should not, however, forget the role assigned to our company on the national and international industrial scene and to avoid the challenges in front of us, we should not forget that investing in the environment is investing in the future.

Our task remains therefore to find suitable answers to these challenges, aware that our activities have a strong impact on the environment: we are committed to renovate the areas in which we operate, to respect and to help the local communities hosting our plants and to carry out all the preventive measures suitable to limit any damage to the environment.

In Buzzi Unicem, the Sustainability Report must be viewed as a working tool for internal accounting, a periodic snapshot of our performance, to enable us to implement, where necessary, enhancing and corrective measures.

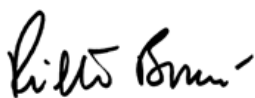
For this reason our report offers a wealth of information both quantitative and qualitative and confirms the commitment of the company to initiate and promote communication with stakeholders.

To make this document easier to access, we redesigned the structure of the report, leaving to our web site the specific information on the countries in which we operate. In the

following pages, we describe the performance of the group, giving due attention to the most significant national and international activities. The new structure therefore was adopted with the clear intention of accounting to the stakeholders which action were taken and which results were achieved.

On this point, our investments have brought about in the last five years a three-fold improvement in heat substitution, which is now over 40 % in Poland, while in Russia and in the USA, specific thermal consumption decreased by about 10 %. In Mexico, the average specific electricity consumption has been always below 88 kwh/t, the best in the world.

In conclusion, the 2012 Sustainability Report will continue to be, for our company, a detailed account of our economic, social, environmental performance and an effective tool to outline the next steps.



PIETRO BUZZI
CHIEF EXECUTIVE FINANCE



MICHELE BUZZI
CHIEF EXECUTIVE OPERATIONS



Sustainability

- ① Buzzi Unicem Foundation.
Our commitment builds concrete opportunities.

- ② The Festus plant is defined
by its commitment to protect the
environment.

Buzzi Unicem Foundation.
Our commitment builds concrete
opportunities.

CASALE MONFERRATO (AL)
ITALY





Since 2003 the Buzzi Unicem Foundation works to support medical and scientific research aiming at improving the diagnosis and treatment of pleural mesothelioma.

The Buzzi Unicem Foundation Onlus was established in 2003 in Casale Monferrato, Italy, by Buzzi Unicem S.p.A with the mission of promoting and sustaining scientific projects and initiatives aiming to improve the diagnosis and treatment of pleural mesothelioma, a particularly aggressive type of malignant tumor linked to the environmental and professional exposure to asbestos. This disease is a social phenomenon with worrying effects in the Casale area, where asbestos was manufactured in the past.

The Foundation finances the project of researchers in Universities, Research centers and Health authorities concerning:

- _Applied scientific research into preventive and immunotherapy systems;
- _Direct work on patients aimed at early diagnosis and treatment.

The Foundation works with the public sector, channeling funds to projects which best share ideas, experience, and suitable resources to facilitate the routes that lead to the right clinical solutions; an ideal junction between science and patients.

The coordination of activities is provided by the scientific Committee of the Foundation, made up by doctors and researchers specialized in pulmonary diseases, professional diseases and oncology, belonging to different medical institutes and universities of Northern Italy, setting priorities and following progress made in the projects. In its first nine years of activity, the Foundation has financed projects for over € 2.5 million: their results, published on prestigious international scientific magazines, are producing proposals of new treatments for patients who have undergone traditional treatments without success.

The Buzzi Unicem Foundation Onlus has been included in the register of non-profit organizations eligible by Italian taxpayers on their tax returns as beneficiaries of a 5 x 1,000 levy on income, and receives about 1,000 contributions each year.

Information on its activities can be found on line at www.fondazionebuzziunicem.org
For information and initiatives:
info@fondazionebuzziunicem.org

DISTRIBUTION OF PLEURAL MESOTHELIOMA IN ITALY

THE MAP SHOWS THE REGIONS WHERE MESOTHELIOMA IS MOST COMMON.

<60	1
60-89	2
90-109	3
110-129	4
>130	5



<60	1
60-89	2
90-109	3
110-129	4
>130	5



Image from the campaign of the Buzzi Unicem Foundation



The Festus plant is defined
by its commitment to protect the
environment.



FESTUS, MISSOURI (USA)

At the beginning of 2012 the plant of Festus has started a forest management program (FMP) aimed at improving wood quality and the habitat of local plants and animals, at monitoring the soil and its erosion, as well as at improving the aesthetics of the surrounding areas.

Around 1,350 of the 2,200 ha. owned by the company are undergoing environmental rehabilitation in an important long term project.

For this the project has been contracted out to a company specialized in forest management which satisfies the professional criteria and the other requirements of the US Federal Forest Stewardship Program. The program, realized by the Wildlife Habitat Council, has allowed us moreover to obtain the certification "Wildlife at Work". It was decided to cut down the oldest trees to improve the growth and the future quality of the indigenous trees, defined as "with a future".

In parallel, the invasive plants encroaching on the indigenous trees have been eradicated and eliminated. The improvement of the forest by wood (TSI, Timber Stand Improvement) and the control of invasive species will enable the forest to survive in the long term and help to improve the health, the growth and the rehabilitation of "farmed" trees.

In July 2012 we completed a complex forest management plan that produced a first inventory of all trees, therefore suggesting the management methods most effective

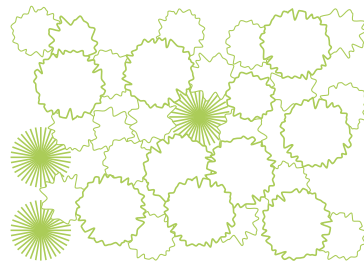
for the development of this sustainable and valuable resource. The first phase of the program provides for the cutting down of the oldest trees – already identified – within a 300 ha. area and will start in mid-summer 2013. The profits from cutting down the trees will be used to improve the wood forests (TSI), through weeding out, pruning and removing invasive species from the treated area. The TSI is expected to start at the beginning of 2014.

The forest management program will be carried out on an ongoing basis and will be completely self-sufficient, as the funds necessary to cover labor costs will come from the sale of the wood.

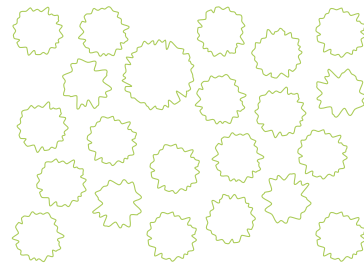
The final outcome of the program will be the availability of high-quality wood, a prized resource that will also enhance the environment.

FOREST MANAGEMENT PROGRAM

BEFORE CUTTING



AFTER CUTTING



Identifying the trees to be cut down

Italy

		2012	2011	12/11
		% ch		
Cement sales	t/000	4,645	5,799	-19.9
Concrete sales	c m/000	3,094	4,106	-24.7
Aggregate sales	t/000	1,542	2,267	-32.0
Sales revenue	€ m	478.9	568.1	-15.7
Capital expenditures	€ m	103.6	22.4	n.s.
Headcount at year end	no.	1,788	1,887	-5.2

NUMBERS & FACTS

Cement production capacity 10.8 million tons, 14 plants, 4 terminals/deposits, 146 ready-mix concrete plants, 10 aggregate quarries.



Germany

		2012	2011	12/11
		% ch		
Cement sales	t/000	4,963	5,409	-8.2
Concrete sales	c m/000	3,985	4,043	-1.5
Aggregate sales	t/000	1,035	649	59.5
Sales revenue	€ m	604.0	636.6	-5.1
Capital expenditures	€ m	33.5	29.0	15.4
Headcount at year end	no.	1,888	1,822	3.6

NUMBERS & FACTS

Cement production capacity 7.2 million tons, 7 plants, 3 terminals/deposits, 135 ready-mix concrete plants, 3 aggregate quarries.



Luxembourg

		2012	2011	12/11
		% ch		
Cement sales	t/000	1,217	1,319	-7.7
Sales revenue	€ m	104.1	112.8	-7.8
Capital expenditures	€ m	2.1	2.2	-3
Headcount at year end	no.	158	157	0.6

NUMBERS & FACTS

Cement production capacity 1.4 million tons, 2 plants.



The Netherlands

		2012	2011	12/11
				% ch
Concrete sales	mc/000	789	947	-16.7
Aggregate sales	t/000	2,718	3,290	-17.4
Sales revenue	€ m	87.5	109.7	-20.2
Capital expenditures	€ m	6.0	2.3	160.3
Headcount at year end	no.	280	287	-2.4

NUMBERS & FACTS

15 ready-mix concrete plants, 2 aggregate quarries.



Poland

		2012	2011	12/11
				% ch
Cement sales	t/000	1,334	1,614	-17.4
Concrete sales	mc/000	758	1,020	-25.7
Sales revenue	€ m	109.0	144.0	-24.3
Capital expenditures	€ m	3.0	2.2	
Headcount at year end	no.	387	389	-0.5

NUMBERS & FACTS

Cement production capacity 1.6 million tons, 1 plant, 1 terminal, 29 ready-mix concrete plants.



Czech Republic and Slovakia

		2012	2011	12/11
				% ch
Cement sales	t/000	845	959	-11.9
Concrete sales	cm/000	1,614	1,715	-5.7
Aggregate sales	t/000	1,271	1,575	-19.3
Sales revenue	€ m	149.6	172.0	-13.0
Capital expenditures	€ m	3.9	3.0	29.6
Headcount at year end	no.	855	871	-1.8

NUMBERS & FACTS

Cement production capacity 1.1 million tons, 1 plant, 79 ready-mix concrete plants, 10 natural aggregate quarries.



Ukraine

		2012	2011	12/11
		% ch		
Cement sales	t/000	1,787	1,902	-6.1
Concrete sales	mc/000	171	166	3.1
Sales revenue	€ m	134.3	112.5	19.5
Capital expenditures	€ m	9.0	14.4	-37.6
Headcount at year end	no.	1,566	1,617	-3.2

NUMBERS & FACTS

Cement production capacity 3.0 million tons, 2 plants, 3 terminals, 6 ready-mix concrete plants.



Russia

		2012	2011	12/11
		% ch		
Cement sales	t/000	2,806	2,434	15.3
Sales revenue	€ m	234.6	175.5	33.7
Capital expenditures	€ m	20.0	36.8	-45.7
Headcount at year end	no.	1,028	1,049	-2.0

NUMBERS & FACTS

Cement production capacity 3.6 million tons, 1 plant.



USA

		2012	2011	12/11
		% ch		
Cement sales	t/000	6,825	6,177	10.5
Concrete sales	mc/000	2,252	2,192	2.7
Aggregate sales	t/000	1,911	1,812	5.5
Sales revenue	\$ m	874.3	776.6	12.6
Capital expenditures	\$ m	58.0	33.6	87.4
Headcount at year end	no.	2,282	2,290	-0.3

NUMBERS & FACTS

Cement production capacity 9.8 million tons, 8 plants, 30 terminals, 70 ready-mix concrete plants, 6 aggregate quarries.



Mexico¹

		2012	2011	12/11
				var %
Cement sales	t/000	5,923	5,575	6.2
Concrete sales	mc/000	1,957	1,752	11.7
Aggregate sales	t/000	329	230	42.8
Sales revenue	\$m	691.6	662.4	4.4
Capital expenditures	\$m	20.1	56.3	-64.3
Headcount at year end	no.	1,209	1,174	3.0

NUMBERS & FACTS

Cement production capacity 6.3 million tons, 3 plants, 57 ready-mix concrete production plants, 3 natural aggregates quarries.

¹ figures at 100 %





Volyn incinerator – Ukraine

Methodology Note

The Buzzi Unicem group's 2012 Sustainability Report presents the social, environmental, and economic performance associated with the group's activities in the various countries where it operates. It follows the approach established during the last few years.

The Report's content and publication schedule are in line with last year, based on a rationale of continuity, while in this edition the structure has been changed in order to reduce the size of the document, increase its ease of use, and focus on the most important and significant events of the period. In particular the financial statements include two sections: the first describing the process of corporate sustainability and how this is integrated in the business and the second focused on the economic, environmental and social performance of the group.

In the second section it was envisaged the possibility of adding the sustainability performance and initiatives of a given country to create local versions of the financial statements that can be used more easily within all company

of the group. According to this logic the version in Italian contains an in-depth analysis on Italy, the German version one on Germany and so on, except for the English version that contains no in-depth local analysis.

It is moreover envisaged the publication in the website of group of the detailed sustainability performance and the initiatives carried out in the different countries the group operates. This information will be moreover published in the website of each company and translated in the local language.

Relevant Guidelines

The 2012 Sustainability Report of the Buzzi Unicem group has been prepared according to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) G3, at application level A+. For the calculation of greenhouse-gas emissions of the group's Italian cement factories included in the Emissions Trading System, we applied the criteria established by the Commission of the European Community's Decision 2007/589/CE of 07/18/2007, which sets out the guidelines for the monitoring and notification of greenhouse-gas emissions pursuant to the directive 2003/87/CE of the European Parliament and

Council and by Resolution 14/2009, which establishes the rules for implementing the Commission's Decision.

Reporting system

Data collection was supported by a structured process to gather facts and figures based on a reporting package sent by each area head in the Corporate task force (Buzzi Unicem S.p.A) to their direct contacts in the various countries.

Reporting process

Our 2012 Sustainability Report is the result of a structured process performed by a task force set up at Corporate HQ level and formed by various functions representing a cross-section of all areas connected with the group's social, environmental, and economic reporting, working without aid of outside advisors. Starting in November, with the official announcement by the CEO to the entire group of the 2012 Sustainability Report project, the task force defined the information approach to be used (the Sustainability Reporting Package) and the key country contacts to be involved in data collection and in the preparation of the local version of the financial statements. The reporting packages received by the area managers of Italian and international companies were then collected and consolidated by task force members for their respective areas of responsibility.

Reporting boundary

The facts and figures shown in the Sustainability Report refer to all companies included in Consolidated Accounts on a line-by-line basis active in the production of cement and concrete, having a significant social and/or environmental impact.

In addition:

- _ All data refers to the period between 1.1.2012 and 31.12.2012.
- _ Quantitative environmental and social data have been 100% consolidated and not accounting to the proportionality of ownership.
- _ The economic data originates from the Annual Financial Report.
- _ The reporting boundary of the Sustainability Report includes the subsidiary Corporación Montezuma which is proportionally consolidated in group accounts. The company has been included because it is considered significant in terms of sustainability impacts as per the GRI Boundary Protocol.
- _ Any exceptions to the reporting boundary are reported in the individual sections.

Reporting principles

The reporting principles applied in the preparation of 2012 Sustainability Report refer to the GRI guidelines mentioned above, which are indicated below:

Inclusiveness, Materiality and Sustainability Context –

For each type of Stakeholder we have identified the relationships established and engagement actions (see the Stakeholders section). The document also illustrates the group's main social and environmental impacts relevant for the stakeholders concerned. The information gathered has been organized by geographic area consistently with the group's characteristic multi-regional organizational system.

Completeness – see Reporting Boundary section.

Balance – Data is shown objectively and systematically, based on an information approach applied over the years and steadily improved. The indicators used to show the results are based on measurements of performance in the period regardless of whether there has been improvement or deterioration compared with previous periods.

Comparability and Clarity – The Sustainability Report presents the sustainability performance in three sections: economic, social, and environmental. In each section, the performance in each country where the group is present is described and, where relevant, this is compared with the group's performance and the trends of previous years (social, and environmental only). Any significant variation is also explained in the text. Tables and charts without comparative data refer to indicators whose comparison time span is not meaningful or to new indicators for which it was not possible to retrieve prior years' data. Application of the Global Reporting Initiative model also permits comparison with domestic and international organizations that use the same model.

For environmental data we used performance indicators related to production, since these describe in a synthetic, uniform and comparable manner the performance, the indicators relating to the burning line refer to a ton of clinker produced, while, in order to ensure uniformity and comparability of data across different countries and years, the impact generated along the entire production cycle refers to a ton of equivalent cement. We also included information on the concrete sector which, with 537 plants worldwide, has certainly a lower impact with respect to the cement sector, but at any rate deserves to be analyzed in depth in particular with regard to the

issues related to the management of drainage and of recycled waste.

Accuracy – Data has been checked by the various area managers of our Italian and international companies, who, in turn, coordinated the individuals involved at the factories. The “Group Profile” and “Economic Performance” sections have been prepared using the same data forming the group’s consolidated financial statements, which are prepared in compliance with International Financial Reporting Standards (IFRS).

Timeliness – The publication schedule for the 2011 Sustainability Report and of the Annual Report is aligned; both documents are presented at the General Meeting of Shareholders.

Reliability – The Sustainability Report has been approved by the Board of Directors and subjected to outside independent verification by PricewaterhouseCoopers. The purpose of such verification is to check compliance with the reporting principles specified in this chapter, including the conclusion concerning the stated level of application of the GRI G3 guidelines.



Details of a mill, Guidonia (Rome) – Italy

Corporate Governance System

The corporate governance system

As at December 31, 2012, the Corporate Governance system in the parent company Buzzi Unicem S.p.A. was in line with the recommendations made by the CONSOB (the Italian securities & exchange commission) and oriented towards the principles contained in the Italian Corporate Governance Code for listed companies and, more generally, with the best practices at national and international level.

Voluntary instruments, such as the Antitrust Code, are applied by group companies, including the foreign companies. Instead the tools which refer to legal provisions conform to the provisions in the various legislative contexts.

Organization of the parent company and of the subsidiary Dyckerhoff

In compliance with Italian legislative requirements for listed companies, the structure of the parent company Buzzi Unicem S.p.A consists of:

_ a board of directors responsible for corporate management: currently the B.o.D. consists of 5 executives and

8 non-executive directors, of which 5 are independent; a Control and Risk Committee – consisting of 3 directors, most independent – which carries out the tasks set by the Italian Corporate Governance Code;

_ a Board of Statutory Auditors;

_ the Shareholders' Meeting.

The Dyckerhoff subsidiary is subject to the German Stock Corporation Act, by virtue of which it has a dual management and control structure, consisting of 4 members of the Board of Management (B.o.D.), and 9 members of the Supervisory Board, of whom 6 are represented by shareholders and 3 by employees. The Supervisory Board has issued procedural rules for conducting business and has set up 2 committees:

_ Finance Committee (consisting of 3 members), which specifically provides guidance on accounting and risk management issues;

_ Executive Committee (consisting of the President and 2 other members of the Supervisory Board), which handles recruitment, dismissal, pension agreements and matters associated to the Board of Management, and guides the Supervisory Board concerning management remuneration.

Internal controls and risk management system

The Board of Directors holds ultimate responsibility for the Internal Controls system.

The company has set up the Internal Auditing function with the task of checking the constant compliance of both operational and administrative internal procedures established to ensure a prudent and efficient management and protection of the company assets. The Board of Directors appoints an Head of Internal Auditing, who does not report on a line basis to any of the managers, but reports directly to the Board of Directors.

For international operations, the Internal Audit Committee was established in 2006, consisting of Buzzi Unicem and Dyckerhoff Internal Auditing managers.

In 2008, Decentralized Audit Departments (DAD), consisting of one or two people, were set up at the most important subholding companies (USA, Mexico, Russia and Ukraine).

These units report on a line basis to the local top management of the subholding companies but functionally answer to the Internal Audit Committee consisting of the two Internal Auditing managers.

Transactions with related parties

The Board of Directors, in compliance with the provisions of Consob Regulation no. 17221/2010 and subsequent amendments, adopted, subject to the "Procedures for transactions with related parties", aiming to ensure the substantial and procedural transparency and accuracy of the transaction with related parties.

Management of confidential information

The Board of Directors has approved a "Market abuse and privileged information manual", aiming to create a dossier of the procedures and the practices followed in the group regarding external disclosure of corporate documents and privileged information.

Internal Dealing

The Board of Directors has adopted an Internal Dealing Procedure. In compliance with the law and regulations on the subject, the procedure is designed to govern operative procedures for the respect of notification obligations. Such obligations are incumbent on Relevant Persons in relation to the transactions carried out on the shares or other associated instruments of listed companies in the Buzzi Unicem group.

Code of Ethics

The group's major Italian companies have each adopted its own Code of Business Ethics pursuant to Legislative Decree No. 231/2001. This is a tool to raise the awareness of those who operate in the name and on behalf of the company of behaving, in the performance of their activities, in a correct and transparent manner so as to prevent the risk that crimes be committed.

Organization, Management and Control Model

Given the need to ensure accurate and transparent conditions in the conduction of the business and corporate activities, to protect its standing and image and that of its subsidiaries, shareholders, and employees, Buzzi Unicem S.p.A. deemed it useful for its corporate policies to adopt an Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001.

The Model was approved by the Board of Directors in March 2003 and since then it has been constantly updated to reflect the new types of possible felonies and to identify the related sensitive processes.

The Supervisory Board was identified in the Internal Auditing department of the parent company, which has then been assigned the task of supervising the effective operation and compliance with the Model and of promoting and updating it.

All the major Italian subsidiaries adopted their own Organization Model and also identified the Internal Auditing of the parent company as competent body.

During 2012 the competent body has updated the Models of the different companies of the group to encompass the concept of environmental crimes introduced in the sanctions system by Legislative Decree No. 231/2001 in August 2011.

Risk Management

The Buzzi Unicem group has a Risk Management system that is administered by the Internal Auditing department. The risk management system involves the Board of Directors, management, and staff with the aim of identifying contingencies that might hit the companies, managing risk within certain limits, and therefore of providing reasonable guarantee of achieving corporate objectives. As part of the internal control & audit system, corporate risk management takes the actual form of twice-a-year assessment, controls and reporting. In the periodical reporting, the ratio is considered between the combi-

nation of all risks managed i.e. the residual risk amount, and the group's shareholder's equity, providing the creation of an overall risk strategy, known and accepted.

Antitrust Code

The Board of Directors approved also a document spelling out the "Rules of Conduct for group employees to ensure compliance with antitrust regulations".

Code of Conduct

The parent company has prepared a document that spells out the standards of conduct to be applied by personnel when tackling the ethical and legal challenges which may arise in the course of their daily activities.

The Board of Directors reviewed the Code and sent it, after having it translated in eight different languages, to all group employees.

Subsidiaries' management has been made especially aware of the importance of the Code and its observance by their respective organization. Observance of the code is an essential part of the contractual obligations and of the commitment and duty of Buzzi Unicem group employees.



Conveyer belt for raw materials, from quarry to plant, Robilante (CN) – Italy

Stakeholders

The real value of our partners, beyond their contractual value

Suppliers

We build a reciprocally supportive relationship with our suppliers, based on respect, trust and care. This is how Buzzi Unicem defines its relationship with its partners. An affinity that can bring value and reciprocal advantages thanks to the synergy of our excellently managed operations and a highly effective supply chain.

Selection

Selecting the right partners is one of the keys to growth. Buzzi Unicem looks for partners who can not only satisfy contractual requirements but also share our values, as a shared way of thinking means a shared standard of conduct, and a faster achievement of objectives.

This is achieved through the circulation of the Code of Business Ethics, adopted by our parent company to

make all internal and external stakeholders aware of the need to behave in a correct and transparent manner.

It is the Logistics and Purchasing Division (LPD) in Italy that informs all the Suppliers accordingly, stating in each order that the Code of Ethics is available on the corporate web site and specifying that this is taken to express consent by the supplier.

Furthermore, orders are accompanied by a letter concerning the Code of Business Ethics that the Supplier must return to the LPD duly signed to indicate acceptance.

Supplier selection takes place based on the technical and economic competitiveness of bids, together with the reputability and soundness of the companies concerned, once again with a view to building long-lasting and profitable relationships, but always in compliance with the law.

If prospective suppliers have not been previously screened and are not present in the supplier register, the LPD acquires all the documentation necessary to their evaluation and only later, if this is positive, includes them in the register, available at each Production Unit/Concrete Area. After receiving a request for execution of a con-

tracting job, the LPD evaluates the bids and manages business negotiations with suppliers. In compliance to art. 26 of Italian Leg. Decree 81/2008, bids have to explicitly indicate safety costs.

Assessment and loyalty-building over time

The group's philosophy has always been to pay special attention to businesses operating locally, close to the factories, also after the initial definition of the partnership. An assessment of suppliers is performed every two years, at our local operations. Our commitment has given results: local suppliers have increased by 35 % in 2011. This assessment aims to building loyalty over time in those suppliers who provide added value.

We also prefer companies with OHSAS 18001, ISO: 14001 certificates or EMAS registration and we ask those who do not have these certificates to provide an extensive series of questions on environmental matters and safety and quality management, encouraging them to comply with the certification requirements.

In addition we pay special attention to the use of recyclable packaging, optimization of logistics, the efforts to reduce acoustic pollution and building employees' awareness to environmental issues. Environmental commitment and the desire to innovate are values that the group wants to share with its partners.

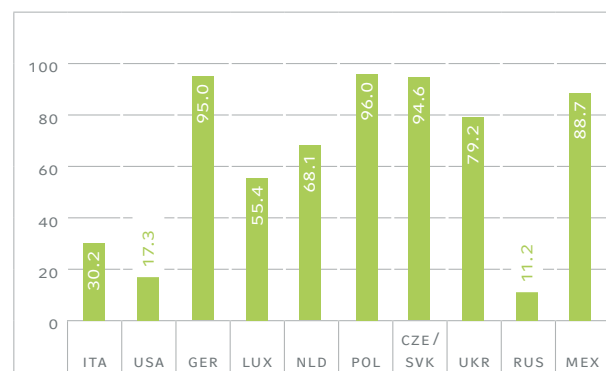
Organization efficiency with the added value of innovation

With the objective of optimizing the provisioning process, at the end of 2011 we developed a new application, called 'I-Procurement', which complements the 'Purchasing' package by giving plant managers the opportunity to order supplies fully independently through online catalogs. The implementation guarantees the effectiveness of production operations, bolstering the strategic alliances of the company with its suppliers and indicating new partnership solutions. A process that plays the innovation card, through new applications aiming to ensure compliance of the corporate purchasing policy, automation of the related processes and professional development of those involved.

When the implementation process of the I-Procurement application is completed, indirect supply costs will be notably reduced thanks to to the automation of the provisioning process and the decrease of our pool of suppliers, through a rationalization by geographic area. Being innovative means to be more organized and productive within tighter deadlines. The variable time plays however

a decisive role also in the long term, necessary to develop projects, consolidate affinities and find new growth opportunities. It is not by chance that the duration of contacts with the selected suppliers is usually two or three years, in order to build a connection that goes beyond the contractual value and becomes a true relationship.

Spending ratio of local/total 2012



Customers

Customers' satisfaction beyond market confidence

To win and retain market confidence, Buzzi Unicem is committed to increasing customers' satisfaction, ensuring that the quality of its products and services meet the highest standards of excellence.

Buzzi Unicem's customers may count on an extensive series of improvements undertaken to meet the highest standards of excellence. Besides the after-sales assistance described in the UNI EN ISO 9001 2000 standard, Buzzi Unicem provides clients with a fully comprehensive flow of information and services well beyond the assistance commonly given. This system includes:

- _ data and updates;
- _ technical support;
- _ invitations to take part in laboratory or industrial tests;
- _ assistance in the event of any disputes arising between customers and end-users of their services.

In particular, for any need relating to the use of products:

- from practical procedures to checking on performance, and from any complaints to legally required information;
- the customer has our Technical Assistance Service at its disposal, which provides the required support with the necessary timeframe.

At the same time, the R & D department takes care to identify – based on the suggestions arising from direct and constant exchange communication of management with the sales force – the innovative solutions best suited to meet the requirements and address the criticalities of a constantly changing market.

Shareholders

Lower volatility with respect to the last three years has characterized the performance of share prices during 2012, which displayed an overall positive trend, in particular in the second half of the year. The tone of the market at the beginning of 2012 was positive, however, it was reversed in the months of April and May, with the return of tensions on the financial markets of the euro-zone. A climate of strong political uncertainty made it difficult for governments to implement the reforms necessary to counter the crisis, the increase in sovereign risk and the fragility of the banking systems. Following the announcement of new modes of intervention by the BCE, during the summer, the tensions on the international financial markets lessened, expected volatility fell and the share and bond prices rebounded. In this improved context, the price of the Buzzi Unicem shares has progressively strengthened.

From the point of view of operations, the year was characterized by the recovery of investments in residential construction, the excellent performance of the shale gas extractive industry in the United States, the new record of cement consumption in Russia and by the favorable sales trends in Mexico. In Italy, instead, there was another contraction of internal demand that has left in the cement sector large and increasing margins of unused production capacity. A slowdown of construction activity was recorded in the Central European countries, while demand came to a standstill in some countries of Eastern Europe.

The stock market capitalization of Buzzi Unicem (ordinary and savings shares) at December 31, 2012 was well above that at the end of 2011 (+55.9%). Over the same period, the main index of the Milan Stock Exchange, the FTSE MIB, had recorded an 8.4% increase. Traded volumes were down (-16% on the previous year). The average trade value of the year was €8.31 for ordinary shares (€8.40 in 2011) and €4.04 for savings shares (€4.70 in 2011). In the first months of 2012 the price of our shares have retained a good tone.

The company, as in the last three periods, has made it a priority to guarantee a minimum level of compensation to shareholders in the form of dividends.

Price trend of Buzzi Unicem shares

(Base Jan. 2006 = 100)



Trading in Buzzi Unicem shares

Annual period of reference	Ordinary shares	Savings shares	Ordinary shares	Savings shares
	Number	Number	€ mn	€ mn
2006	100,899,098	32,479,343	1,850.5	398.8
2007	168,024,567	21,128,085	3,635.8	319.3
2008	217,560,057	31,688,570	3,194.2	321.5
2009	278,784,704	53,467,061	2,960.0	308.9
2010	365,608,536	31,748,299	3,277.7	171.9
2011	303,044,199	20,525,035	2,546.1	96.4
2012	254,566,236	16,188,731	2,115.5	65.5

Key pre-share data

	2006	2007	2008	2009	2010	2011	2012
euro							
Basic EPS (ordinary)	1.77	2.23	1.92	0.67	(0.31)	0.13	(0.14)
Diluted EPS (ordinary)	1.71	2.23	1.92	0.67	(0.31)	0.13	(0.14)
Cash flow per share	3.14	3.64	3.39	1.90	1.68	1.45	1.26
Shareholders' equity per share	10.63	10.95	12.14	12.16	12.48	12.44	11.79
Price / earnings ratio	12.1x	8.5x	6.0x	16.8x	n/a	51.9x	(75.4x)
Price at year-end							
Ordinary shares	21.45	18.93	11.58	11.28	8.62	6.75	10.55
Savings shares	14.56	12.51	6.57	7.24	5.36	3.37	5.16
Dividend per share ¹							
Ordinary shares	0.40	0.42	0.36	0.18	–	0.05	0.05
Savings shares	0.42	0.44	0.38	0.20	0.03	0.05	0.104
Yield							
Ordinary shares	1.9 %	2.2 %	3.1 %	1.6 %	–	0.7 %	0.5
Savings shares	2.9 %	3.5 %	5.8 %	2.8 %	0.6 %	1.5 %	2.0

¹ 2012: proposed to shareholders at the Annual General meeting

In 2012 the institutional investors with more than 2 % of shares decreased their share of share capital. At the end of the period, 26 % of ordinary share capital was held by foreign investors.

Main shareholders

at December 31, 2012

	Ordinary shares	% of total share capital	% of ordinary share capital
Presa S.p.A (Buzzi Family)	79,200,000	38.44	47.90
Fimedi S.p.A (Buzzi Family)	17,750,000	8.61	10.73

The main events taking place in 2012 are summarized below:

February	Roadshow – ING	Amsterdam
April	Roadshow – Equita	Geneva
May	Shareholders' Meeting	Casale Monferrato
May	Roadshow – Deutsche Bank	London
May	Building Seminar – Kepler	Milan
June	Roadshow – Natixis	Paris
October	Pan European Building Conference – BoA Merrill Lynch	London
November	Italian Equity Roadshow – Borsa Italiana-Intermonte	New York
November	Industrial Credit Seminar – Credit Agricole	London

To encourage frequent contact with retail shareholders, financial analysts and institutional investors, the group has created an Investor Relations office. There are multiple communication channels that often involve the top management: telephone conferences, on site meetings, regular presentations to the financial community, road shows at major stock exchanges.

Local communities and their environment

A relationship based on respect and growth

A significant proportion of resources becomes the investment to define initiatives with territories and communities surrounding our production sites, thus reducing their environmental impact and discovering recurrent mutual benefits.

The relationship between Buzzi Unicem and the local communities is shaped by the company's ability to create constructive links with the local institutions and the environment. The respect for natural resources has always been a philosophy of life at Buzzi Unicem, which has achieved excellence through its research, choice of less-polluting machinery, and strict controls on its environmental impact. We are confident that, over time, this will also give a positive return in terms of participation and local social and economic life.

Thus the group is committed to:

- _ encourage management at the different establishments to exploit our background of globally shared know-how, making themselves available to support all socially conscious initiatives with constructive and worthwhile objectives;
- _ maintain a continuous dialogue with all stakeholders, such as institutions, opinion groups, trade unions and the civil community;
- _ support the social life at manufacturing locations with focused actions that will provide local communities to benefit from Buzzi Unicem's presence in their area.

The "Portland" section of our website www.buzziunicem.it illustrates the relationship between our group, the environment and the local communities in greater depth.

Staff

Local experience reinforcing an international spirit

The acknowledgment of differences is an added value in the work of Buzzi Unicem. When in a group operating worldwide the different culture and the individuality of each employee are respected, striving towards a better performance becomes natural. A wealth qualifying work and people.

At global level Buzzi Unicem is present in three great macro-regions: Western Europe, Eastern Europe and America, with a total of 11,427 employees at the end of 2012, slightly below the previous year.

Collective bargaining is extended to the whole group more widely and frequently in the cement sector and in Europe. Prevention activities regarding work safety take key role at global level and with the objective of preventing as much as possible risk situations.

In 2012 we observe a trend towards improvements in the indicators of absences, sickness and accidents even if two fatal accidents took place in Europe (the last case of such gravity took place in 2008).

This professional growth accompanies increasing affluence, proving that wage, incentives, and training policies in the different countries have the same objective, the professional development of the employees. Respect for our human resources also means taking into account the needs of families, with work arrangements that include part-time contracts and flexible hours. This is not all. The safety initiatives of Buzzi Unicem have been decisive and almost half of the internal training has been in support of issues such as health and professional formation.

It is the commitment of a company that, despite a strong cyclical crisis, continues to believe in the potential of its employees and keeps investing to activate them. The Buzzi Unicem group is first and foremost a group of people.

Performance Indicators

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Cement Plants Location
As of December 31, 2012





Dyckerhoff HQ, Wiesbaden, Germany

Economic Performance

The creation of sustainable value for the stakeholders is a daily objective in each country where the group carries out industrial activity. Therefore listed below are the 2012 economic performance indicators, obtained thanks to the commitment and cooperation of all the subjects interacting with the company (Shareholders, Providers of funds, the Community and the Environment, Public administration and Institutions, Human Resources and Corporate System).

Economic value, generated and distributed

In 2012 international trade flows have stagnated and the dynamics of the global economy has remained weak. The risks for world economy have been lessened by the agreement reached in the United States to avoid the "fiscal abyss", thanks to lesser financial tensions in the eurozone and the improvement of growth prospects in the emerging countries, but they remain at any rate latent. The investments in construction, source of the demand for cement and concrete in the regions of operations, have shown some sign of recovery in the United States, thanks to the residential sector and that of "shale gas" extraction, brought a new record of the consumption of cement in Russia and confirmed a favorable tone in

Mexico; on the other hand the performance was penalized by the further heavy contraction in Italy, from the slowdown of construction activity in Central Europe and by a stalling in demand which was more marked than expected in Ukraine and above all Poland.

The year 2012 was characterized by marked difference in operation conditions between the different markets. In Italy, as a result of the continuing fall in internal demand, production kept falling, with wide and increasing margins of unused production capacity in the cement sector. In the Central European countries, after a first quarter results negatively affected by cold weather, the economy, although structurally more solid, has suffered somewhat from contagion from Southern Europe. In Eastern

Europe, we recorded the highest cement consumption in Russia, while, in the other countries in that region, with the effect of infrastructure building related to the European soccer championships running out, cement demand was rather weak. In the United States, the rebound of demand, after some years of stagnation, was encouraged by stronger residential construction and by the recovery of the commercial and industrial construction sectors. Lastly, the tone of the construction sector in Mexico, was positive, especially in the first half of the year, supported by the economic growth of the country and by increased public spending due to the recent federal and state elections.

The increase in volumes was led, in order, by Russia, United States, and Mexico. Levels below those of 2011 have been instead recorded in Ukraine, Luxembourg, Germany and the Czech Republic, with the most marked falls in demand taking place in Italy and Poland. In Eastern Europe, improved profitability can be attributed to the growth of sales in Ukraine and above all in Russia, which fully offset the weakness of margins in the Czech Republic and even more in Poland, where the combination volumes-prices-costs was substantially different with respect to the demand peak reached in 2011. In Central Europe profitability was weaker mainly due to lower volumes, with no changes in sales prices, and lower revenue from the sale of CO₂ Operations in the emission quotas. United States made substantial progress due to favorable movement of both volumes and prices; in addition, there was a slight reduction in operative costs, thanks to higher utilization of production capacity. The volume effect continued to be very unfavorable in Italy, where the favorable effect of higher prices and of cuts in fixed costs was offset by the collapse of production levels and by the inability to increase adequately the quotas of CO₂ emissions in surplus. Lastly, Mexico benefited of rather favorable operative conditions in terms of volumes, sales prices and fuel costs, which have brought profitability back to excellent levels.

Italy

In 2012 the investments in building have recorded a 7.6 % drop in real terms on the previous year; in the five years from 2008 to 2012, the current crisis has produced a retrenchment of investment activity of intensity above 27 %. All segments were impacted: new dwellings fell by 17 %, private non residential construction by 9.1 % and public construction works by 10.6 %. Only activity in the sector of residential real estate rehabilitation held their ground, albeit modestly. There was a strong decrease in capital spending provisions in the central gov-

ernment budget, particularly for the realization of new public works, and there have also been more and more instances when the public sector has delayed payments for public works already realized. Households' investment decisions have been discouraged and delayed; the uncertainty of the current economic situation, the difficult prospects for the job market, the drop in disposable income and the difficulty in obtaining mortgage loans have all contributed to the marked fall in building permits and to the continuation of the negative phase of the current real estate cycle. This serious crisis, which has affected the building sector for five years now, is having an impact also on the business community as a whole, and the increasing number of companies that have initiated bankruptcy proceedings represents a clear sign of distress. Our sales of hydraulic binders and clinker, including the quantities for export, have recorded a significant decrease. Sale prices increased thanks to increase in list prices at the beginning of the year, carried out in the attempt to balance the diseconomies of scale associated to the frequent stops in operations.

Germany

In building sector, after a rather weak start in the first quarter, with a fall in commercial and public construction activity partly offset by a recovery of the residential sector, there was an acceleration in the second quarter, which, however, lost momentum in the second half of the year. Estimates for the building sector indicate, for the year, a 1.1 % decrease, with a small increase (+1.5 %) in the residential sector, a small decrease (-2.2 %) in the commercial sector and a strong decrease (-10.0 %) in the public sector. Cement demand in this country, with a decrease of about 5 % on the previous year. Our deliveries of cement dropped with respect to the last year, with a slight increase in prices.

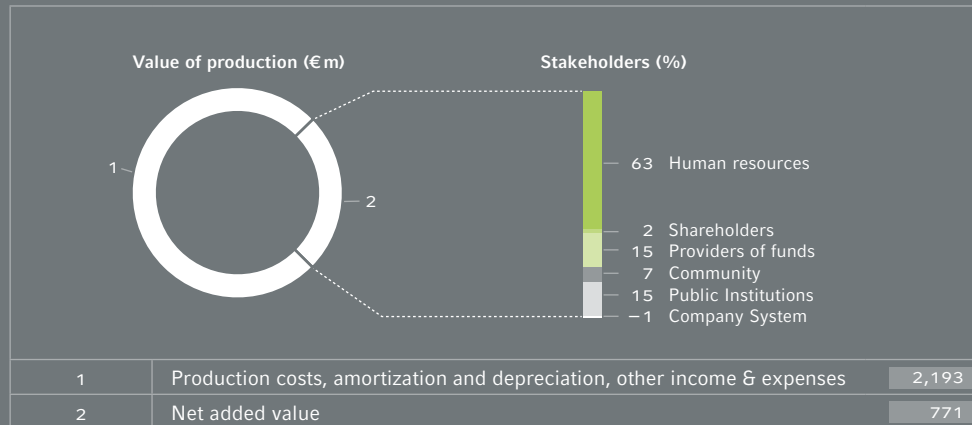
Luxembourg

Building sector activity weakened, and as a result also cement demand was down with respect to the previous year. Our sales of cement and clinker, gross of infra-group transfers and including the quantities for export, were lower, with average unit revenues similar to the previous period.

Netherlands

Investments in the construction sector have been on a progressively worsening trend throughout the period, closing with a clear 6.9 % drop. Our sales of ready-mix concrete have recorded a noticeable reduction with respect to the previous period, with prices decreasing as well.

Composition and distribution of Added Value



Poland

The completion of the infrastructure projects connected to the European soccer championship caused a sudden inversion of trend and activity in the construction sector for the current year, although slightly up (+ 1.6 %), is expected to be noticeably weaker than in 2011, when it recorded a +12.9 % increase. As a result cement demand in this country, already down from the second quarter, has fallen by over 16 %. The sales volumes of cement were substantially lower, and moreover the average level of prices in local currency was on a downward trend.

Czech Republic and Slovakia

The construction sector activity was modest, with a 5.4 % decrease on the previous year, which confirms that the construction sector has not yet left behind the difficulties of the last two years. The cement demand in the Czech Republic was about a third lower with respect to its 2008 peak. The retrenchment of demand in Poland has virtually eliminated the synergies between the two countries, which in the previous period consisted of exports toward Poland itself. The sales volumes were down and average sale prices, expressed in local currency, were practically unchanged. The ready-mix concrete sector, including operations in Slovakia, has had a rather weak trend, with falling volumes and lower prices.

Ukraine

The construction sector contracted by 13.8 % with respect to the previous year. This caused a retrenchment in cement sales volumes, against higher average prices.

Russia

The construction sector grew by 2.4 % and cement demand grew strongly, setting a new record for the country. The trend in cement sales volumes was satisfactory; the good tone of the demand made possible a correspondingly good performance of average sale prices in local currency, which were well above the average for the previous period. With the new dry-process production line fully operational, it was possible to limit the effect of the increases at the source in fuel prices.

United States

Conditions on the real estate market are still uncertain, but the residential construction sector is strengthening gradually and house prices have shown signs of recovery. The activity in the construction sector increased at a good pace, +6.2 %, with a stronger increase in the residential (+11.9 %) and non-residential (+9.5 %) sectors. Public spending on infrastructure was instead down 5.4 %. Cement demand in the USA was up with respect to the levels in the previous three years, and our sales of hydrau-

lic binders, after a strong start in the first quarter, encouraged by the good weather, kept growing at a considerable pace. The recovery of demand, after some years of stagnation, produced also an improvement in sale prices. The growth in volumes, the favorable trend of sales prices, stable fuel prices and, above all, lower fixed unit costs due to higher utilization of productive capacity all contributed to increase profitability.

Mexico

Activity in the construction material sector was boosted by important public projects aimed at realizing and renovating infrastructure, in view of presidential elections at the beginning of July, and by the positive trend in residential construction activity. The cement sales volumes by the associate company Corporación Moctezuma increased, and so did prices in local currency. Improved profitability was achieved thanks to a strong reduction of fuel costs and to further increases in production capacity utilization.

The value of production increased slightly (+ 1 %), supported by sales prices in most locations. Production costs benefited from a favorable trend in fuel prices, while electricity costs increased. There was an increase in the capacity to generate Value Added (the difference between the value of production and the consumption of goods and services, henceforth vA).

Added-value Reclassified Income Statement

	2010	2011	2012
millions of euros			
Value of production	2,732.8	2,875.6	2,902.5
Intermediate production costs	(1,863.3)	(1,958.3)	(1,930.9)
Other income and expenses	13.2	6.6	(3)
Gross value added	882.8	923.9	968.6
Amortization/depreciation and impairment	(386.7)	(243.5)	(258.0)
Net added value	496.1	680.4	710.6

The AV generated by of our group's business activities increased by 4 %;

Balance Sheet

	2010	2011	2012
millions of euros			
Current assets	1,385.4	1,612.6	1,650.1
Non-current assets	4,430.1	4,278.2	4,152.6
Invested capital	5,815.4	5,890.8	5,802.7
Short-term debt	665.6	942.9	808.8
Long-term debt	2,396.8	2,161.0	2,391.3
Equity	2,753.0	2,786.9	2,602.6
Sources of invested capital	5,855.3	5,890.8	5,802.7

The sustainability criteria by which the Balance Sheet and the Consolidated Income Statement are reclassified allow us to quantify and to allocate the corresponding benefits to the different stakeholders of the group, according to their economic, social, and environmental characteristics.

Distribution of Net Added Value

	2010	2011	2012
in %			
Corporate System	(9)	(6)	(1)
Human Resources	88	64	63
Public Administration & Institutions	(8)	8	15
Shareholders	0	2	2
Providers of Funds	21	14	15
Community & Environment	7	6	7

The breakdown and YoY change of AV shows a gradual increase of the share going to the corporate system, which remains however slightly negative (- 1 %).

The share of AV going to "Providers of Funds" has increased slightly. The debt position has been gradually reduced, consistently with that prudence that has always characterized our business policies.

The portion of AV supporting the "Community and Environment" increased, confirming the company's efforts and commitment in the social and environmental field.

The remuneration of the ordinary and savings shares was unchanged.

The share of vA relating to "Public Administration and Institutions" increased from + 8 % to + 15 %, due to the

revision and/or of the non-realization of deferred tax assets from tax losses accrued in some jurisdictions. In Italy, in the period 2000 – 2012, we made productive investments for the development of under-utilized regions (mainly Sicily, Sardinia and Apulia) totaling some € 67 million, benefiting from facilitations granted by the Economic Development Ministry under Italian Law 488/92 and from investment incentives recognized as tax credits, for a total of approximately € 11 million. These subsidized investments account for about 10 % of the total investments made in Italy in the period and have all been completed. To date incentives and benefits for more than € 10 million have been credited to us. During the year we did not receive any new loan and/or investment subsidies in the other geographic areas included in the reporting boundary.

Lastly, the percentage share of VA going to “Human Resources” remained substantial. Staff remuneration is mainly fixed. The company, however, has an incentive and loyalty-building plan for Italian managerial staff featuring payments in the form of savings shares depending on the achievement of objectives (MBO system). Savings shares are granted to beneficiaries either by means of reserved capital increases or use of treasury shares. The cost corresponding to the shares transferred – equal to their fair value on grant date – is included among staff costs.

Employee benefits go beyond direct remuneration during the employment relationship, carrying over into the post-employment period. More specifically, such benefits primarily consist in pension plans, life insurance, healthcare plans and severance indemnities. Support for employees’ welfare and health is therefore a hallmark of Buzzi Unicem’s corporate culture. It produces tangible effects on the employees’ quality of life and enables us to attract and retain the most talented staff and to ensure motivation and professional satisfaction over a long-lasting period.

The way in which benefits are granted varies from country to country, depending on the legal, tax and economic conditions in each region where the group operates. Obligations refer both to current and retirees employees. The following table details our employee benefit obligations:

	2012	2011
thousands of euros		
By category		
Post-employment benefits		
Pension plans	298,380	230,145
Healthcare plans	104,228	102,825
Employees severance indemnities	25,214	22,229
Others	221	174
Other long-term benefits	9,597	8,960
	437,640	364,333
By geographic area		
Italy	26,302	23,145
Central Europe	246,400	194,786
USA	160,272	142,235
Other countries	4,666	4,167
	437,640	364,333

Defined-benefit plans are those that set the amount of pension benefits earned, usually on the basis of one or more factors such as age, years with the company and salary. They may be unfunded or wholly/partially funded by contributions paid by the company, and sometimes by the employees, to an entity or fund legally separate from the employer which in turn pays out the benefits to employees. The defined-benefit pension plans that the group has set up in Germany and, to a lesser extent, in Luxembourg, are mostly unfunded. Conversely, pension plans in the USA are almost totally funded, whereas health plans are, by nature, unfunded. The defined benefit pension plan of companies operating in Mexico is largely funded. Employee severance indemnities (Italian acronym: TFR, or *Trattamento Fine Rapporto*) are considered equivalent to an unfunded defined-benefit plan. The provision is extinguished at the time of retirement, and in special cases a part can be paid out in advance. The “Other” item includes loyalty bonuses granted to employees upon achievement of a given tenure, and usually paid out when an employee ends his/her employment with the company. In particular, in Mexico we note the existence of a system called “prima de antigüedad” which is similar to the Italian TFR system. Payment of these benefits is certain (i.e. once minimum requirements have been met), whereas the exact timing of payment is not.

The scope of our operations covers radically different social environments: from the strict regulation of pension

system in Italy, we move to the more advanced plans and policies in the USA and Germany, where there is a high degree of flexibility for arranging assistance consistent with the employee's needs based on future life expectancy. The Czech Republic and Poland have a state pension system, similar to the Western model, partly funded by employees with the remainder funded by employers. This cost is included in the income statement in the "Staff costs" heading. In these countries, pension funds also exist into which employees can contribute part of their salary as a form of supplemental pension provision, benefiting from tax relief. The Russian and Ukrainian pension systems are purely state-funded. But they are often inadequate and employees are not obliged to retire at a set age. Given this situation, in some cases we support employees wishing to leave the company giving them exit incentives.

The group also accords its employees "Other long-term benefits", generally paid upon achievement of a given term at the company. In this case, the carrying value of the obligation on the balance sheet reflects the likelihood and probable duration of the payment period. Such plans are unfunded. In the USA a deferred compensation plan is provided for certain employees. The sums withheld are set aside in a trust and trust profits accumulate for the benefit of the participants.



Bochnia plant, Poland

Environmental Performance

A commitment to respect the environment. In the nature of Buzzi Unicem.

In this section we describe the environmental impact of cement production, such as, the consumption of natural, energy and water resources, the production of waste, emissions to air, drainage, packing, transportation and greenhouse gases. Also investments and expenses concerning the environment and safety are indicated.

Indicators for burning line refer to a ton of clinker produced, while, to ensure uniformity and comparability of the data across different countries and different years, the impacts generated along the entire production cycle refer to a ton of equivalent cement. Equivalent cement is the cement that could be produced using the whole clinker produced, without therefore taking into account transfers and changes in inventories.

At the end of this section, we report the results in details for each country, to make it possible to make comparisons across countries and, in the sections devoted to each individual country, across time. The environmental impact of the production activity of concrete plants is certainly lower than that of cement plants. For the concrete sector we describe anyway issues related to the management of drainage and of recycled waste.

Natural resources

The productive cycle of cement is characterized by the use of raw natural materials, such as limestone, marl, clay, shale, gypsum, pozzolana. The appropriate mix of these materials ensures the right proportion of lime, iron, aluminum, and silica, characteristic of the finished product. The utilization of materials from other processes, such as lamination scraps, aluminum dust, airborne ashes, slag, muds, synthetic gypsum and incinerator residue, appropriately managed, allow moreover to keep unchanged the qualities of the clinker and of the cement, allowing in this way less depletion of natural resources. Over the years,

the replacement percentage of raw materials, with alternative materials has been around 6–8 %. In 2012 the average value of the group was equal to the 7.8 %, value in slight constant increase with respect to the years previous. In Luxembourg, the replacement was equal to 28.5 %, but also in Germany, Poland, Czech Republic and Ukraine figures were well above 10 %. In other countries, such as Mexico and Italy, current laws and limited availability of suitable material on the market, does not allow unfortunately to achieve these levels.

With respect to the past years, the main news are the use in the USA of synthetic gypsum as a replacement for natural gypsum and the introduction of foundry sand in Mexico.

Biodiversity

The availability of natural raw materials is a key factor for cement production. Their extraction in quarries and mines is the first chronological step in the productive cycle and certainly one of the first in terms of planning and of investment of economic and human resources. Of key importance are the choice of the location of the field, which must be studied under all aspects, and the choice of extraction method, which must be made according to criteria of industrial efficiency and environmental sustainability.

The development of quarries and mines inevitably changes the areas they are located in, impacting both the environment and the landscape. For many years, Buzzi Unicem has adopted initiatives not just to limit this impact, but to actually improve the environment. This is achieved with a work process based on the following principles:

- _ optimization of the use of resources and incentives to the use of replacement raw materials;
- _ preliminary assessment of the environmental impact and its minimization during the life cycle of the extractive activities;
- _ preparation of cultivation plan fully consistent with the rehabilitation project for the site;
- _ interpretation of legal provisions as a minimum requirement in the preparation of the rehabilitation project;
- _ stakeholder involvement through initiatives aimed at transparency, discovery and assessment of the needs of the local economy and community;
- _ voluntary initiatives on the issue of biodiversity.

A commitment that brings concrete advantages to the preservation of biodiversity as demonstrated by studies published in France and Germany where protected animal species have found refuge in areas of extractive activities as new habitats have been created from reclaimed extraction sites or from parts of quarries still in use. A few remarks on those areas where the mine is located in a forest. In these cases the opening of a quarry, if carried out according to the surrounding habitat, can contribute significantly to the preservation of biodiversity, as the environmental reclamation project includes the return of the sites to their natural state. The time element also plays a decisive role and brings added value. During the years necessary to the rehabilitation in fact the habitats become interesting ecotones (transition areas) which can be colonized by pioneer species typical of the surrounding habitats and by species typical of ecotones.

Energy resources

In the productive cycle of the cement sector, energy consumption represents a significant variable, both in terms of costs and in terms of greenhouse gas emissions. High temperatures (above 1,400 °C) are required in burning lines by the decarbonation of meal and the sintering stage. On top of this there is raw mix grinding, burning of meal and cement grinding, activities that put together account for more than 98 % of total energy used in cement plants.

The specific consumption of the burning line, recorded in each country and strongly related to the technologies applied, has progressively decreased over the years, stabilizing in the last three years around 4,000 MJ/t clinker. In 2012, the thermal energy requirement of clinker burning lines was equal to 4,022 MJ/t clinker, with a slight deterioration with respect to 2011, partly due to the discontinuous and irregular operation of clinker burning lines, which underwent many starts and stops. On the other hand, the thermal balance can vary by 5–8 % according to the qualitative and quantitative characteristics of raw materials (“cookability” of raw meal) and of the alternative fuels, as well as the percentage of gas intake via by-pass.

Excellent values were obtained in the burning line recently realized at Festus in the USA, which reached the value of 3,044 MJ/t of clinker against 5,391 in 2008. Excellent results were also obtained in the cement plants at Ver-nasca (ITA), Hranice (CZE), Chattanooga (USA), Tepetzingo, Cerritos and Apazapan (MEX), where rotary preheater/precalciner kilns made it possible to bring specific consumption below 3,400 MJ/t clinker.

Besides these brilliant results, directly linked to the technologies installed, there was a steady improvement in energy performance at Suchoi Log (RUS) where specific consumption, thermal and electrical, was cut respectively by 10 % and by 7 % in the last 5 years. The energy mix of the Buzzi Unicem group in 2012, shows the continuing growth of the contribution of alternative fuels such as biomass, plastics, waste, used lubricants, and solvents.

The heat substitution from the utilization of alternative fuels reached 18.5 %, highest value ever reached in the group. Such an increase is due in particular to the values of absolute excellence recorded at the German plants, Geseke (69 %), Amöneburg (49 %), Gollheim (57 %), Deuna (50 %), Lengerich (49 %), with an average of 52.5 %, against 45.1 % in 2008. The utilization of alternative fuels was also had an increasing strategic at the Italian plants of Barletta (34 %), Robilante (28 %), Travesio (23 %) and Vernasca (6 %).

In the United States excellent values were reached at Greencastle and Cape Girardeau, with heat substitution respectively of 46 % and 50 %. The average value for the USA has instead down slightly, to 22.5 %. The results reached at Nowiny (44 %), Hranice (33 %), and Rumlange (32 %) are also worth of notice.

The use and the recycling of waste makes it possible to achieve a better balance between environment and production, in line with our principles of sustainable development and with our objectives of cutting greenhouse gas emissions. The use of alternative fuels in cement plant is an innovative and profitable choice as it leads to less use of fossil fuels and a lower greenhouse gas emissions, also avoiding the emissions produced by the disposal of waste through incinerators. Our commitment has allowed us to achieve even better results, with new agreements with the local communities and new permissions to burn alternative fuels, even if there are still reports of obstruction by local and, sometimes, national authorities.

Besides thermal consumption, another item significant from an economic and environmental point of view is specific electricity consumption. Specific electricity consumption is determined mainly by coal grinding, cement grinding and grinding and burning of meal. The values recorded are already in line with what the best technologies of the industry offer and range from 87 kWh/t equivalent cement recorded in Mexico to 152 kWh/t equivalent

cement in the USA. This last value, particularly high, is directly related to the substantial content of clinker in the cement required by the American market.

Water resources / drainage

Water consumption in cement production is due to the conditioning of gases discharged from burning line, to decreasing temperatures during grinding, to the cooling of mechanical parts, to pretreatment of mixes and to decrease of generalized dustiness. Significant investments have been made for years to reduce consumption, with the gradual completion of the closed-circuit cooling systems of the thermal load, the elimination of losses from pipes, the installation of water meters on the pumping system and the recycling of treated rainwater. Thanks to these initiatives the specific consumption for unit of product has decreased to reach 345 l/t equivalent cement, with a share from rainwater equal to 16 %.

The high levels of consumption, with respect to group average, in Ukraine and Russia is due essentially to the use of wet-process kilns, that demand a higher level of water consumption.

In the last years we also have realized important projects to treat rainwater by screening, sedimentation and oil extraction, and to recycle rainwaters which otherwise would just end up in the drains, so that aquifers or basins are not depleted. Our commitment has also brought us to monitor drain waters on an ongoing basis, according to the schedule defined by each single permit. Especially in the American and German plants the percentage of utilization of rainwaters has reached elevated levels, respectively 49 % and 43 %, while at the Czech cement plant at Hranice the percentage of rainwater used in the productive cycle is equal to 83 %. In Italy, several treatment basins for rainwater have become fully operational and the consequent recycling of rainwater at Vernasca, Travesio, Guidonia and, Barletta has allowed us to reduce the consumption of well water.

Greenhouse gases

Greenhouse gas emissions are produced by burning processes. In the case of the production of cement, the emissions of carbon dioxide originate for the most part by the decarbonation of raw materials, around 61 % of the total, with the rest produced by burning in the kilns for clinker production.

Last year, Buzzi Unicem took part to the Carbon Disclosure Project (CDP), an international initiative aimed to

recognize recording systems and corporate strategies to limit the progress of climate change. We therefore monitored our direct greenhouse gas emissions, that is those due to the production process, as well as the indirect ones, corresponding to transport activities (48 kg/t cement) and to electricity consumption (94 kg/t cement). Buzzi Unicem was recognized as The Best New Discloser 2012, being the company with the highest score among those that had replied for the first time to the CDP questionnaire in 2012. Given Buzzi Unicem's leadership position in Italy, the company was also added to the Carbon Disclosure Leadership Index (CDLI), another assessment tool for institutional investors.

Regarding the reduction of greenhouse gases, the strategies that the cement sector, and Buzzi Unicem in particular, are pursuing are mainly three:

- _ to produce cements with high percentages of secondary raw materials, such as slag, ashes and pozzolana, as partial replacement of the clinker;
- _ to maximize the energy efficiency of the kilns and to replace the older ones, which have a high specific consumption and, therefore high factors of emission of carbon dioxide;
- _ to use alternative fuels, with a high biomass content, that generate, given equal calories consumption, less emissions of CO₂.

Buzzi Unicem contributes to the achievement of the Kyoto objectives by taking part in the Emissions Trading Scheme (ETS), a trading platform for emission rights, that through market mechanisms, sets a ceiling to greenhouse gas emissions into the atmosphere.

In the USA, the matter is regulated by regional agreements, which put forward initiatives to reduce greenhouse gas emissions. Our emission factor for 2012 was equal to 688 kg/t cement, a small decrease on 2011, with the lowest values recorded in Luxembourg (539), Germany (574), Poland (610), Czech Republic (613) and, Italy (621).

Atmospheric emissions

The main source of atmospheric emissions is the clinker production stage in the kilns of the group cement plants.

Over the years we have installed modern real-time monitoring systems of emissions which allow the constant monitoring of major parameters such as dust, sulfur dioxide (SO₂), nitrogen oxide (NO_x), hydrochloric acid (HCl), carbon monoxide (CO), total organic carbon, ammonia

(NH₃). This real-time monitoring from a central controls room, allows the operators, adequately trained, to intervene immediately to optimize combustion.

Whenever requested by the permit, we defined a protocol to connect the real-time emission monitoring systems to the competent authorities in order to guarantee the transparency of the results.

Emissions are moreover periodically analyzed by qualified external labs. In Europe, the results of the monitoring are published in the European register of emissions (E-PRTR), according to EC regulations. In the details, the emissions of dust are produced directly by treating and handling vast quantities of dust-generating materials, activities that represent an essential aspect of cement production. The installation of modern bag filters allows to achieve concentrations below 20 mg/Nmc and the elimination of process transitors typical of electrofilters.

In 2012 we recorded an increase of the indicator for emissions of dust by burning line clinkers, caused especially by the deterioration of the indicator in Ukraine. On the other hand, excellent values were reached in Italy, Germany, Czech Republic, and Poland where we recorded respectively 9, 15, 18 and 19 g/t clinker. The production of nitrogen oxide is due to the high temperatures reached inside kilns during burning. To respect concentration limits, increasingly binding, as provided under national laws and specified by the best available technologies (BAT), we installed selective non-catalytic reduction (SNCR) systems able to exploit the reaction of an ammonia solution or an urea-based solution with nitrogen oxide. In 2012 widespread utilization of these systems has confirmed the excellent values recorded in past years.

The plants of Cape Girardeau (USA), Amöneburg, Lengerich and Deuna (GER), recorded indicator levels below 1,000 g/t clinker. Excellent results were obtained also thanks to the constant utilization of alternative fuels, the burning of which produces lower nitrogen oxide emissions.

Emissions of sulfur dioxide are due to the composition of fuels and raw materials, where sulfur is present as sulphide. The characteristics of basic burning lines and the long processing times, allow minimal emissions of SO₂.

When the content of sulfur in the materials is particularly high, or the type of plant used does not allow such cap-tation, we implement secondary measures to decrease

emissions, such as using sodium bicarbonate which, reacting with sulfur dioxide, allows a significant decrease of emissions. The efficiency of these initiatives can reach even 80 %, allowing at the same time a reduction in emissions of hydrochloric acid.

In 2012, the factor of emission grew from 251 to 465 g/t clinker. With regard to the main gases that damage the ozone layer such as the CFCs, these are used in the closed-circuit cooling systems, periodically tested for leaks.

Waste

Cement production does not involve waste production, apart from those resulting from ordinary or extraordinary maintenance and from the occasional demolition activities. The only waste resulting directly from the process is paper, plastics and wood packing. The percentage of this packing that is not recycled is at any rate below 1 %. This indicator includes all waste products, including those resulting from maintenance.

The USA are a case apart, as current laws involve a high production of waste. In particular, captured dust, called Cement Kiln Dust (CKD), in some cement plant of the USA, cannot be recycled in the productive cycle, as it usually happens in the other production units of the group, raising enormously the value of the indicator, to about 15 kg/t cement. The average value for the group was around 3.6 kg/t cement, with an increase with respect to 2011.

In the countries where current laws require a reduced alkali content in the clinker, the CKDs are extracted to keep their content under control. The dust is moreover extracted to remove excess sulfur and chloride in the burning line, and then discarded or sold for later recycling. Adequate sorting in the group production units has allowed us to recycle around 30 % of the waste we produce.

The balance between waste produced and waste recycled can be safely said to be in surplus. Against about 4,500,000 t of secondary waste or raw materials recycled in the group productive cycle as fuel or as raw materials, we produced only 112,000 t of waste, 70 % of which we disposed. This confirms how the cement productive cycle can be considered a significant help to the problem of waste management, ensuring a quality product and limiting the depletion of natural raw materials.

Spillage

In 2012 we did not record significant spills. The main above-ground tanks, containing hazardous substances, are provided with purpose-designed tailing ponds in order to avoid unpleasant emergencies. The underground tanks are periodically tested for tightness to assess the presence of tears in the wall. The double walled tanks instead have systems to identify leaks. In addition, the implementation of adequate procedures of response to emergencies, has allowed, in the few cases of outages, a correct management of the leaks, with the collection of the substances in specifically-designed areas provided with mats, which are later treated as hazardous waste.

Packing

The use of packing is limited to the minimum, as the quantity of cement sold in bags is equal to around 22 %. Such trend is confirmed in all countries except Mexico, where the percentage is slightly below 60 %. The other products are sold by weight while cement is wrapped in bags placed on wooden pallets, adequately protected with polyethylene. To reduce to the minimum the production of packing waste, such as wooden pallets, and avoid a return to the cement plant of materials no longer usable, the activity is monitored by internal staff.

Transport

The transport indicator allows us to assess the incidence of the transport with a breakdown of transport by truck, by rail and by ship, considering the average journey and the quantities transported. The results have made clear deep differences in the logistics of different countries.

Italian transport indicators are strongly affected by the origin of the fuels used which are transported by ship.

Transport via rail has a substantial weight especially in Ukraine where distances covered by rail are considerable. Distances covered by truck in Mexico have a large weight substantially in the indicator, and the same can be said of transport by ship for finished products in Germany.

Investments and spending

Despite the economic crisis that has invested in these years the cement sector, the awareness that Buzzi Unicem has always had of environmental and safety issues is confirmed by the important investments that were recorded also in 2012. Even with a significant decrease of total investments, those for the environment and safety are at any rate a significant percentage of the total.

During 2012 we recorded technical investments such as initiatives regarding mechanical and electrical tools, realization of fire prevention and gas emissions abatement systems, filtering systems, systems for drainage treatment and waste recycling, noise abatement systems and deposits for the decrease of the emissions. A substantial investments, about 22,000,000 euro, with an incidence of environmental investments of 85 %. The share reserved for initiatives to decrease emission into the atmosphere was 40 % of environmental and safety investments.

With regard to the expenses, we recorded a further increase of the amount spent on activities in the environment and safety field, equal to over 44,000,000 euro, including purchases of urea, iron sulphate, and replacement bags, monitoring of emissions, waste management, consulting fees, safety testing, tree planting, waste management, training.

Concrete

Contrary to the cement sector, in which all major environmental issues are present, in the concrete sector the focus is on water consumption and the recycling of waste.

The environmental impact is associated therefore not to the single concrete plant but to their number.

Ongoing initiatives to reduce the impact on water resources can be divided mainly between:

- _ recycling in the productive cycle of the water from the productive process. With a closed circuit it is possible to completely eliminate industrial drainage and therefore decrease the use of water pumped from wells or from superficial bodies of water. In the concrete sector, these systems are installed in 334 concrete plants. The countries more aware of these issues are Italy and the Netherlands where all plants have recycling systems;
- _ the recycling of the water used to wash the trucks through separation and mechanical treatment systems which separate inert materials from water. Such systems allows a significant decrease of waste produced and savings equal to about 3 % on the pumping water and on the aggregates. Rules increasingly strict on the quality of the product do not allow the recycling of the waters from separation systems. The result of this restriction is the decrease in the use of separation systems. In the concrete sector this was a solution adopted, in 2012, in 244 plants;

- _ on the other hand an increasing number of concrete plants are using basins for the treatment of rainwater and especially of the water of first rain, through systems of screening, sedimentation and oil extraction. These systems allow a reduction of the pollutants from the containers.

The utilization of airborne ashes in replacement of cement in concrete plants is another significant step towards the decrease of the environmental impact, aimed in particular to decrease the consumption of raw materials of natural origins and the production of industrial waste, which would be otherwise discarded.

In the concrete sector, the utilization of airborne ashes in replacement of the cement takes place in 69 % of the plants. Such use, even within the limits set by applicable legislation, makes it possible to preserve the characteristics of concrete, reducing the impact of cement production. On average for each cubic meter of concrete we used 33 kg of ashes, with savings of about 15 kg of cement with peaks of utilization in the USA, Poland, Czech Republic/Slovakia where the national average is equal to 55, 53 and 53 kg of ashes for each cubic meter of finished product.

Product

To the product cement can be associated a series of environmental impact quantifiable for the single stages of production, use and end life, that is for the entire life cycle of the product. This is one of the criteria considered by international standards, such as for example the LEED (Leadership in Energy and Environmental Design).

Such standard indicates the requirements for eco-sustainable buildings, both from the point of view of the materials used and of the totality of the work, by giving it a score according to its environmental performance.

The issues considered are:

- _ sustainable sites: the buildings with LEED certification must have the smallest possible impact on the territory and on the building site area;
- _ efficient water management: the presence of systems for the recycling of rainwater or of taps with flow regulators must guarantee the highest efficiency in the consumption of water;
- _ energy and atmosphere: making best use of energy from renewable and local sources, it is possible to reduce significantly the energy bill of the buildings;

- _ quality of the interiors: the interiors spaces of the building must be designed to consent an energy balance close to zero and provide the maximum comfort to final users;
- _ planning and innovation: use of construction technologies that improve current best practice is an element of added value, for the purposes of LEED certification;
- _ materials and resources: in the LEED assessment, buildings using natural, renewable and local materials are given a higher score.

The focus of Buzzi Unicem is especially on this last point and to the quantification of the environmental impact of the product, in particular measuring the content of recycled material. Buzzi Unicem, in 2011 carried out a study on the life cycle of all cement products in Italy and, once the results had been certified by an independent entity, published the results in the corresponding EPD. It is in this way possible to make available to design engineers figures measured and validated by third parties for the content of recycled material in cements and all other environmental aspects, first of all the emissions of greenhouse gas generated over the life cycle of the product (carbon footprint).

In 2012, are state reached other certifications of the systems of environmental management, pursuant to the standard UNI EN ISO 14001: 2004 the Italian productive unit of Trino and the cement plant of Nowiny in Poland, where we reached also the significant recognition, of the certification of the system of health and safety management, according to the OHSAS standard 18001: 2008.

The tests, carried out at least once a year, both by staff internal and by a qualified independent body, have allowed moreover the confirms of the systems of management previously certified, confirming the commitment of the company to the protection of the environment and the workers.

Environmental Performance: Tables

		ITA	GER	USA	LUX	POL
Clinker production	t	3,485,745	3,734,515	6,113,058	758,242	952,554
Ratio clinker/cement	%	73.6	69.1	93.4	66.6	72.0
Energy						
Heat substitution	%	13.9	52.6	22.5	32.3	43.7
Specific burning line consumption	GJ/t clk	3.711	3.870	4.115	3.505	3.846
Specific electricity consumption	kWh/t eq. cem	107	109	152	111	107
Raw materials						
Raw materials other than natural	%	3.5	14.2	6.9	28.5	13.5
Emissions						
Dust	g/t clk	9	15	53	37	19
NO _x	g/t clk	1,768	799	1,856	1,094	1,206
SO ₂	g/t clk	79	16	503	0	652
Direct CO ₂	kg/t eq. cem	621	574	841	539	610
Waste generation						
Waste produced	g/t cem	1,075	575	14,858	827	560
Recycled	%	81	77	21	87	96
Water consumption						
– of which from rainfall	l/t eq. cem	307	178	360	54	180
	%	2	43	49	0	0
Transport						
Inbound – truck	km/t eq. cem	98	67	60	86	49
Inbound – train	km/t eq. cem	4	24	32	16	16
Inbound – ship	km/t eq. cem	570	148	88	1,802	0
Outbound – truck	km/t eq. cem	223	248	34	391	35
Outbound – train	km/t eq. cem	20	109	140	20	12
Outbound – ship	km/t eq. cem	53	823	221	0	0
UNI EN ISO environmental certification 14001 or similar	Y/N	10	7	0	1	1
OHSAS safety certification 18001 or similar	Y/N	6	7	0	0	1
EPD (Environmental Products Declaration)	Y/N	13	0	0	0	0

	CEK	RUS	UKR	MEX	2008	2009	2010	2011	2012
	622,143	2,619,991	1,473,409	4,746,053	27,340,375	22,115,207	22,582,159	24,647,794	24,505,710
	78.3	86.9	80.1	78.1	79.6	79.9	79.8	79.7	79.6
	33.0	0.0	0.0	0.03	14.4	17.6	18.4	17.6	18.5
	3,390	4,969	5,780	3,381	4,130	3,955	3,981	4,007	4,022
	126	123	124	87	117	120	120	118	116
	15.5	5.9	11.5	0.5	7.0	6.3	6.3	7.5	7.8
	18	438	2,049	54	172	130	178	145	199
	1,263	1,399	2,626	3,831	1,671	1,755	1,831	1,743	1,998
	21	0	0	1,548	360	346	235	251	465
	613	711	876	655	686	687	686	697	688
	359	928	483	238	5,784	2,921	2,709	2,683	3,652
	73	97	100	80	26	57	40	31	30
	98	596	1,490	158	350	373	355	362	345
	83	0	0	0	14	14	16	14	16
	42	15	6	86	78	91	79	74	65
	27	130	2,270	72	71	51	127	186	176
	0	0	0	105	208	184	261	259	220
	218	161	70	1,298	401	350	327	386	383
	28	850	474	116	142	137	164	184	188
	0	0	0	13	185	179	184	176	202
	1	0	0	1	12	17	18	19	21
	1	0	0	1	8	15	15	15	16
	0	0	0	0	1	1	1	1	13

HSE management systems

			EN ISO 14001	OHSAS 18001	EPD
			Environmental management systems	Health & safety management systems	Environmental Product Declarations
Cement plants	Italy	Augusta	•	•	•
		Barletta	•		•
		Cadola	•	•	•
		Guidonia	•		•
		Manfredonia			•
		Riva of the Garda			•
		Robilante	•	•	•
		Settimello			•
		Siniscola	•	•	•
		Sorbolo	•		•
		Travesio	•	•	•
		Trino	•		•
		Vernasca	•	•	•
	Germany	Amöneburg	•	•	
	Deuna	•	•		
	Geseke	•	•		
	Göllheim	•	•		
Lengerich	•	•			
Neuss	•	•			
Neuwied	•	•			
Mexico	Tepetzingo	•	•		
Czech Republic	Hranice	•	•		
Poland	Nowiny	•	•		
Luxembourg	Rumelange	•			
Concrete plants	Italy	Settimello	•	•	
		Castelfiorentino	•	•	
		Monsummano	•	•	
		Barberino Val d'Elsa	•	•	
		Venturina	•	•	
		Orbassano	•		
		Cagliari	•		
Terminals	Italy	Ravenna	•		



Celebrating 100 years at the Barletta plant

Social Performance

In this section of the Sustainability report, we report on issues related to the people who work for Buzzi Unicem, and we show the most significant indicators at group level as well as some prominent trends for the 2008 – 2012 period.

On 12 November 2012, the electrical engineer Oleksii Domashchuk, 27, employed at the plant of Volyn (Ukraine) for 4 years, and on 6 December 2012, the Mr. Andrej Jakowlewitsch Schafner, 56, a contractor for two and a half years at the plant of Suchoi Log (Russia), have lost their lives in workplace accidents. We remember fondly our colleagues and stand by their families.

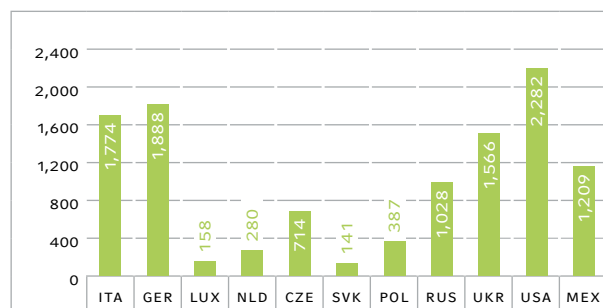
The issues described below are those considered important for the purposes of social reporting, keeping in mind that the current multi-regional organizational structure and the articulated nature of the company does not allow for a universal HR policy. For this reason, specific issues are treated in-depth in the sections produced locally, at country level, leaving to the following pages the objective of describing the key elements at group level.

Working conditions and employment data

At the end of 2012 the Buzzi Unicem group employed a total of 11,427 people, with a slight percentage decrease on 2011 (corresponding to 101 positions). Some countries bucked the trend, especially Germany and Mexico, where 66 and 35 people respectively were added to the staff.

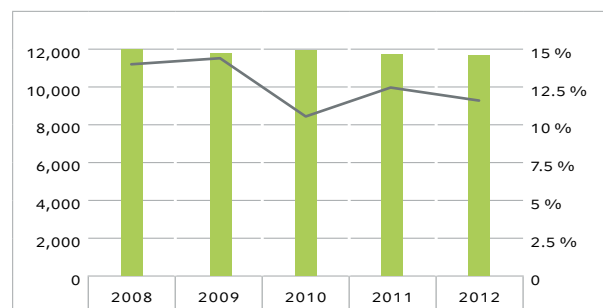
The countries with the largest number of employees continue to be the United States with 2,282 employees, followed by Germany and Italy. At global level the three macro regions in which the group can be said to operate are Western Europe, Eastern Europe and America, each employing approximately one third of the total staff.

Total employee workforce Buzzi Unicem group
2012



TOTAL: 11,427

Total employees and turnover rate for the group
in 2008 – 2012



■ EMPLOYEES — TURNOVER RATE

Breakdown of Buzzi Unicem 2012 personnel by country, category, gender and age

	ITA	GER	LUX	NLD	CZE	SVK	POL	RUS	UKR	USA	MEX	TOTAL
Managers, office super- visors and white-collars	1,041	945	74	67	197	35	168	293	377	756	338	4,291
% men	905	687	65	50	120	19	106	183	217	623	227	3,202
% women	136	258	9	17	77	16	62	110	160	133	111	1,089
under 30s	45	132	9	1	8	2	8	52	68	36	48	409
30/50 years old	631	491	33	41	122	20	107	193	216	499	210	2,563
over 50s	365	322	32	25	67	13	53	48	93	221	80	1,319
foremen and blue-collars	733	943	84	213	517	106	219	735	1,189	1,526	871	7,136
% men	725	929	83	204	495	100	207	634	935	1,483	845	6,640
% women	8	14	1	9	22	6	12	101	254	43	26	496
under 30s	59	158	20	6	31	10	11	141	178	137	211	962
30/50 years old	412	397	47	106	313	54	131	416	677	985	569	4,107
over 50s	262	388	17	101	173	42	77	178	334	404	91	2,067
COUNTRY TOTAL	1,774	1,888	158	280	714	141	387	1,028	1,566	2,282	1,209	11,427

The most common types of contract are open-end contracts (about 97 % at group level) and full time (about 98 % of the total). Over five years staff numbers fell overall by 5.3 % (4 % for men and 11 % for women).

Regarding the so-called “negative” turnover rate, given by the total terminations to total staff at the end of the year, there was a slight decrease of the indicator in the period 2008 – 2012 (from 13.98 % to 11.64 %) due a fall in the absolute value of terminations, which fell proportionally more than staff numbers in the period considered.

Work-Life Balance. A link between work and private life

In the Buzzi Unicem group, sensitivity to the needs of the employees and their families determine an organizational structure compatible with part-time work, especially in Europe, and flexible hours. This solution is used above all at our headquarters and in the administrative offices and in particular by female staff.

A successful example of work-life balance can be seen at Wiesbaden in Germany. On this site many opportunities are made available to help employees to reconcile work with life. In particular the presence of a corporate nurs-

ery school allows young couples with children to return to work without substantial pauses.

Benefits granted to full-time employees are extended to part-time workers, usually proportionally to the time worked with respect to their full-time colleagues, except for the United States where no benefits are provided to part-time workers. With regard to part-time workers is interesting to notice that precisely in the United States this type of contract is offered during summer months as work opportunity to university students through specific 90-day contracts.

Workplace diversity. The value added of difference

The issue of workplace diversity is very relevant to a group like Buzzi Unicem, as our activity is carried out in countries and on continents which differ for culture, history, and ethnicity. This issue focuses on specificities at the local level, especially, but not only, on the presence of "minorities" of foreign workers. The "management of diversity" in fact often requires us to take into account categories of workers that are small, in number and in percentage. This is the case also for the so-called gender diversity: women represent in the group about 13 % of the total number of employees, a relatively low value that is due to the distinctive characteristics of the industry.

At group level there are no specific policies to actively promote minorities, but "diversity" is considered a value both for the company and for the staff themselves, even if the heterogeneity of our companies, operating in different countries, does not allow a unified picture. The specific local situation can be very different in countries with a very low presence of foreign workers (for example Eastern Europe and Mexico) with respect to others where foreign workers are present in large numbers, such as the United States and Luxembourg (at the latter about 40 % of the staff is of foreign origins). Always on the issue of diversity, we report that in 2012 we hired 69 disabled people in Ukraine, equal to about 4 % of local staff. We notice that only in the United States the minorities are object of specific accounting as requested by local laws. The data reported in the table GRI LA13 equal to 108 + 561 therefore refer only to the US companies.

Staff incentive programs. Recognition makes resources grow

Compensation policies and incentive systems fall into the area of staff development and are managed at country level, with the objective of enhancing human capital. Usu-

ally no free shares are granted but there are incentives and productivity bonuses based on corporate performance, which can be different for management.

An interesting case is that of Russia, where the company provides both monetary and non-monetary incentives, based for example on innovation proposals made by the staff. Among its incentive initiative, the company has a "Hall of Fame", where deserving employees receives diplomas and group celebrations take place.

Collective bargaining. Commitment to fairer and more unified agreements

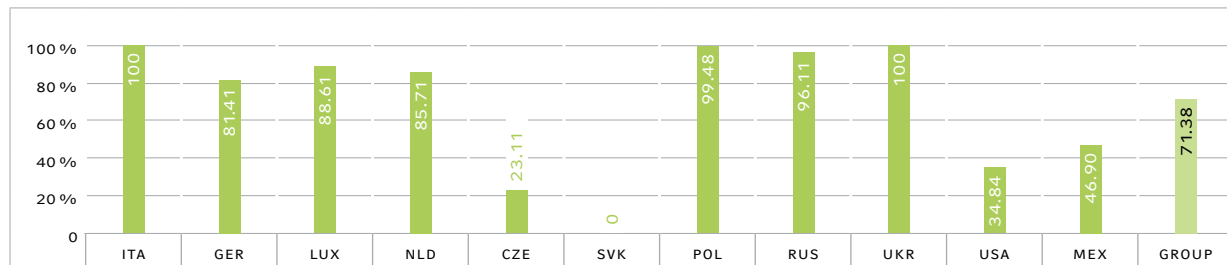
Collective bargaining is widespread in Europe and in the cement sector, but almost absent from the concrete sector, especially in the Czech Republic and Slovakia. In the United States collective bargaining is frequent and well-established in Buzzi Unicem USA, but totally absent in Alamo. We must point out that it is difficult to analyze at group level the coverage of collective bargaining for the employees, given that we operate in radically different geographic areas, sometimes in different business segments (cement and concrete) or with separate companies (for example in the United States).

In the countries in which Buzzi Unicem operates, it is in fact possible to find situations at the two opposite ends of the spectrum: in some countries coverage is total (Italy and Ukraine), in others is absent (Slovakia or the United States, for the companies Alamo and Dorsett Brothers). In most other geographic areas, coverage is usually applied to the majority of employees.

In 2008 – 2012 there was a small drop of the index of collective bargaining coverage, from 73.70 % to 71.38 %, due mainly to the increase over the period of the number of employees in countries with a lower coverage rate (Mexico) or with no collective bargaining (for example Alamo USA).

At group level and especially for our European operations, an important fact was the ongoing work of the European Corporate Committee (CAE), the body representing all European Union workers, with consulting and informational functions. The CAE meets in plenary session once a year and in 2012 the location chosen was again the Robilante plant in Italy. The two sessions of the select committee were held instead at Wiesbaden, in Germany, at the Dyckerhoff headquarters. Among noteworthy events at the local level that took place in 2012, we remember the expiration in Italy of the three-year Contratti Collettivi Nazionali di Lavoro for the Cement and Construction industry, the latter applied to the employees of Unical. In

Percentage employees of the group covered by collective bargaining agreements in 2012



2008 – 2012: percentage and number employees of the group covered by collective bargaining agreements



the Netherlands a new collective agreement was discussed and finalized in 2012 while another is being implemented. The situation was different in the regions with a low collective bargaining coverage such as the Czech Republic and Slovakia.

Here in fact in 2012 the collective agreement, which was applied to a single plant in the ZAPA Beton Group, at Pískovny Hrádek, expired. Note that at the other ZAPA plants collective bargaining or union agreement had never been applied.

Staff participation. Useful and effective for each country
Group operations in geographic areas with different cultural and social traditions and different traditions of union representation and work agreements regulation requires different approaches to increase staff participation in the corporate decision process. In Italy there are unified union representations (RSU) whose relationships with the company have always been characterized by honesty and constructive spirit. In Germany and Czech Republic under local company laws a third of the Supervisory Board consists of employee representatives. In general in each country the staff is represented according to the provisions of local legislation.

Besides the provisions of local legislation, the different units can benefit of specific forms of involvement. For example, in Ukraine, at Volyn-Cement, a “young leader group” was set up to develop new projects; this group meets periodically to gather and discuss initiatives, identify corporate problems and find the most efficient solutions. In Poland too, employees meet periodically to take part in strategic corporate decisions, related for example to issues of Health and Safety in the workplace.

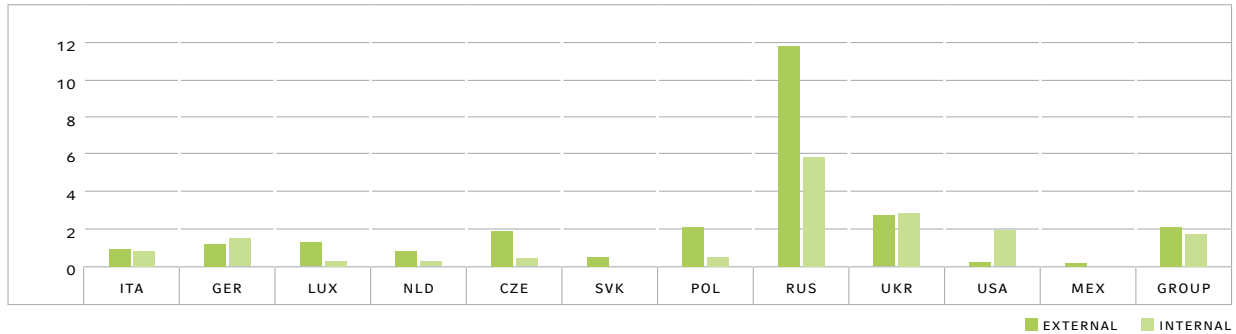
Training and prevention programs on issues of Health and Safety in the workplace. Knowledge is prevention

In the diverse locations of the group we are constantly initiating projects aimed at preventing as much as possible the risk situations typical of the industrial activities of the company.

The issue of the Safety is complex, technical and articulated. Among the different initiatives we recall many group experiences. For example in Ukraine at the end of December 2012 we started an innovative project on the issue of Health and Safety in collaboration with DuPont Sustainable Solutions to improve further the culture on the issue. This projects aims at identifying differences and particularities in the area of Safety within the different units, so that “good practices” can be identified and then implemented in the rest of the company. In Russia ongoing programs aims at increase the awareness of the most serious issues not only among employees but also among their families and the members of the community. In Germany in 2012 there were some presentations to make more interesting the instructions on Health and Safety on the work. At the same time, we started a training course for managers aiming at making them more effective when educating their subordinates.

In Italy, regarding health issues, we monitor staff health through a series of tests with frequency that varies according to the function and through consultations with doctors. In critical situations, there may be changes in

Average days of external and internal training by geographic area – 2012



eligibility to a function or of the function itself, in order to reduce the risks of pathologies.

Training and professional development. Sharing to identify new skills

Training is a priority in the whole group and is aimed to increase personal skills and advance careers. In the different countries this is adapted locally to take into account the needs of the company and the potential of the employees. In general, the specific HR functions of the single countries organize training programs on topics of general interest, such as safety on the workplace, the environment, cement and concrete technology, project management, linguistic training, office automation, and management systems.

In 2012 the group provided 43,787 days of training, of which 23,973 external training (provided by third parties with respect to the organization) and 19,814 internal training (provided by internal staff). With respect to the previous year, the total of hours of training provided decreased by about 3,000 days. Despite the serious crisis of the last years, education and training activities were maintained, with a focus on professional issues (external training) and related to safety on the work and the environment (internal training). In the case of training given "from one colleague to the other", almost half of the days of training were devoted precisely to safety.

At the country level, we note the figures for training in Russia where employees received on average almost 12 days of external training and 6 days of internal training, a significant figure also considering the number of training initiatives for blue-collar and foremen on professional issues. With regard to the support given to employees' training, we recall that in 2012 Buzzi Unicem USA again activated the "Tuition Reimbursement Program", a

program that allows employees to be reimbursed for the cost of professional and academic courses. In the year in question two employees have attended college thanks to this initiative.

Human Rights

Buzzi Unicem is committed to complying with national legislation in all the countries where it operates. The company works in countries that have ratified the fundamental OIL/ILO (International Labor Organization) conventions abolishing forced labor and under-age labor and have mostly integrated them into the respective domestic legislation. Buzzi Unicem operates in countries where compliance with domestic legislation ensures full respect of human rights. Guaranteeing that there will be no discrimination or under-age labor is one of the group's responsibilities.

Therefore all management and all staff managing human resources have been fully informed on and trained in, compliance with relevant local legislation. Moreover the staff have received our Code of Conduct and understand its reasoning and the common values on which our business is based.

Human rights protection clauses in investments.

Investing in respect

The persisting of the global economic crisis continued to slow down globally those strategic investments that were not yet in an advanced phase. In 2012 once again it was not necessary to include clauses for the protection of human rights in contracts for supplies or for equity holdings. The company, in fact, operates almost exclusively in countries that cannot be considered specifically at risk in this respect, and that have mostly already signed the relevant A and ILO conventions concerning human rights.

Suppliers and contractors subjected to human rights violation screening. Ethics screening

Suppliers and contractors are chosen among those who share the corporate values of our group: the selection is carried out mainly by disseminating and monitoring the application of our Code of Ethics, adopted by the parent company to make all stakeholders aware of the need to behave in a correct and transparent manner. As the group operates in countries that have already signed the main UN and ILO conventions concerning human rights, national legislation already provides for the punishment of human rights violations.

Discrimination incidents. To eliminate them is more than a corporate obligation

No episodes of discrimination were reported in 2012 in the countries in which the group operates, except for the United States where a new case of Discrimination was reported, which was resolved during the same year. Of the USA cases mentioned in the 2011 Sustainability Report, two were resolved out of court and another was settled by the court in favor of Buzzi Unicem USA.

Freedom of the individual. No risk nor imposition in personal choices

The other issues that fall under the protection of human rights protection are the risks for the freedom of trade union association and collective bargaining and for the utilization of the child and forced labor. In the Buzzi Unicem group there is no risk of this kind of discrimination. Regarding freedom of association, the high rate of collective bargaining coverage in the group testifies there are no risks of this kind. Besides, surveys carried out in all branches of the group have not identified any danger of exposure to hazardous activities of minors, nor there is a real and concrete risk of forced labor.

Accidents

The HSA management system of the workers, internal and external, applied in Buzzi Unicem starts from the analysis of injuries, accidents and narrow misses, in order to evaluate their causes and carry out effective preventive actions to prevent them or at any rate to reduce their number. Such systemic approach was one of the main reasons for the steady decrease over the years in injury indicators for the group, with a significant role in fostering sensitivity and awareness to the issues of work safety and hygiene across the organization.

The analysis of statistic indicators on accident trends guarantees the definition of priorities and the scheduling of prevention and protection initiatives, in order to reduce potential risk factors and support the commitment of the company to an increasingly safe management of its own productive activities.

Historical data confirm that approximately 70 % of the accidents were due to behavioral failures (failure to use DPI, failure to respect established procedures, etc.), while the remaining 30 % is related to structural deficiencies in plants or machinery.

Given our corporate values, therefore, we aim to continually increasing the awareness of the staff, spreading a new approach to the safety issues, and making these important parameters for assessing corporate efficiency and productivity.

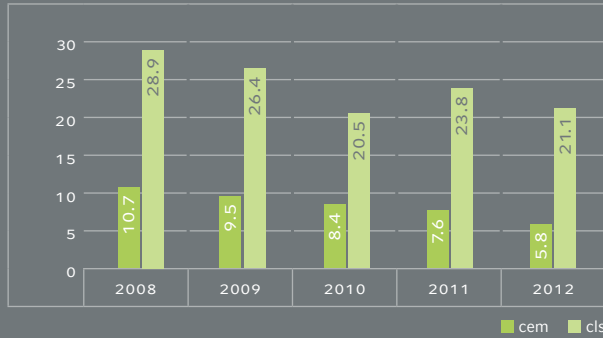
The Frequency Index for the cement sector, that is the ratio of number of injuries to worked hours, was equal to 5,80, a result never reached by the group before. The total number of injuries requiring absence from work, was halved in the last 5 years. On the other hand, two fatal accidents took place in 2012 in the cement plants of Volyn and Suchoi Log. These very injuries show come, even with encouraging results at group level, there can never be too much attention to the issues of safety in the workplace and at any moment a tragic accident can take place. Among the excellent results we mention those recorded at Augusta, where there have been no injuries in the last seven years.

Also the Vernasca, Sorbolo, Riva del Garda, Cadola, Settimello, Pryor, Maryneal, Chattanooga, Yug, Nowiny, Apazapan, Geseke and Hranice plants did not report injuries with work absences, a confirmation of the fact that the "zero injuries" objective can be achieved.

In the concrete sector, the number of injuries also fell to 185, against 210 in 2011, with a decrease in the same indicator to 21.1.

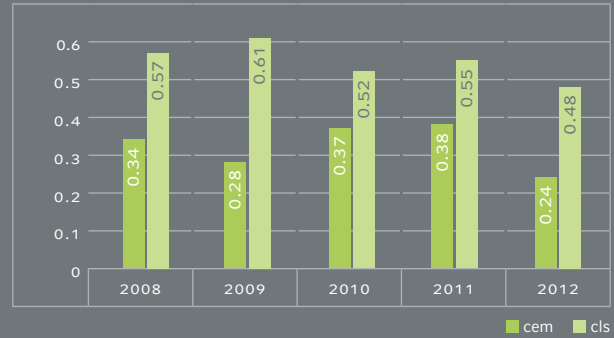
Besides a marked improvement of the indicator of frequency, we recorded a further decrease (-38 %) in the lost-time injury rate for the cement sector, to 0.24, and a decrease in the concrete sector (-12 %), which remains at any rate below the average industry values. The average duration of injuries was equal to 41 days in the cement sector and 23 days in the concrete sector.

Injury frequency rate



Injury frequency rate = number of injuries × 1,000,000/hours worked

Lost-time injury rate



Lost-time injury rate = lost days × 1,000/worked hours

Activities in favor of local communities

Charity initiatives

The staff at the Guidonia plant took part in the "Giornata di Solidarietà", initiative promoted by the local health authorities for people in economic difficulties, donating foodstuff and products for the care and hygiene of children.

In Germany, an event is held once a year to display the productions sites' activities and particularly the use of alternative fuels, and the re-naturalization of quarries.

In the United States the company took part in the 20° "Celebration of Caring" sponsored by the "United Way of the Greater Lehigh Valley". The employees did voluntary work for the local community taking care of the cleaning and maintenance of the historic site of Heller Wagner Grist Mill. In 2012 the Stockertown plant hosted its first "Health Day" following the example of the plants of Cape Girardeau, Pryor and Maryneal, which have been promoting similar initiatives for years. On this day local medical staff is available to the employees for visits and check-ups. In Mexico, in the month of November, the plant of Tepetzingo organized an event for high-school and college students as support of financial investment decisions. This event was attended by about 400 students

from different local schools. The plants of Apazapan, Cerritos and Tepetzingo held a "Health Fair", during which free medical assistance was provided to many people from local communities.

Donations

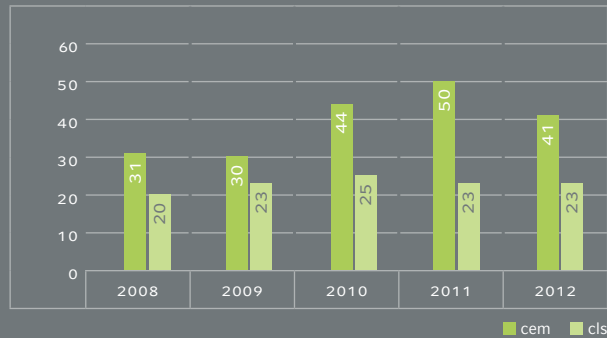
In 2012, the productive unit of Augusta supported, with a donation of €6,200, the foundation "Mettiamoci in Gioco". The association, created by a group of parents to promote youth initiatives, is working to create leisure facilities to be used for educational projects. The objective is to give to these young people opportunities based on respect, communication and friendship.

In Germany, Dyckerhoff supports the foundation "Zwerg Nase" in Wiesbaden which works to relieve the suffering of sick children, bed-ridden and kept alive by respirators.

In the United States Buzzi Unicem USA is engaged on multiple fronts: from helping the local communities with donations, fund raisers and foodstuff to supporting associations for children such as "The United Way" or against diseases such as "The American Heart Association" and "The American Cancer Society". In Texas Alamo Cement has sponsored the 17° "Alamo Annual Golf Tournament",

Average injury duration

in days



Average injury duration = lost days/number of injuries

a fund raising event for non-profit organizations in Southern Texas. \$ 4,800 were raised for the "Special Olympics of South Texas Charity" and \$ 4,800 for the "Casey Wells Scholarship Fund", a fund providing college scholarships for high school students.

The Buzzi Unicem Foundation

The Buzzi Unicem Foundation was established in 2003 in Casale Monferrato, Italy, by Buzzi Unicem S.p.A with the mission of promoting and sustaining scientific projects and initiatives aiming to improve the diagnosis and treatment of Pleural Mesothelioma, a type of malignant cancer caused by exposure to asbestos. The Foundation finances the project of researchers in Universities, Research centers and Health authorities, concerning:

- _ Applied scientific research into prevention;
- _ Early diagnosis and treatment work on patients.

The coordination of activities is provided by the scientific Committee of the Foundation, made up by doctors and researchers specialized in pulmonary diseases, occupational diseases, and oncology, belonging to different medical institutes and universities.

In its first nine years of life, the Foundation has financed projects for over € 2.5 million: their results, published on prestigious international scientific magazines, are producing proposals of new treatments for patients who have undergone traditional treatments without success.

The Buzzi Unicem Foundation was included in the Italian register of non-profit organizations and receives about 1,000 contributions each year.

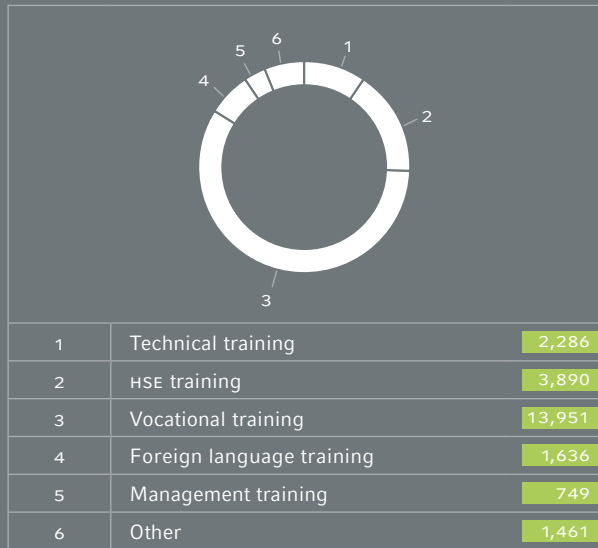
Group support for the arts

Buzzi Unicem is a member of the Consulta per la valorizzazione dei beni artistici e culturali di Torino (an Organization for the protection of artistic and cultural heritage of Turin) and is a Corporate Golden Donor of FAI (Fondo per l'Ambiente Italiano), supporting initiatives for the protection of the Italian artistic heritage.

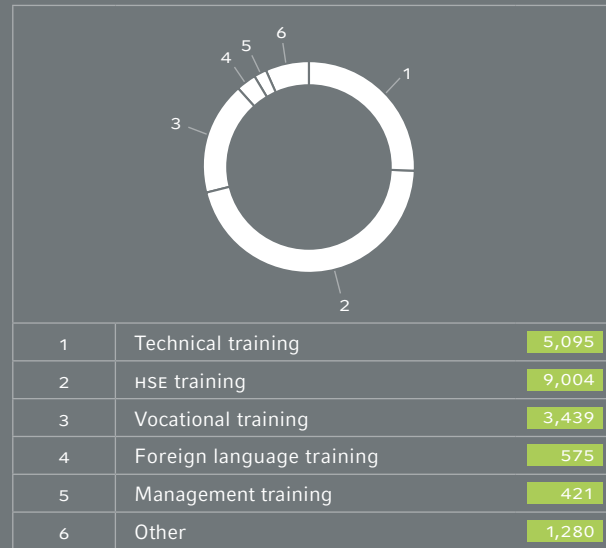
Group support for the community

Significant events have made clear the link between the town, the cement plant and its workers. In the month of September the plant of Barletta celebrated 100 years of activity, with the participation of over 400 guests. Current and previous employees and their families were joined by some of the highest local authorities.

Total days of external training 2012
breakdown by subject



Total days of internal training in 2012
breakdown by subject



In Germany, at the Wiesbaden-Amöneburg facility, was held, in the month of May, the fourth Family Day, offering to Dyckerhoff employees and their families games and competitions.

Group support for the environment

The park of Dyckerhoff "Mythos Stein" was recently inaugurated, in an unused part of the Geseke plant which had been rehabilitated. The park, which will host artistic and cultural events, will allow visitors to experience a symbiosis between people, nature, industry, and culture.

In Mexico, in Cerritos, we held a "Day of the Environment" during which we tried to raise the awareness of students from neighboring communities to environmental issues. In Veracruz the employees of the Apazapan plant took part, together with the residents of the community and to the authorities, in a reforestation program. In 2012 1,000 trees were planted, but the project aims at reaching 5,000.

Transparency of business conduct

In Italy, in 2012 the list of the offenses under Legislative Decree 231/01 was extended to include the offense of "Employ of citizens of third countries whose stay is irregular" and the offenses of "Extortion, incitement to give

or promise benefit and corruption" and of corruption of private citizens. In relation to the new offenses, risk analyses were carried out and a plan was laid to amend during 2013 the Code of Ethics and the Model of all companies of the group.

Buzzi Unicem is revising its own internal procedures to comply with the recommendations of AITEC – Associazione Italiana Tecnico Economica del Cemento which approved the text of the "Guidelines for the evaluation of the ethical accountability of business partners." Such document is a tool to help member companies to mitigate the risk of forming business partnerships with subjects who belong to criminal organizations or are at any rate involved in committing some of the more serious offenses relevant for the application of the Legislative Decree 231/2001.

In Germany, in the companies of the Dyckerhoff group, all activities are subject to fraud risk analysis, as part of the annual integrated system of internal control. According to the Code of Conduct, offers, payments, requests and acceptance of cash in any form are unacceptable. Dyckerhoff's groupwide effective Internal Audit Standard requires all its units to provide information directly to the Corporate Audit, including any type of fraud and any

case of corruption. Dyckerhoff has adopted internal procedures for whistleblowing communications, inviting all employees to inform Corporate Audit about any illegal situations of which they have become aware.

In the Czech Republic and in Slovakia we provide periodic staff training on corruption issues, and all employees were made aware of the Buzzi Unicem Code of Conduct. The policy with regard to business activities is very strict: local salespeople and plant managers do not have access to financial resources to avoid the risk of corruption. In addition, discounts granted, complaints received, inventories, and concrete mixers' journeys are examined monthly to detect irregular conduct of the employees.

In Russia, supply contracts are always concluded on the basis of bids received from at least three suppliers, products are sold at list prices and discounts are granted only after being reviewed by top management of the company.

In the United States the sales, purchases, finance, marketing and governmental affairs departments are periodically reviewed to ensure that the company acts in compliance with FCPA (US Foreign Corrupt Practices Act) and RICO (Racketeer Influenced and Corrupt Organization Act). Alamo Cement Co., operating in a context where the overall risk of corruption is low, complies with the already mentioned federal laws (RICO).

In Mexico, in the period in question, we carried out reviews of several departments, focusing on those exposed to the risk of corruption and of conflicts of interest.

Training on ethics and transparency issues

In Italy, in 2012 we held two training sessions on the document "Directives for the Conduct of Employees of the Buzzi Unicem group regarding compliance with norms of protection of the competition". Both sessions were addressed to the sales force who was trained on the full respect of the Directives for the protection of the principles of free competition. Following the provisions of our Organization, Management and Control Model, in 2012 we began a training course aimed to familiarize employees with the Legislative Decree 231/2001, the Model itself, and the Code of Ethics. We held four training sessions at the plants of Travesio, Cadola, Barletta, and Guidonia, which were attended by Managers, Officers, and Supervisors, according to the training plan. During 2013 training sessions will be held at the remaining production units, at the concrete division, and at the head office in Casale Monferrato.

In the Czech Republic, a training session on the issue of corruption was attended by 26 employees.

In the United States Buzzi Unicem USA has organized a training course, covering corruption issues, among other issues, attended by 66 employees. Alamo has provided specific training on "Basic Principles of USA Antitrust Law" and "Basic Antitrust and Trade Regulation Statutes" for 79 employees, between managers and salespeople. We also provided specific training to identify violations in order to prevent illegal activities.

Corruption

In 2012, no corruption case was reported.

Position and participation in public policy and to lobbies

In Italy and in the EU, Buzzi Unicem S.p.A. is an active member of AITEC, the Italian Cement Association, and of Cembureau, the European Cement Association, based in Bruxelles. With AITEC, Buzzi Unicem contributes to the dialog between industry and institutions, social parties, public and private entities and organizations, promoting the knowledge of the technical and economic potential of its products. AITEC makes available years of experience and know-how are to all those who are interested in better understanding the world of cement.

Cembureau speaks for the cement industry in front of the European Parliament and other EU institutions. The association states our point of view on issues related to the environment, energy, product standards, and sustainability.

In Germany, in the cement sector, Dyckerhoff is a member of the "Cement Manufacturers Association" (VDZ), which is a member of Cembureau. In the concrete sector Dyckerhoff is a member instead of the "Union of Concrete Producers".

In Luxembourg, Cimalux actively supports Fedil, the "Luxembourg Business Federation", and Cembureau.

In Poland, Dyckerhoff Polska is active in several associations such as the "Polish Cement Association", the "Polish Association of Ready Mixed Concrete Producers" and the "Polish German Chamber of Commerce & Industry".

In the Czech Republic, Zapa Beton is a member of the "Cement Manufacturers Association" and of Cembureau.

In Ukraine, Dyckerhoff Ukraina is a member of the "European Business Association", of the "American Chamber of Commerce" and of the "Camera di Commercio Italiana per l'Ucraina". The objective of our participation in these associations is to promote the evolution of the legislation and legal changes against corruption and the bureaucracy in our country, and to create a community of Western and local companies to improve the economic background.

In the United States Buzzi Unicem USA is a member of the "Portland Cement Association" (PCA) which campaigns for a fair implementation of policies and legislation aimed at reducing greenhouse gas emissions. Buzzi Unicem USA is represented on several PCA committees, including the "Transportation and Infrastructure Committee", whose aim is to develop a common approach to infrastructure and transportation issues.

Alamo Cement is a member of "Alamo Area Council of Government" (AACOG), an organization that examines issues at the local, state and nation level, to make appropriate suggestions to the competent authorities and to suggest environmental enhancements. The company participates actively also to the South Central Texas Cement and Lime Manufactures (SCTC/LM), which includes four cement producers and one lime producer. At state level, Alamo Cement is also involved in the "Texas Association of Business" (TAB), which deals with environment, resources human and legislation issues. It is moreover a member of the "Texas Cement Producers Group" (TCPG) and of the "Portland Cement Association" (PCA).

In Mexico Corporación Moctezuma is a member of the "Camera Nacional del Cemento".

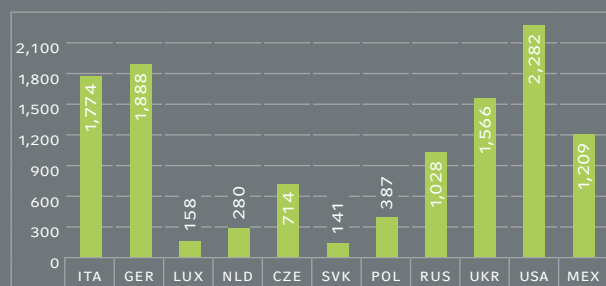
Sanctions

In Italy in 2012 a sanction of 231,210.00 euro was paid due to alleged violations of the legislation on the working hours between 2004 and 2005 at the Guidonia plant. The company has appealed.

In the United States we paid about \$ 55,200 for violation of safety rules, as well as \$ 85,100 for non compliance with tax laws and payment schedules. At the Stockertown plant, we were forced to pay \$ 74.245 for a violation of the norms on emissions into the atmosphere that took place in 2010.

Social Performance: Charts and Tables

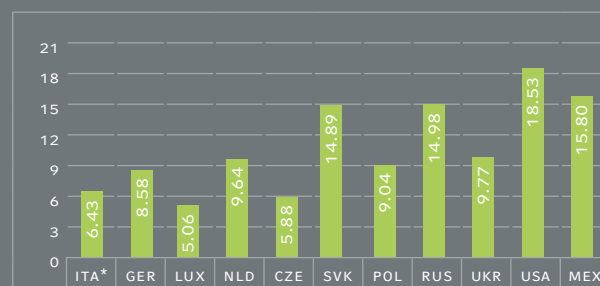
Breakdown of 2012 staff by geographic distribution



TOTAL GROUP: 11,427

LA1

Turnover rate of 2012 staff by geographic distribution (in %)



GROUP: 11.64 %

LA2

* Italy without Addiment and Premix, which are not consolidated

2008 – 2012: Total group employees by contract type

	2008	2009	2010	2011	2012
Total workforce	12,067	11,652	11,885	11,528	11,427
Men	10,275	9,952	10,236	9,932	9,842
Women	1,792	1,700	1,649	1,596	1,585
Open-end contracts	11,615	11,182	11,500	11,150	11,097
Fixed-term contracts	452	470	385	378	330
Full-time	11,879	11,405	11,658	11,313	11,224
Part-time	188	232	227	215	203

LA1

2008 – 2012: Total employee workforce total number and turnover rate

	2008	2009	2010	2011	2012
Turnover rate	% 13.98	14.41	10.59	12.47	11.64
Total workforce	12,067	11,652	11,885	11,528	11,427
Total hires	1,698	1,146	1,492	1,178	1,229
Total terminations	1,687	1,679	1,259	1,438	1,330
of which resigned	883	735	659	729	664
of which retired	244	224	185	221	205
of which dismissed	560	720	415	488	461

LA2

Turnover rate = total terminations/total workforce

2008 – 2012: percentage of the employees of the group covered by collective bargaining agreements

	2008	2009	2010	2011	2012
Total workforce 2012	12,067	11,652	11,885	11,528	11,427
Workforce covered by collective bargaining	8,891	8,584	8,684	8,378	8,157
Coverage ratio	% 73.70	73.67	73.07	72.68	71.38

LA4

Minimum notice period before organizational changes

Italy	11 weeks
Germany	4 weeks
Luxembourg	no notice
Netherlands	4 weeks
Czech Republic	8 weeks (cement), 6 weeks (concrete)
Slovakia	8 weeks
Poland	12 weeks
Russia	8 weeks
Ukraine	9 weeks
USA	9 weeks (in case of plant closure)
Mexico	4 weeks

LA5

2012 absentee rate by geographic area (illness, injuries, other causes)

	Absentee rate in %	of which for strikes in %	Occupational diseases*	Deaths
Italy	2.70	0.05	4	0
Germany	5.25	0	0	0
Luxembourg	3.78	0	0	0
Netherlands	4.51	0	0	0
Czech Republic	2.29	0	0	0
Slovakia	2.35	0	0	0
Poland	2.32	0	0	0
Russia	1.98	0	4	1
Ukraine	2.49	0	0	1
USA	2.08	0	0	0
Mexico	1.63	0	0	0
Group	2.76	0.01	8	2

LA7

* hypoacusia in Italy, respiratory diseases in Russia

2008 – 2012: Absentee rates for the group

	2008	2009	2010	2011	2012
Absentee rate	% 2.92	2.92	2.76	2.89	2.76
of which for strikes	% 0.00	0.01	0.03	0.01	0.01
Occupational diseases	9	7	12	10	8
Deaths	1	0	0	0	2

LA7

Accident indicators 2012 by geographic area (CEMENT)

	Indicator frequency	Indicator of Lost-time injury rate	Average duration injuries (in days)
Italy	7.39	0.19	25
Germany	8.18	0.20	24
Luxembourg	55.95	0.35	6
Czech Republic/ Slovakia	0	0	0
Poland	0	0	0
Russia	3.63	0.06	15
Ukraine	1.22	0.01	11
USA	5.58	0.81	145
Mexico	3.37	0.12	37
Group	5.80	0.24	41

LA7

Accident indicators 2012 by geographic area (CONCRETE)

	Indicator frequency	Indicator of Lost-time injury rate	Average duration injuries (in days)
Italy	13.6	0.49	36
Germany	25.3	0.38	15
Netherlands	3.9	0.05	13
Czech Republic/ Slovakia	6	0.20	33
Poland	8.5	0.45	52
Ukraine	0	0	0
USA	35.1	0.66	18
Mexico	23.8	0.71	29
Group	21.1	0.48	23

LA7

Frequency rate = number of injuries × 1,000,000 worked hours

Lost-time injury rate = lost days × 1,000/worked hours

Average injury duration = lost days/number of injuries

2008 – 2012: group accident indicators

	2008	2009	2010	2011	2012
CEMENT					
Injury frequency rate	10.79	9.66	8.26	7.41	5.8
Lost-time injury rate	0.34	0.29	0.36	0.36	0.24
Average injury duration (in days)	31	30	44	48	41
CONCRETE					
Injury frequency rate	28.92	26.39	20.51	23.80	21.13
Lost-time injury rate	0.57	0.61	0.52	0.55	0.48
Average injury duration (in days)	20	23	25	23	23

LA7

Average days of external and internal training 2012 per employee, by category*

	External	Internal
Total group employees	2.13	1.76
Managers, office supervisors, white collars	1.79	1.35
Foremen, blue-collars	2.34	2.01

LA10

* excluding 185 apprentices

2008 – 2012: external training per employee

	2008	2009	2010	2011	2012
Total days of training	16,390	20,707	20,001	24,406	23,973
Average days per employee	1.41	1.8	1.7	2.15	2.13
Managers, office supervisors, white collars	2	1.58	1.4	2.02	1.79
Foremen, blue-collars	1.11	1.91	1.87	2.22	2.34

LA10

2008 – 2012: internal training per employee

	2008	2009	2010	2011	2012
Total days of training	13,763	20,075	24,344	22,444	19,814
Average days per employee	1.15	1.74	2.07	1.97	1.76
Managers, office supervisors, white collars	1.61	1.36	1.24	1.24	1.35
Foremen, blue-collars	0.98	1.94	2.53	2.4	2.01

LA10

Breakdown of 2012 group staff by category, gender, age

Managers, office supervisors, white collars %	4,291
Men	3,202
Women	1,089
under 30s	409
between 30 and 50	2,563
over 50s	1,319
Minorities	108
Foremen, blue-collars	7,136
Men	6,640
Women	496
under 30s	962
between 30 and 50	4,107
over 50s	2,067
Minorities	561
Total group	11,427

LA13

Ratio of 2012 basic salary of men to women (same employee category).

	Managers, office supervisors and white-collars	Foremen, blue-collars
in %		
Italy*	90	80
Germany	70	90
Luxembourg	80	70
Netherlands	51	46
Czech Republic	54	92
Slovakia	77	110
Poland	50	120
Russia	67	72
Ukraine	75	73
USA	65	84
Mexico	50	100

LA14

* in Italy excluding 49 managers (48 men, 1 woman)

From internal analyses carried out at country level, no significant differences, due to gender discrimination, were observed at Buzzi Unicem between the basic salary of male employees and that of female employees with the same macro category (managers, supervisors, white collar worker, foremen, blue-collar worker), experience and tasks performed. The significant differences observed are due mainly to the way the indicator is calculated as this does not take into account the different contractual levels within the same macro category and whose trend can be influenced by the limited female presence in some categories, limiting the comparability of compensation levels.

Self-declared Application Level GRI G3

The Buzzi Unicem group Sustainability Report 2012 has been prepared according to the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) G3, application level A+ (selfdeclared).

REPORT APPLICATION LEVEL		C	C+	B	B+	A	A+
STANDARD DISCLOSURES	G3 Profile Disclosures	Report on: 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15	REPORT EXTERNALLY ASSURED	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17	REPORT EXTERNALLY ASSURED	Same as requirement for Level B	REPORT EXTERNALLY ASSURED
	G3 Management Approach Disclosures	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, at least one from each of: Economic, Social and Environmental.		Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Responsibility.		Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

The table of contents of the GRI is available at the following address: <http://www.buzziunicem.it/online/it/Home/Sostenibilita/Indicatoridiperformance.html>

Statement of compliance



BUZZI UNICEM SPA

**INDEPENDENT REPORT ON THE LIMITED ASSURANCE
ENGAGEMENT OF THE SUSTAINABILITY REPORT 2012**



INDEPENDENT REPORT ON THE LIMITED ASSURANCE ENGAGEMENT OF THE SUSTAINABILITY REPORT 2012

To the Shareholders of
Buzzi Unicem SpA

- 1 We have carried out the limited assurance engagement of the Sustainability Report of the Buzzi Unicem Group (hereafter the "Group") as of 31 December 2012 (hereafter the "Report") following the procedures summarized in paragraph 3 of the present document. The Board of Directors of Buzzi Unicem SpA are responsible for the preparation of the Report in accordance with "Sustainability Reporting Guidelines" version 3.0 issued by GRI (Global Reporting Initiative) that are detailed in the paragraph "Methodology note" of the Report. The Board of Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. We are responsible for the preparation of this report on the basis of the work performed.

Moreover, we have carried out the audit, with a reasonable assurance approach, of the greenhouse gas indicator concerning the Italian cement plants of the Group. As described in the paragraph "Methodology note" of the Report, the indicator is calculated in accordance with the Decision of the European Communities Commission n. 2007/589/CE of 18/07/2007 and the Resolution no.14/2009 enforcing that Decision.

- 2 Our work has been conducted in accordance with the principles and guidelines established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE3000), issued by the International Auditing and Assurance Standards Board. ISAE3000 requires the compliance with ethical principles ("Code of Ethics for Professional Accountants"), including professional independence. It also requires that our work is planned and performed with the aim of obtaining a limited assurance, rather than a reasonable assurance, that the Report is free of material errors. A limited assurance engagement of the sustainability report consists in interviews, primarily with company's personnel responsible for the preparation of the information included in the sustainability report, in the analysis of the sustainability report and in other verification procedures.

Our reasonable assurance work on the greenhouse gas indicator concerning the Italian cement plants of the Group, was planned and conducted in accordance with ISAE3000, to obtain reasonable assurance about whether this indicator complies in all material respects with the criteria identified in paragraph 1 of the present document.

PricewaterhouseCoopers Advisory SpA

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- 3 The verification procedures performed on the Report are summarized as follows:
- a) correspondence of economic and financial information to those reported in the Buzzi Unicem consolidated Financial Statements as of 31 December 2012. As for this activity we made reference to the auditors' report dated 5 April 2013, issued by other auditors;
 - b) analysis of the processes underlying the generation, recording and management of quantitative data included in the Report concerning the Italian and the German companies of the Group operating in the cement sector and concrete sectors. In particular, we have carried out the following procedures:
 - meetings with management representatives of Buzzi Unicem SpA and Dyckerhoff AG to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and transmission of data and information to the department responsible for drawing it up. These companies were selected on the basis of a qualitative and quantitative risk analysis;
 - on-site verification of the cement plant in Amöneburg (Germany);
 - c) 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 verifications and to confirm they were properly managed;
 - d) verification of how data and information are managed in the selected sites and how they are subsequently aggregated and consolidated at Group level;
 - e) analysis of the completeness and internal consistency of qualitative information included in the Report compared with the guidelines identified in paragraph 1 of the present document;
 - f) obtaining a representation letter, signed by the legal representative of Buzzi Unicem SpA, relating to the completeness and reliability of the Report and of the information and data included in it, as well as to the compliance with the guidelines identified in paragraph 1 of the present document.
- 4 A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE3000 and, as a consequence, it provides a lower level of assurance that we became aware of all the significant events and circumstances that a reasonable assurance engagement could have identified.

Regarding the comparative data relating to the Sustainability Report 2011, reference should be made to our assurance statement dated 7 May 2012.

The verification procedures of the greenhouse gas indicator, concerning the Italian cement plants of the Group, included examining, on a test basis, evidence supporting data; it also included evaluating the adequacy and accuracy of the rules and criteria used in its calculation. We believe that our assurance work provides a reasonable basis for our conclusion.



- 5 Based on the procedures carried out:
- a) nothing came to our attention that causes us to believe that the Sustainability Report of the Buzzi Unicem Group as of 31 December 2012 is not in compliance, in all material respects, with "Sustainability Reporting Guidelines" version 3.0 issued by Global Reporting Initiative, application level A+, as stated in the paragraph "Methodology note" of the Report.
 - b) The greenhouse gas indicator, concerning the Italian cement plants of the Group, is calculated in accordance with the criteria detailed in the paragraph "Methodology note" of the Report and presents a reliable disclosure of the CO₂ emissions in 2012.

Turin, 22 April 2013

PricewaterhouseCoopers Advisory SpA

Signed by

Paolo Bersani
(Partner)

This report has been translated from the original, which was issued in Italian.
We have not performed any control on the Sustainability Report 2012 translation.

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Büro für Kommunikationsdesign,
Mainz/Germany

_EDITING
Space Design S.r.l.
Milano

This Sustainability Report complies with the
standard A+ of the GRI



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