



Sustainability disclosure

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Italcementi Group is consolidating and publishing its performance since 2002. During these ten years, quality and materiality are growing in line with the requirements of the Global Reporting Initiative. Also, the number of externally verified key performance indicators (KPIs) is increasing. Finally in 2012, financial and non-financial disclosure was integrated in one reference document, the Group's Annual Report, third-party verified and officially registered at the statutory authorities. No better evidence that the efficiency of the Group is made of the balanced combination of economical, environmental and social performances. In addition, the Group's highlights, usually dedicated to financial KPIs, now include selected non-financial KPIs on gender equality, safety, CO₂ efficiency and innovation (page 10).

Furthermore, 2013 consolidation is characterized by the effort to increase the level of information disclosed about the Group's sustainable vision, aiming at transparency towards its relevant stakeholders and anticipating the upcoming legal framework on the subject.

In addition, the Group run its first exercise of materiality assessment at corporate level. The aim was to identify the issues that are most relevant for the society perception and the Group's performance. The global result is graphically represented in a materiality matrix, which matches the relevance of each issue from the Group's internal and stakeholders' perspective. The matrix was internally drafted and reviewed, taking advantage of the internal understanding of the major Group's stakeholders and is available on the corporate website. The Group is planning to update periodically the matrix, also introducing a phase of direct involvement of stakeholders in a consultation panel. However, thanks to the assessment, the Group confirms and develop strategies, targets and ambitions in line to its material issues. Materiality matrix is also the basis for the Group's disclosure of extra-financial performance, reporting management approach and results for each material aspect.

Actually, the reference for consolidation of extra-financial information lies already with the new Global Reporting Initiative guidelines (GRI version G4) and endorses also the elements required by the French law 12 July 2010 (Grenelle II) article 225, whose implementation is mandatory for the controlled company Ciments Français. Key statements and performance indicators are subjected to third party verification (page 357).

1 Group vision

1.1 Vision and management approach

The Group's Vision is to be a world class local business building a better and sustainable future for all stakeholders. The vision is declined into the operational Mission of creating value in the building materials sector through the innovative and sustainable use of natural resources for the benefit of communities and customers. Vision and Mission are grounded on the five Group's Values - Responsibility, Integrity, Efficiency, Innovation and Diversity - which are strategic directives for everyone working with the Group.

Based on the Group's Vision, Mission and Values, which represent the overarching framework, the Group's Code of Ethics spells out fundamental rules of conduct to protect the company's reputation and guarantee a sustainable growth. As stated in the Code, the Group's Policies provides additional guidance: drafted as the expression of values and principles shared within the Group and on lawfulness and the features of the countries in which the Group operates, the Sustainability Policy is the cornerstone. It covers key themes affecting the Group's sphere of business influence, namely: people development, business integrity, health and safety, labour practices, social initiatives, supply chain, energy efficiency, environment, quality, research and innovation. Seven daughter Policies on specific topics (safety, human rights, quality, energy, environment, health and social initiatives) complete the guidance. All the Group's Sustainability Policies are signed by the Group's CEO and available in local language at all subsidiaries. Download is available on the corporate and local websites.

Sustainability is regularly brought to the Group's Board agenda, also driven by periodical meetings involving the Chief Executive Officer (CEO), the Chief Operating Officer (COO) and the Sustainable Development Director. The Group's Sustainable Development Steering Committee (SDSC) chaired by the Group's CEO, acts as the foundation of the sustainability management structure within the Group. In 2013, its hierarchical position has been lifted, now including only direct reports to the CEO and the Sustainable Development Director. The Group's SDSC meets periodically and is consulted at the need, then cascading the operational mandate to the Group's Management Committee for implementation. At local level, Country SDSCs foster vertical integration, under the chairmanship of country Managing Directors.

The Group formalized its commitment to sustainability in 2000 by joining the World Business Council for Sustainable Development (WBCSD) and the Cement Sustainability Initiative (CSI). All the Group's subsidiaries are part of existing Regional Networks of the WBCSD.

Moreover, in 2010 the Group adhered to the United Nations Global Compact (UNGC). The Group embraces, supports and enacts the Ten Principles in the areas of human rights, labour standards, environment and anti-corruption, within its sphere of business influence. Update on actions is available under the Communication on Progress (page 358). As for the WBCSD, Group's subsidiaries are joining and taking active role in existing Regional Networks of the UNGC.

In 2013, Mr. Carlo Pesenti on behalf of the whole Italcementi Group, has taken again the Co-Chairmanship of the Cement Sustainability Initiative (CSI) for the next 2 years, closing his mandate at the end of 2015. This opens a key period for definitively consolidating sustainability as the foundation of the Group's business, innovation and development strategies. Jointly with CSI but also individually, the Group is fine tuning its targeted contribution to the global challenges framed by the Action 2020 programme set by World Business Council for Sustainable Development (WBCSD) and by the UN Sustainable Development Goals.

Already in 2008, after years of consolidation of existing practices, the Group has started a process of global standardization promoting effective off-shore policy based on challenging minimum requirements grounded on the home country legislation and best practices. Existing Group's standards cover safety, industrial hygiene and air emissions aspects, transferring technologies and building local capacities.

Now the planetary boundaries, WBCSD/CSI commitments and UN Global Compact principles, inspire the Group's strategies, mostly represented by 2015 Targets and 2020 Ambitions included in the Sustainability Disclosure, to be fostered and supported by effective local implementation (page 326).

1.2 Integrity

The Company adopted a Code of Ethics for the first time in 1993. Such Code was subsequently amended in February 2001 and lastly replaced by the new Group's Code of Ethics in 2013. The new version is in line with the industry's best practices and incorporates key principles of ethics and conduct underlying the Group's governance model, highlighting elements that strengthen the culture and style of the same, as well as harmonizing and enhancing the elements that Italcementi Group has developed in the field of ethics over time.

Italcementi Group is committed to continuously improve its Corporate Governance System, which is aimed at complying with the laws and mitigating operational risks. In order to achieve this objective, Italcementi has carried out a risk and compliance programme and identified among the legal top risk areas (in terms of detrimental effects arising from the non compliance with) both the 'Antitrust Laws' and 'Corporate Criminal Liabilities Laws' for the latter by giving priority to bribery. Italcementi has therefore launched two Group's Compliance Programmes designed to be an on-going process with the purpose of preventing any violations of national and international anti-bribery and anti-trust laws, and reinforcing the 'compliance culture' based on integrity and transparency. They intend to establish a formal and effective framework of business practices and risk management strategies to ensure compliance with national and international antitrust and antibribery legislations. With regard to the Group's Antibribery Programme, it was formally approved on September 2012 by the Board of Directors of Italcementi, as holding company of the Group, along with specific Rules of Conduct: they are mandatory upon the Group as a whole. Both Programme and Rules of Conduct are available in Italian and English versions at the Italcementi website. Foreign Subsidiaries belonging to the Group are adopting both Programme and Rules of Conduct by a specific declaration of the respective Boards of Directors. Actually, the implementation of the Programme stands at 70% at corporate level (60% in 2012) while the implementation at Country level has started according to a 3 years-oriented plan, through compliance activities, local procedures, communication and trainings. In 2013, 62% of the Group's revenues came from countries of concern, as identified by the World Bank and Transparency International.

With regard to the Antitrust Compliance Programme, also available at Italcementi web-site, it was launched in 2010 and is made up of specific features and operative actions including a clear policy, periodical risk assessment, adequate procedures (group guidelines), training (both on site and on line), audit and control and monitoring activities. The Antitrust Policy is applied throughout the internal organization of the Italcementi Group (i.e. its employees, offices and directors) and in the Group's relationships with competitors, suppliers, customers and other business partners. Subsidiaries are implementing the Group's Programme, through the adoption of national antitrust compliance programmes and specific local guidelines setting forth rules of behaviors in the dealing with sensitive matters, in accordance with specificities of national competition laws and practice. Training programmes are a critical component of the compliance activity in this area: since 2004 up to date, the training programmes on competition law reached around 900 employees (top managers included) and all subsidiaries' management have been trained. Actually, the implementation of the Programme reached 100% at corporate level: notwithstanding the present status, the Group's Programme will be revised in 2014 and updated to strengthen its effectiveness in accordance with the continuous risk analysis' results,

developments in laws and cases, international standards on compliance and best practices developed over the time.

Italcementi has a whistle-blowing procedure that, in accordance with the ICC Rules of Conduct on Combating Extortion and Bribery, offers confidential channels to raise concerns or report violations without fear of retaliation or of discriminatory or disciplinary action. The whistle-blowing procedure aims at facilitating and encouraging the communication, in full confidentiality, of infringements to the laws that may adversely affect business operations, as well as violations to the Corporate Governance principles, Group Code of Ethics and internal procedures. Italcementi has also issued guidelines requiring the foreign subsidiaries to develop specific internal procedures and perform activities to manage and investigate wrongdoing brought to their attention by employees and third parties. In 2013, 17 notifications (11 for employees, 4 for suppliers and 2 for customers) were recorded in Italy. 11 of them were valid and led to strong corrective actions taken by the Group. In 2014 the procedure will progressively enter into force in all other countries.

In 2013, the Group also successfully implemented its triennial Enterprise Risk and Compliance Programme (ERM) ensuring better risk management and audit systems. The objective, achieved before due date (page 326) was linked to the long-term incentive scheme of Group's managers. Nevertheless, continuous improvements of ERM methodology and processes remain in place. Risk Report, issued twice a year, will continue giving the overview and follow up of main Group's risks and opportunities. Starting from 2014 the Annual Risk Assessment is based on three metrics: risk and opportunity impacts, probability of occurrence or time horizon and level of control.

Since 2012, the Group is implementing its integrated Internal Audit Programme, also addressing health, safety, environmental, antitrust and anti-corruption and bribery issues over a period of three years. Activities are planned around three years (2012-2014). The Group's objective is to better assess and improve risk management control and governance processes by applying systematic and disciplined approach. Risk levels and audit ratings are homogeneously defined over five levels. Corrective action plans are discussed with involved Group and local functions.

2 Looking forward

2.1 Targets 2015

The following table resumes the most relevant short term targets per each section, setting the Italcementi Group's sustainable vision.

		unit	target value	2013
Group vision				
Integrity	Anti-corruption and Bribery Compliance Programme	% implementation	100	70
	Anti-trust Compliance Programme	% implementation	100	100
	Enterprise Risk and Compliance Programme	% implementation	100	100
Social responsibility				
Valuing people	Training hours per employee	hours/employee	20	16
Safety	Fatalities	number	0	5
	LTI Frequency Rate	per million hours	<3	4
Health	Employees monitored according to Group standard for occupational hygiene	%	100	69
	Employees covered with medical surveillance according to Group standard	%	50	n/a
Environmental protection				
Climate and energy	Gross CO ₂ emissions	g/t cementitious product	640	694
	Cement plants certified to ISO 50001 or equivalent	%	50	8
Environmental management	Cement sites (integrated plants and grinding centers) certified to ISO 14001	%	100	93
Air emissions	Continuous monitoring according to Group standard (dust, SO ₂ , NOx, CO, VOC)	% clinker	100	89
	Continuous and spot monitoring according to Group standard	% clinker	100	96
	Kilns with emissions below Group standard levels	% clinker	100	92
Water	Sites with sustainable water management	%	50	n/a
Resources and quarries	Alternative fuels, cement	%	10	9
	Quarries with rehabilitation plans	%	100	89
Responsible production				
Supply chain	Corporate suppliers screened	%	100	99
	Customer satisfaction, average of absolute and relative	index	800	777
Innovation	Innovation rate	% turnover	4-5%	5.3

2.2 Ambitions 2020

Italcementi Group's Values set the way ahead over a longer timeframe, shaping the sustainable ambitions for 2020.

Integrity

We place ethical behaviour at the heart of all our businesses worldwide. We earn the trust of our partners in business and in the community through accountability and consistent corporate governance. Our daily commitment is to act with respect, honesty and transparency.

Building on the already ongoing integrity programmes, Italcementi Group has the ambition to set up a fully integrated system, from principles to disclosure, grounded on:

- an updated Code of Ethics, expressing the renewed sustainable strategy of the Group and the new global context;
- a Business Integrity Policy, framing all the actions taken into an effective management approach.

Launched	<p>The new Group Code of Ethics has been approved by the Board of Directors in 2013 and recently launched through all the Subsidiaries. A careful and capillary programme of diffusion and training is needed, to ensure full understanding of the innovative content at any employment level, from top management to new-hired. Additional refresher training on Group's SD Policies, which give additional guidance to the Code of Ethics, is planned for 2014.</p> <p>The first draft of the Business Integrity Policy is available for internal discussion before approval. This would help to enclose in a comprehensive frame the many ongoing integrity programme and the ones upcoming in the future.</p>
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Diversity

Diversity is a source of energy and value that fuels our growth. We aim to create an environment of trust and belonging where differences add value and where everyone feels part of our world. For sustainable globalisation to succeed we must capture and redistribute local knowledge and experience for the benefit of the whole Group.

In this respect, ensuring equal opportunities is key for success. Italcementi Group aims at:

- increasing the percentage of management positions held by women up to 20%.
- systematically supporting all managers with focused training and operating tools to manage and valorise diversity

Starting	<p>Actions to increase the presence and representation of women are in progress. At highest level, 20% (5% in 2012) of Board of Directors members and 9% (8% in 2012) of Subsidiaries Executive Committees members are women. However, in 2013 the percentage of management positions held by women lies at 9%. Still greater efforts will be deployed to set more favourable conditions for equal career opportunities.</p> <p>Continued training, for skill development and diffusion of gender equality principles, remains one of the most effective levers. A further detailed action plan will be defined in 2014, also in line with WBCSD Action 2020 priorities.</p>
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Efficiency

We strive for operational excellence by combining the technical expertise and cost management necessary to be a globally effective and efficient building materials manufacturer. We add value by delivering consistently high quality products and services customised to each local market around the world.

CO₂ intensity, related to direct or indirect emissions, is a representative indicator of global efficiency, as it combines most of the key levers to industrial excellence. Italcementi Group endorses a strategy leading to:

- cementitious products with less than 600 kg CO₂ per tonne;
- captive or offset production of renewable power up to 10% of the total electrical energy demand of production sites.

Progressing	<p>In 2013, slight improvement of thermal consumption and a much more relevant increase of alternative fuels and biomass rate led to a promising result of 694 kg of CO₂ per tonne of cementitious products, 18 kg less than previous year. This is in line with the improvement curve planned by the Group, even if representing only a 16% completion of the 8-year plan towards 2020 ambition. Additional efforts in terms of thermal efficiency, alternative fuels and biomass and, even more, clinker to cement ratio are required.</p> <p>Start-up of the new Waste Heat Recovery system at Pukrang plant (Thailand) and other minor initiatives, such as the new fotovoltaic installation in Yerraguntla (India) raised the captive or offset production of renewable power from 5.9% in 2012 to 8.1% in 2013. This is slightly ahead of the improvement curve planned by the Group, representing already a 55% completion of the 8-year plan towards 2020 ambition. At current trend, around 130 GWh/year of additional renewable power have to be installed.</p>
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Responsibility

Our long term commitment to sustainability seeks to combine profitable economic performance with protecting the environment and improving the quality of life for present and future generations.

Biodiversity loss and water scarcity are possibly the most worrying challenges for the planet, also triggered by climate change. In this respect, Italcementi Group aims at implementing:

- biodiversity management systems, integrated with the rehabilitation plans, at all its extraction sites, prioritizing quarries in sensitive areas;
- sustainable water management at all its industrial and civil sites, from sourcing, through uses, to releases.

Launched	<p>In 2013, the Group operated 280 quarries. 249 (89%) of them have ongoing rehabilitation plans also addressing biodiversity. 124 of them (44%) are within or nearby or with potential effects on sensitive areas for biodiversity. For these priority sites, specific biodiversity action plans, in partnership with third parties, like IUCN or local specialised University departments, are in the phase of implementation in Egypt, France, Italy, Morocco and North America. Together with the joint efforts ongoing within the frame of the Cement Sustainability Initiative, these wide pilots will help to fine tuning the Group standard approach to biodiversity management.</p> <p>Water accountings were improved. The new WBCSD Global Water Tool, now customised for cement sector, will allow mapping in further details the impact of Group's operation on water resources. Additionally, a parallel exercise inside the company and joint with Cement Sustainability Initiative, where the Group co-chairs the Task Force on water, will help to define the minimum requirements for sustainable water management.</p>
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Innovation

We believe in the importance of innovation not only in the development of new products, applications and services, but also in our management approach. We must embrace change and be open to new ideas in order to attract the best talents.

Sustainable products and applications are essential to align the Group's portfolio to the changing expectations of markets. Responsible sourcing is one of the key tools. Italcementi Group strives to:

- increasing the percentage of cement products with at least 10% of recycled materials, up to 30% of total product range;
- increasing the average content of recycled materials in concrete up to 10%.

Launched	<p>In 2013, the first step of the 8-year programme has been rolled out: better material accounting and improved traceability of recycled properties in line with international standards, allowed to fix at 14.9% the percentage of range of products with more than 10% of recycled content.</p> <p>In parallel, a mapping scheme of material sourcing for concrete has been defined. The average recycled content of concrete manufactured by the Group is 2.2% with almost two third of the contribution coming from recycled materials embedded in the cement type used. The detailed action plans will be based on these elements.</p>
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3 Social responsibility

3.1 Valuing people

The Group considers diversity management as the responsibility of managers to respect and protect differences and to consider them as a resource to be valued as far as in line with the Group's Values. Particular attention is paid to gender equality. Actions to increase the presence and representation of women are in progress. At highest level, 20% (5% in 2012) of Board of Directors members and 9% (8% in 2012) of Subsidiaries Executive Committees members are women. The Group's ambition is to increase the current percentage (9%) of management positions held by women up to 20%. Pay levels are monitored showing no relevant differences due to gender reasons, but still great efforts have to be deployed to set more favourable conditions for the right equality in career opportunities.

Training is a crucial element for human resources development. According to its training management system, the Group's activities are organized around the following four areas: Compliance and Risk Mitigation; Efficiency and Specialization; Sustainable Development and Innovation; Human Capital Development. The Group globally run 287,592 hours of training (326,552 in 2012) involving 30,476 trainees (31,186 in 2012) and reaching 19,546 participants (19,324 in 2012). At the end of 2013, the Group totalled 16 hours of training per employee, versus the Group's target of having 20 hours by 2015, but maintaining them, even in a difficult period, at very high level the outreach: more than 90% of Group's employees received at least 1 hour of training. 2013 was dedicated to the development and implementation of the three following e-learning projects: i. nova, addressing commercial and marketing departments and providing an introduction to the new Group's branding and market approach in line with the market change; Give safety a meaning, to improve the management level in the field of safety; and e-learning trainings necessary for effective implementation of the Group's safety standards. Training activities on Human Capital development have been developed in Italy, Bulgaria, Thailand and India, as follows: Leadership Programs, a strategic change management process which basic goal is to increase key people leadership skills; Feedback Laboratory, a course to reinforce the competences of managers to give a feedback oriented to the growth of collaborators. Additionally, a new version of the Antitrust compliance program has been launched in some countries to verify the knowledge level of managers on Antitrust issues. Finally, the new e-learning on the Group's Sustainability Policies, developed in 2013, will be launched in 2014. It will reach all the Group's people, regardless of role and position.

Group's subsidiaries follow local legislation for inclusion of people with disabilities. Beyond legally required practices, many of them undertake specific initiatives dedicated to a better work inclusion and social support. The French subsidiary is considered as the best example in the Group, with regular and focused training for managers and employees, looking for the best and inclusive working environment and proactive collaboration with authorities for best placement solutions.

Collective labour agreements, also embedding health and safety topics, cover nearly all the Group's employees worldwide, remaining currently excluded some areas like Morocco, Kuwait and Saudi Arabia, where full unionization is not in place for reasons independent from the company's will, and few categories of workers, mainly white collars, in the US, Greece, India and Kazakhstan. These situations represent around 10% of total workforce, to which local best practice apply. Furthermore, since 2008, the Group is entirely covered by the Buildings and Wood Workers' International (BWI) Agreement. It represents a real charter of workers' rights, it is valid worldwide and based on the joint commitment of all signatories to respect fundamental human rights, including decent working conditions, welfare of workers, training and development, equitable industrial relations and fair collective bargaining procedures. All previous principles have to be also promoted within the Group's supply chain.

Joint committees forums between trade unions and management are part of the Group's approach to sustain constructive dialogue with workers and workers' representatives. This includes also transnational initiatives like the European Work Council, sharing periodically Group's strategies and major projects.

Driven by its Human Rights Policy and within the framework of the Italian network of UNGC, the Group is working on its first tailored tool for Human Rights Impact Assessment (HRIA). This assessment will also represent the basis for regular corporate communication on the BWI implementation. 2013 saw the first HRIA pilot in the Thai subsidiary. After necessary improvements, the tool will be implemented in 2014 starting from the countries of concern where the Group operates, as identified by the Freedom House (they represent 31% of the Group's revenues in 2013). Waiting for the full implementation, the Group collects data and information of any possible incident related to human rights and working conditions. Still around 100 critical situations were detected and solved in 2013, mostly related to inequality of treatment or working conditions among sub-contracted workforce.

At year end, the Group employed a total of 18,434 employees operating in more than 20 countries. Triggered by the enduring worldwide crisis, some restructuring activities are unavoidable. Most significant actions including the '2015 Plan' launched to improve competitiveness on the Italian market, come to evidence. Further information is available on page 163. Restructuring plans were managed through union agreements, early retirement programme and overtime reduction. Most of our population is full-time employed. Benefit plans (e.g. medical, post retirement, etc.) are implemented in almost all countries of operations, applied equally to full-time, part-time or temporary employees with minor differences in the management scheme depending on the country. Additional information are available in the consolidated financial statement (illustrative note #17, page 278). The work organization includes also working shifts in production sites, normally based on 8-hour shifts. Only in two subsidiaries, North America (approximately 7% of workers) and Kazakhstan (approximately 60% of workers) 12-hour shifts are also used for special tasks, representing less than 2% of the Group's workers and keeping the limit of 40 base hours per week. In Kazakhstan 12-hours shifts are organized with two employees on duty, also for health and safety reasons and allowing for meals and rest.

Trend of salaries is in line with local context, knowing that Group's subsidiaries keep a salary policy conveniently above local market. Local compensation surveys are run periodically. Fair remuneration principles are sought also for executives. To this purpose, the Group is monitoring the trend of the ratio of the annual total net compensation for the Group's highest-paid individual and all the others employed. In next consolidations, it will be disclosed for all the major countries of operation.

Five major countries out of eleven have experienced strike actions.

	Group employees			Open-end contracts				Fix-term contracts			
	2013	2012	2011	2013		2012	2011	2013		2012	2011
				Female	Male			Female	Male		
Italy	2,966	3,194	3,439	325	2,638	3,179	3,247	1	2	15	192
France & Belgium	4,020	4,051	4,113	568	3,371	3,993	4,048	13	68	58	35
Spain	453	515	597	64	381	501	574	2	6	14	23
Greece	165	174	194	20	140	171	193	2	3	3	1
North America	1,381	1,413	1,485	121	1,258	1,411	1,483	1	1	2	2
Egypt	4,502	4,573	4,622	36	3,583	3,893	4,035	13	870	680	587
Morocco	960	978	984	95	771	881	857	9	85	97	127
Bulgaria	349	359	388	117	215	340	378	6	11	19	10
Turkey (*)	-	-	131	-	-	-	131	-	-	-	0
Thailand	876	858	863	138	734	856	854	0	4	2	9
India	802	795	797	13	789	795	797	0	0	0	0
Kazakhstan	291	289	298	74	159	249	273	14	44	40	25
China (*)	-	-	306	-	-	-	5	-	-	-	301
Trading	305	346	340	12	291	344	303	0	2	2	37
Kuwait	348	349	343	14	334	320	306	0	29	29	37
Others (**)	1,016	992	999	306	669	939	930	20	21	53	69
Total	18,434	18,886	19,899	1,903	15,333	17,872	18,449	81	1,146	1,014	1,450

(*) deconsolidated 2012

(**) Includes, among others, Ciments Francais, CTG and BravoSolution

	Full-time employees				Part-time employees			
	2013		2012	2011	2013		2012	2011
	Female	Male			Female	Male		
Italy	255	2,634	3,108	3,350	71	6	86	89
France & Belgium	493	3,396	3,919	3,983	88	43	132	78
Spain	60	386	507	586	67	1	8	52
Greece	22	143	174	194	0	0	0	11
North America	122	1,259	1,413	1,485	0	0	0	0
Egypt	40	4,453	4,573	4,622	0	0	0	0
Morocco	104	856	978	984	0	0	0	0
Bulgaria	123	226	359	388	0	0	0	0
Turkey (*)	-	-	-	131	-	-	-	0
Thailand	138	738	858	863	0	0	0	0
India	13	789	795	797	0	0	0	0
Kazakhstan	88	203	289	298	0	0	0	0
China (*)	-	-	-	302	-	-	-	0
Trading	12	293	346	340	0	0	0	4
Kuwait	3	345	349	343	0	0	0	0
Others (**)	284	684	945	959	42	6	47	40
Total	1,766	16,405	18,613	19,625	207	56	273	274

(*) deconsolidated 2012

(**) Includes, among others, Ciments Francais, CTG and BravoSolution

Employees turnover		Absolute	%
In	Hiring (open or fixed-term contracts)	1,101	90
	Reassignments and re-entries	128	10
	Acquisitions	0	0
	Total	1,229	
Out	Resignations	656	39
	Dismissals and change of perimeter	0	0
	Lay-offs	352	21
	Retirements	259	15
	Fixed-term contracts and trial period closures	253	15
	Reassignments and re-entries	109	6
	Deaths	52	3
	Total	1,681	

The following breakdowns by gender are extrapolated across the whole Group, based on detailed database covering the vast majority of Group's employees. Exceptions are trading and minor activities in Egypt, representing around 5% of total workforce.

Breakdown of personnel by age (%)	Female			Male		
	2013	2012	2011	2013	2012	2011
< 30	1	1	1	6	7	8
30 - 40	4	4	4	20	21	22
40 - 50	4	4	4	32	32	32
50 - 60	2	2	2	29	27	25
> 60	0	0	0	2	2	2

Breakdown of personnel by seniority (%)	Female			Male		
	2013	2012	2011	2013	2012	2011
< 3	1	1	1	8	8	9
3 - 5	1	1	2	5	6	8
5 - 10	3	3	2	18	19	18
10 - 20	3	3	3	25	24	25
> 20	3	3	3	33	32	29

Breakdown of personnel by nationality (%)	Female			Male		
	2013	2012	2011	2013	2012	2011
Europa	8	8	8	41	41	42
Africa	1	1	1	30	30	28
Asia	1	1	1	11	11	12
America	1	1	1	7	7	7

Female/Male (%)	Female			Male		
	2013	2012	2011	2013	2012	2011
Managers	9	10	12	91	90	88
White collars	22	22	25	78	78	75
Blue collars	2	2	3	98	98	97

Salary ratio	Female			Male		
	2013	2012	2011	2013	2012	2011
Top management (*)	100	100	100	107	106	105
White collars (**)	100	100	100	108	109	109
Blue collars	100	100	100	106	107	112

(*) specific comparison with the external market

(**) including middle management

Hours of training	2013			2012	2011
	Female	Male	Total		
Efficiency	14,364	71,518	85,882	113,287	141,990
Sustainable Development and Innovation	14,098	136,596	150,694	157,720	151,402
Compliance	861	4,666	5,527	8,957	9,317
Human Capital Development	5,419	40,070	45,489	46,588	6,133

Trainees	2013	2012	2011
Efficiency	7,085	6,763	8,470
Sustainable Development and Innovation	18,710	20,347	18,397
Compliance	1,006	767	1,692
Human Capital Development	3,675	3,282	4,004

Hours of training (%)	2013	2012	2011
Managers	14	13	16
White collars	46	39	84
Blue collars	41	48	

Trainees (%)	2013	2012	2011
Managers	15	12	15
Blue collars	43	38	85
White collars	42	50	

Hours of training pro capita	2013	2012	2011
Per trainee	9	10	11
Per participant	15	17	33
Per employee	16	17	18
Ratio participants/employees	0.9	>1	0.6

3.2 Safety

Sustained by its Safety Policy, the Group considers security and safety as fundamental values to be integrated in all its activities. Driven by the motto «Safety: a way of living» the Group adopts its Safety Management Handbook (SMH) covering management leadership, elements to foster motivation, organizational structure, operational tools, and contractors' management. Additional information is available on the corporate website. Since 2011 the system is permanently audited by corporate and local relevant functions. Regular follow-up and rating systems are evaluated and included in managers' performance appraisal system.

Safety Committees are formalized at any site and country level also with the aim to review safety roadmaps progress every quarter. All Group's senior managers, starting from the Group's CEO, are trained specifically on safety leadership and asked to express their personal commitment to promote safety at their level every day. Personal commitments, periodically updated, are widely promoted and available for everyone through the company's intranet system.

Since 2009, the Group is implementing best safety operational standards at all its sites, aiming at enhancing and homogenizing best practices. Safety standards addressing main causes of accidents are: Personal Protective Equipments, Works At Height, Hot Works, Control of Hazardous Energy (Lock Out/Tag Out), Confined Spaces Entry. Dedicated site action plans and e-learning are available in local languages, in order to spread safety culture at work and aiming and positively influencing also behaviour at home. With different deadlines, all the standards will be implemented by 2015 involving both directed and contracted workforce. The effort is relevant considering that contractors' worked hours on site accounted for around 40% of total worked hours, in 2013. Their implementation status is available in the table below. In 2013, the Group also issued its new Code of Practice for Driving Safety dedicated to all drivers, both employed and contracted. Gap analysis has been completed; implementation deadline will be set depending on country specific considerations.

In 2013, over a population of more than 18 thousands employees, the Group's Lost Time Injuries (LTI) frequency rate for employees and temporary workers, i.e. the number of accident with lost time per million hours worked, is 4.1 showing a significant 34% decrease since 2012, marking the new best Group's performance ever.

Following the recommendation of the Cement Sustainability Initiative, the Group also reports improvements in the LTI frequency rate for contractors on site (see table). In total, the absenteeism of employees due to safety related causes total 8,989 lost days (9,845 in 2012) confirming at less than 0.5% of total absenteeism, estimated to remain stable below 4% of total workable days; other 1,969 days (2,514 in 2012) of employees working on restricted duty were recorded.

Since 2008, the Group is reporting the Total Recordable Injury Rate (TRIR) adding recorded Restricted Work Duty and Medical Treatment to Lost Time Injuries.

Despite all efforts, four fatalities occurred at the Group's premises plus one off site. Giving utmost importance to such events, each fatality is discussed at the Group's Management Committee during dedicated sessions chaired by the CEO. The Board of Directors is updated on safety performance including discussion of fatalities, every semester.

In 2013, minor administrative non-compliances to locally enforced regulatory schemes had raised penalties for 156 k€ (474 k€ in 2012).

As every year, the Group endorsed and celebrated the World Day for Safety in 2013 (page 337).

LTI Frequency rate (*)	2013	2012	2011	2010
Cement	2.7	4.5	5.2	4.7
Aggregates	5.1	10.7	8.4	5.8
Concrete	7.3	10.8	7.0	9.4
Group	4.1	6.2	6.2	5.8

LTI Severity rate (*)	2013	2012	2011	2010
Cement	0.2	0.2	0.2	0.2
Aggregates	0.4	0.5	0.5	0.5
Concrete	0.4	0.3	0.5	0.6
Group	0.3	0.3	0.3	0.3

TRIR (*)	2013	2012	2011	2010
Cement	7.3	10.8	9.7	9.8
Aggregates	13.5	19.0	21.2	11.6
Concrete	17.5	18.1	14.3	16.9
Group	9.7	12.5	11.3	10.9

(*) Direct employees and temporary workers

LTI Frequency rate (**)	2013	2012	2011	2010
Group	3.7	4.4	4	-

(*) contractors on site

Status of Group standards implementation (%)	2013	2012	2011	2010	2009
Personal Protective Equipments	96	86	81	54	45
Work at Heights	86	78	68	51	35
Hot Works	94	85	78	49	-
Log Out – Tag Out	78	56	50	-	-
Confined Space Entry	70	28	-	-	-
Code of Practice for Driving Safety	62	-	-	-	-

Fatalities	2013	2012	2011	2010
Employees (*)	1	2	4	1
Contractors	2	2	3	7
Third parties (**)	2	-	2	2
Group	5	4	9	10

(*) direct employees and temporary workers

(**) one off site

Work-related injuries with lost days	2013	2012	2011	2010
Employees (*)	139	223	234	237
Contractors (**)	110	137	133	155

(*) direct employees and temporary workers

(**) contractors on site

3.3 Health and product responsibility

Sustained by its Health Policy, the Group believes that promoting the health and the wellbeing of workers is as vital as protecting their safety. Since 2010, the Group is implementing its internal standard for occupational exposure of workers to dust, crystalline silica, noise and whole body vibration at all its countries of operation, going beyond most local legislation. The standard based on best existing risk assessment and international recognized references, aims at setting minimum requirements to evaluate workplace environment and occupational exposure of workers to relevant chemical and physical agents. By applying the precautionary principle, most of the workers on the Group's industrial sites (around 8,000 workers) are considered as potentially exposed to dust, silica and noise, while mobile equipment operators (around 3,300 workers) are considered as potentially exposed to vibrations. At the end of 2013, 69% of workers potentially exposed were covered by the assessment. The 92% of them is in line with the Group's standard. Immediate remedy actions are under implementation for the remaining. Additional information is available in the table below and on corporate website. The Group's target is to assess the totality of potentially exposed workers by the end of 2015.

In 2013, the Group has started working on the definition of minimum requirements for occupational medical surveillance to be integrated in the standard for occupational exposure of workers.

In 2013, the Group has continued its efforts in improving data collection of official application for occupational illnesses in all its countries, also where no clear legal framework is still enforced. This resulted in a higher disclosure (52 files against 44 in 2012).

Since 2013, the Group is actively promoting its approach to protect health at work at international level, aiming at spreading its best practice within cement sector. At European level, the Group is actively involved in the joint Comprehensive Health Risk Study on cement.

Since 2010, the Group has signed a worldwide agreement with International SOS to better manage health and security risks of its international traveler and expatriates.

Since 2008, the Group has banned the purchase, supply and use of any type of asbestos or any asbestos-containing products even in countries where it is still legal. A specific inventory is kept updated through periodic assessment of structures and equipments. All the related and necessary management activities, including monitoring and progressive dismantling, are performed since ever adopting the best techniques to protect health and safety. Moreover, the Group does not allow for any direct cement sale to cement-asbestos producers. Since 2011, similar initiatives of inventory management and progressive elimination are extended to other substances of concern. At the end of 2013, 21% of the Group's sites are completely asbestos-free and 75% are already without PCBs and CFCs in line with European best practices. Similar initiatives are ongoing for other materials of concern, such as selected type of refractory bricks, aligning to international best practices.

Concerning product responsibility, the Group discloses basic information on health and safety and environmental issues related to its market products, also in countries where no mandatory regulatory framework exists. The information sheets, available in local languages, describe relevant properties of cement and recommendations for its proper storage, transport, handling and use.

Alignment to Group standard (%)	2013	2012	2011
Workers potentially exposed covered by full assessment (*)	69	65	57
Workers assessed and in line with the standard	92	92	94

(*) i.e. dust, crystalline silica, noise and vibration assessment

Group sites (*) and materials with high health concern (%)	2013	2012	2011
Asbestos free	21 (**)	24	-
PCBs and CFCs free	75 (**)	78	-

(*) cement and grinding plants

(**) improved data consolidation

Official applications for occupational illnesses	2013	2012	2011
Cement	41	35	22
Aggregates	2	0	0
Concrete	4	6	2
Others	5	3	4
Total	52 (*)	44	28

(*) Increase principally due to the improved data collection

3.4 Social initiatives

The Group aims at building relationships with its stakeholders based on mutual commitment, active partnership, trust, openness and long-term cooperation. Building relations with communities means understanding their needs, supporting projects without creating dependency, and fostering stakeholder consultation when opening new facilities, running existing ones and closing plants at the end of their productive lives. Therefore in the Italcementi way, social initiatives are the combination of stakeholder engagement activities and support to communities, as an opportunity to promote sustainable approach in all the countries in which the Group operates.

At internal level, the intranet portal is active for all employees willing to improve internal communication, common culture development, cross fertilization and knowledge sharing. The professional social network «my.like» provides each user the opportunity to share information about its career path and personal interests with colleagues worldwide.

Contractors and third parties are also involved in specific occasions such as in the occurrence of the Italcementi's Safety Day. This particular day is a yearly opportunity for any Group's manager to demonstrate his personal commitment by addressing specific topics of health and safety standards with employees and contractors. 2013 was dedicated to launch the new Group's Code of Practice for Safe Driving: the Group's answer to the fact that road accidents are among the main causes of fatalities, not only at work.

At local level, stakeholders mainly address site-specific issues such as dust emissions, noise impact or use of alternative fuels. Climate change, air emissions, health and safety are also of interest. Response is managed through ad-hoc initiatives or, in some cases, structured periodic meetings. The French cement subsidiary is the best Group's example of stakeholder engagement: since 1995, all plants regularly engage their relevant stakeholder groups twice a year, organize site visits and present all new improvement projects to communities and authorities. Sustained by its Social Initiatives Policy, the Group will promote this stakeholder engagement approach to all its countries in coming years. Additionally, open door activities are one of the most common tools to promote participation at local level.

At country level, besides the more conventional business-to-business engagement (through trade association or others) many subsidiaries are actively involved with other business players within the frame of local body of the UN Global Compact, the WBCSD and CSI. As an example, in the framework of the Italian Network of the Global Compact, the Group is actively participating to a number of working groups on sustainability in supply chain, human rights, anti-corruption and reporting.

At international level, the Group is actively participating to the UN Global Compact, the WBCSD/CSI, spreading its sustainable vision. In particular, the Group will co-chair CSI for the next two years, participating actively to all the initiatives and also co-leading the sector task force on climate protection, air emissions, water, health and supply chain. With special focus on stakeholder, the Group is also contributing significantly to the revision of existing CSI Guidelines for Environmental and Social Impact Assessment.

The corporate and subsidiaries support the communities with many social initiatives in the field of education, capacity building and local skill development, disaster relief, health promotion and emergencies, and others. In parallel, the Italcementi Foundation Cav. Lav. Carlo Pesenti is the independent non-profit entity established in 2004 by Italcementi and the holding Italmobiliare, with the aim of 'promoting scientific research and education with a special emphasis on the sustainable economic and social development of enterprises'. Detailed information on 2013 activities is available on page 167 of the Group's Annual Report.

Support to communities (k€)	2013	2012
Fondazione Italcementi	560	563
Italcementi Group	336	250
Group subsidiaries	4,102	1,520

Sponsorships (k€)	2013	2012
Group Headquarters	503	912
Group subsidiaries	1,293	1,872

Cement plants with stakeholder engagement (*) in place (%)	2013	2012	2011
Mature markets	61	59	54
Emerging markets	100	100	100
Group	73	71	68

(*) Including Open Doors activities

4 Environmental protection

4.1 Climate and energy

Cement plays a key role in economic and social development since through its downstream products, it provides society with what it needs in terms of safe, comfortable housing and reliable modern infrastructure. While cement manufacturing is an energy intensive process and has an initial high carbon footprint, the lifecycle benefits and durability of cement-based product applications can result in significant energy and CO₂ savings.

Accordingly and sustained by its Energy Policy, Italcementi has set public targets for reducing carbon footprint of operations and products, so as to reduce embedded carbon and energy content, and also does research in lowering the footprint of cement-based product applications.

In 2013 the Group did not experience any unexpected stop of production due to adverse or extreme weather conditions affecting the process or supply chain. However, the Group diversifies both type and source of raw materials and fuels while prioritizing local sources. Insurance systems have also been put in place to cover unplanned plants stops. In the interest of all Group's subsidiaries, Italcementi has worked with leading insurance companies to cover risks to people and assets. The new Environmental Preservation Programme (page 342) helps to assess process risk related to natural causes.

In year 2013 a good progress towards the achievements of 2015 emission target (640 kg CO₂ per tonne of cementitious) was shown in main emerging markets, India, Egypt and Thailand. All emerging markets efficient plants – with the exception of Bulgaria and Kazakhstan where plants revampings are in progress- are fast progressing in the massive introduction of alternative fuels with high biomass content, thus pure biomass. The two biggest plants in the Group, Pukrang in Thailand and Yerraguntla in India, are leading by example: Pukrang attained a peak of 14% agricultural waste usage, such as rice husk and corn cub, saving in 2013 more than 170 ktons of CO₂. Yerraguntla reached more than 7% substitution in one year, starting from scratch in 2013, replacing coal with a huge variety of agricultural waste. In Europe, the champion is the small Greek plant, Halyps, that attained almost 14% use of biomass, mainly sewage sludge. The same plant, thanks to a clinker content in cement just below 66%, was able to beat the Group's ambition, reaching 512 kg CO₂ per tonne of cementitious, showing the right way for improvement.

The lever of clinker content reduction in cement is that with more grounds for improvement in the future, especially in emerging markets. For example India was able to abate by almost 5% the clinker content in cement in one year thanks to use of fly ashes, an equivalent saving of almost 90 ktons of CO₂ in 2013.

Group Research and Innovation department is engaged in research for downstream carbon capture, valorization and/or transformation. In 2013 research continued on biological valorization of CO₂ in cooperation with GEPEA laboratories and with Algosource Technologies (AST) with the aim of reusing CO₂ for biomass production by means of micro algae cultivation. In 2013 participation in a new project started, for energy storage and conversion to organic chemistry processes through advanced catalytic systems (CEOPs project).

A comprehensive energy recovery and efficiency plan (2013-2015) was launched in 2013, covering all subsidiaries. It follows a robust methodology, starting from audit based gap analyses and moving to recovery plans execution and savings consolidation. Completion is expected in 2015, when also the ongoing revamping of three plants in Bulgaria, Italy and Kazakhstan will be completed. The Group believes that energy management systems enable companies to achieving continual improvement of energy performance at plants. In addition to the three European plants now maintaining their ISO 50001 certification for their management systems, Sitapuram plant, in India, achieved ISO 50001 and also the Best Energy Manager Award in

recognition to various actions implemented during the year towards energy conservation. In Italy, the energy efficiency initiatives completed in several plants over the last few years, equivalent to 83 ktoe savings, were rewarded by Energy Efficiency Certificates, traded on national energy exchange.

The production of renewable power in 2013 progressed positively. A 22 MW Waste Heat Recovery (WHR) plant for electricity production started operating in Pukrang, satisfying 10% of the annual electricity demand for the plant. Coverage at full year operation is expected to reach 20% coverage at least. The smaller size WHR plant in the new plant in Morocco, Ait Baha, reached 4% of electricity demand coverage, due to increase in 2014. The two WHR plants allowed for savings of 32 ktons of CO₂ in 2013. The wind farm in Bulgaria covered 20% of the demand for the local cement plant, while the wind farm in Morocco produced 100% of the needs of the local grinding unit, considering the electricity exchange with the grid.

Renewable energy production was made of 76% hydro, produced in Italy, 15% WHR, 9% wind from Morocco and Bulgaria and 2% solar, in Italy and India, of which mainly wind and WHR as sources are expected to increase their volume and share in the coming years. Overall 193,000 tons of CO₂ were saved in 2013 through self production of electricity. The Research Center of the Group, i.lab, is fed with 100% renewable electricity, 12% self produced by photovoltaic, and geothermal energy for 80% of the heating and 40% of the cooling needs.

Additional details on the Group's performance on energy and climate protection are available on corporate website.

Gross CO₂ emissions (*)		2013	2012	2011	1990
Mature markets		692	701	687	668
Emerging markets	kg/t cementitious	696	721	727	823
Group		694	712	708	723
Group	million t	28.6	31.7	34.4	36.8

(*) CO₂ gross emissions do not account biomass content of alternative fuels

Net CO₂ emissions (*)		2013	2012	2011	1990
Mature markets		668	681	668	635
Emerging markets	kg/t cementitious	693	720	727	823
Group		682	702	699	701
Group	million t	28.0	31.3	34.0	35.7

(*) CO₂ net emissions do not account for use of any kind of alternative fuels

Carbon footprint (*)	2013		2012	
	million t CO ₂	%	million t CO ₂	%
Scope 1 (direct emissions)	28.6	79.4	31.7	78.5
Scope 2 (indirect emissions)	2.2	6.1	2.4	5.8
Scope 3 (value chain emissions)	5.2	14.5	6.3	15.7
Total	36.0		40.4	

Thermal consumption, cement		2013	2012	2011
Mature markets		3,721	3,772	3,735
Emerging markets	MJ/t clinker	3,858	3,858	3,862
Group		3,798	3,820	3,805
Group	Million MJ	127.2	139.9	150.9

Conventional fuels by type, cement (%)		2013	2012	2011
Coal		35.3	34.4	35.3
Petroleum coke		32.8	30.2	29.2
High viscosity fuel		0.2	1.4	2.0
Natural gas		15.9	18.3	16.9
Fuel oil		6.4	9.1	10.8
Alternative fuels		9.4	6.5	5.9
Alternative fuels and biomass, cement (%)		2013	2012	2011
Mature markets		15.4	12.2	11.6
Emerging markets	% alternative fuels (including biomass)	4.9	2.2	1.4
Group		9.4	6.5	5.9
Mature markets		5.4	4.2	3.9
Emerging markets	% biomass	3.7	1.9	1.2
Group		4.4	2.9	2.4
Alternative fuels by type, cement (%)		2013	2012	2011
Animal meal		12.1	12.7	15.7
Liquid waste		16.7	20.5	21.9
Agricultural waste		21.5	16.5	11.1
Waste oils		8.3	8.0	8.5
Tyres and rubber		17.8	14.7	14.9
Solid waste		13.6	14.0	13.8
Plastic		3.8	3.8	4.7
RDF		4.6	7.6	7.8
Sludge		1.6	2.2	1.7
Clinker/cement ratio (% of clinker)		2013	2012	2011
Mature markets		78.9	79.4	78.9
Emerging markets		83.5	83.8	83.5
Group		81.3	81.8	81.3
Power consumption, cement		2013	2012	2011
Mature markets		137.5	134.1	131.2
Emerging markets	kWh/t cement	106.9	108.3	110.6
Group		120.5	120.1	120.5
Group	million kWh	4,916	5,280	5,811
Power consumption, aggregates		2013	2012	2011
Mature markets		2.9	2.7	2.6
Emerging markets	kWh/t aggregate	1.9	2.1	1.7
Group		2.8	2.6	2.6
Group	million kWh	79	76	73
Power consumption, concrete		2013	2012	2011
Mature markets		4.8	4.8	5.3
Emerging markets	kWh/m ³ concrete	2.0	3.1	1.8
Group		4.1	4.6	4.9
Group	million kWh	46	51	64

4.2 Environmental management

Sustained by its Environmental Policy, the Group supports and encourages actions aiming at implementing recognized management systems and voluntary commitments to prevent risks and foster continuous improvement, beyond compliance with applicable environmental laws and regulations. Furthermore, by adhering to the UNGC the Group is committed to: support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies.

Most of environmental issues are managed integrating the Group's directives and standards with site-specific needs: noise impact is mostly managed locally site by site, through dedicated mapping and identification of technically viable solutions; for new machines installation, specific requirements are set in the technical annex of the supply contract.

Since 2011, the Group is implementing a three-year programme for environmental reviews of its production sites, which generates corrective action plans and involvement of Group and local functions. In the last three years, 44% (64% in 2012) of the cement plants, representing 54% of total cement production, have been audited, covering 6 subsidiaries out of 11.

With the aim to better manage environmental risks and promote good practices and Group's standards, in 2013 the Group piloted the new Environmental Preservation Programme (EPP) linking detailed assessment of integrated cement plants to insurable risks. 8 major cement plants in 8 countries have been involved in the pilot. 2014 will be dedicated to implementing the EPP in all the remaining sites, developing environmental training sessions and defining improvement plans.

Since 2011 the Group has developed its guidelines for assessing dismissed or dismissing sites. They apply to all the businesses, covering safety and security risks, environmental risks, and social and external context risks. 2013 was dedicated to the first Group's assessment. Results will be disclosed in next reports.

The many improvement actions undertaken in 2013 totalled a capital expenditure, also including safety, of 35.6 million euro in 2013 (34.2 million euro in 2012).

The Group's Subsidiary Interbulk Trading, a major cement trading company, offers first class commercial, logistics and shipping services for trading of clinker, ordinary and special cements, mineral products and solid fuels worldwide. The management of the Group fleet and cargos is based on an insurance coverage, following best practices in the field. The Shipping and Maritime Logistics Department of Interbulk is responsible for organizing safe and reliable maritime transportation anywhere in the world. The aim is to provide a shipping service matching the Group needs and high performance standards, at the best competitive market prices. The Group is increasing the number of vessels less than 20 years old (84% in 2013 versus 81% in 2012). In 2013, chartered vessels were 295 (339 in 2012). In 2013, Interbulk totally moved around 4.8 million tonnes by sea trade. Detailed information under the Interbulk website.

Group sites (*) certified ISO 14001 (%)	2013	2012	2011
Cement	93	90	89
Aggregates	36	40	40
Concrete	4	4	4

(*) additionally, 2 natural hydraulic lime plant and all 14 hydro-power plants, also EMAS registered.

% transport (*)	Cement			Aggregates			Concrete		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
road	88	90	92	91	91	93	100	100	100
railways	7	7	5	1	0	0	0	0	0
waterways	5	3	3	8	9	7	0	0	0

(*) No major difference between mature and emerging markets

Waste management, cement		2013	2012	2011
Total waste produced (*)	kt	52.6	118.0	94.4
<i>of which, hazardous waste (**)</i>	kt	2.2	11.9	2.3

(*) waste production does not come from process; it mainly derives from maintenance activities, which can vary during years, and it is managed according to the Group's best practice. No main difference among mature and emerging countries

(**) hazardous waste production mainly refer to lubricants and hydraulic fluids management, and it is managed according to the Group's best practice

Fines and penalties (*) for environmental non-compliance (k€)	Cement		Aggregates		Concrete	
	2013	2012	2013	2012	2013	2012
Mature markets	1,069.7	565.0	-	48.6	-	66.0
Emerging markets	683.6	284.0	-	-	-	-
Group	1,753.3	849.0	-	48.6	-	66.0

(*) including allegations yet to be appealed

4.3 Air emissions

Sustained by its Environment Policy, the Group develops and implements high level internal standards in order to monitor and assess cement kiln emissions in atmosphere and to set ambitious reduction targets.

The Air Emissions Standards has been issued in 2008, then progressively refined for content and auditability. The compliance to the performance levels and to the monitoring requirements, according to the internal rating system included in the assessment of top managers variable compensation, represents respectively 94% and 92% of clinker production. Details on the Group's Standard, related performances and internal rating system are available on the corporate website.

More in depth, at the end of 2013, 79% of clinker (77% in 2012) was produced by kilns with Continuous Emissions Monitoring systems fully in line with Group's standard; 87% of clinker (51% in 2012) was produced by kilns with continuous or spot measurements covering all the parameters defined in the Group's standard. At the end of 2013, 41% of the clinker (33% in 2012) was produced by kilns with all monitored parameters within the emissions levels set by the Group's standard. The following table provides an overview of the progress in the implementation of Group's standard on air emissions.

Clinker produced in sites with air emissions in line with Group standard	% of compliance			% of monitoring		
	2013	2012	2011	2013	2012	2011
Italy (home country)	97	98	97	99	97	100
Other subsidiaries	91	86	88	94	80	74
Group	92	88	90	94	82	78

Improvement of dust emissions, in 2013 below a hundred grams per tonne of clinker, is mainly due to the completion of the filters upgrade in India and Morocco, where all kilns are now fitted with modern fabric filters. Further reduction is expected with the full delivery of their performances, not always yet at the level required by the Group standard. In Egypt, two additional fabric filter have been started up in very late 2013, expected to

deliver their best contribution in 2014. As of today, in Egypt, already half of the clinker production comes from kilns equipped with modern fabric filters, even if still in the phase of process optimization. In the next years, further improvement of air emissions will result from the completion of the two major revamping project already started in 2012 Devnya (Bulgaria) and Rezzato (Italy), and the one started in very late 2013 in Shymkent (Kazakhstan). The following tables provide an overview of the Group's performance.

Air emissions factors and coverage			2013		2012		2011	
			emission factor	% coverage	emission factor	% coverage	emission factor	% coverage
Mature markets	dust		16	100	18	100	23	100
	NO _x	g/t clinker	1,363	100	1,571	100	1,536	100
	SO ₂		544	100	619	100	547	100
Emerging markets	dust		159	100	187	100	257	100
	NO _x	g/t clinker	1,770	100	1,470	100	1,625	100
	SO ₂		271	100	241	100	182	100
Group	dust		96	100	113	100	152	100
	NO _x		1,591	100	1,514	100	1,585	100
	SO ₂	g/t clinker	391	100	407	100	346	100
	CO		1,355	100	1,348	98	-	-
	VOC		38	96	55	94	33	74
	benzene		3	88	2	59	-	-
	dioxins	ng/t clinker	52	96	44	81	24	49
	PAH		7	90	6	56	-	-
	mercury	mg/t clinker	11	95	36	64	33	55
	metals I (*)		18	95	9	85	-	-
metals II (**)		375	95	182	83	-	-	

(*) metals I: Cd, Tl

(**) metals II: Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V

Group yearly air emissions		2013	2012	2011
dust		3.2	4.1	6.0
NO _x		53.3	55.5	62.9
SO ₂	kt	13.1	14.9	13.7
CO		45.4	48.7	-
VOC		1.3	2.0	-
benzene		91.4	59.0	-
PAH		0.2	0.2	-
mercury	t	0.4	1.3	-
metals I (*)		0.6	0.3	-
metals II (*)		12.6	6.7	-
dioxins	g	1.7	1.6	-

(*) metals I: Cd, Tl

(**) metals II: Sb, As, Pb, Cr, Co, Cu, Mn, Ni, V

4.4 Water management

The Group acknowledges that business cannot survive in a society without qualitative access to water. Through its Environment Policy, the Group supports projects to reduce water consumption and preserve water quality. Since 2010, the Group has adopted the WBCSD Global Water Tool (GWT) to map its water use and assess risks relative to global operations and supply chains. By comparing sites with the best available water,

sanitation, population and biodiversity information on a country and watershed basis, the GWT allows to identify how many sites are in extremely water-scarce areas. In 2013, the Group has collaborated within the Cement Sustainability Initiative (CSI) to the definition and release of the specific version customised on cement industry needs. It is the third customization after oil and power sectors. The WBCSD Global Water Tool 'Cement' is also in line with GRI G4 requirements. The recommendations cover cement, aggregates and ready-mix concrete operations. Thanks to these tools, the Group will soon improve its water management and will be able to set different targets on water resources management.

The Group continues to concur with the UN Water for Life Decade, a ten-year project which aims to promote efforts to fulfill international commitments on water and water-related issues by 2015 and supports the water programme of WBCSD within the priorities of the Action 2020. Accordingly, the Group confirms its objectives of implementing sustainable water management at 50% of its production sites, starting from areas of water stress, by 2015. The set of Group's requirements to be applied at all subsidiaries will be issued in 2014 in parallel with the joint work done within the CSI.

Water withdrawal, cement		2013	2012	2011
Mature markets		0.62	0.79	0.95
Emerging markets	m ³ /t cement	0.40	0.41	0.52
Group		0.50	0.59	0.73
Mature markets		11.3	15.6	21.8
Emerging markets	million m ³	9.1	9.4	12.9
Group		20.4	25.0	34.7

Water withdrawal, by source	2013		2012	
	million m ³	%	million m ³	%
Surface waters	6.7	33	8.3	33
Ground waters	7.9	39	8.1	32
Supplied waters	3.9	19	3.2	13
Collected waters	1.9	9	5.4	22

Water consumption, cement		2013	2012	2011
Mature markets		0.33	0.37	0.35
Emerging markets	m ³ /t cement	0.38	0.36	0.41
Group		0.36	0.37	0.38
Mature markets		6.1	7.4	7.9
Emerging markets	million m ³	8.5	8.3	10.1
Group		14.6	15.7	18.0

Water consumption, aggregates		2013	2012	2011
Mature markets		0.15	0.10	0.13
Emerging markets	m ³ /t aggregate	0.07	0.05	0.03
Group		0.14	0.09	0.13
Mature markets		3.8	2.6	3.6
Emerging markets	million m ³	0.1	0.1	0.1
Group		4.0	2.7	3.7

Water consumption, concrete		2013	2012	2011
Mature markets		0.23	0.23	0.23
Emerging markets	m ³ /m ³ concrete	0.41	0.43	0.42
Group		0.27	0.26	0.25
Mature markets		2.0	2.2	2.6
Emerging markets	million m ³	1.0	0.6	0.6
Group		3.0	2.8	3.2

4.5 Natural resources and quarries

Through its Environment Policy, the Group promotes the responsible use of resources to save on fossil fuel and quarried material consumption. Accordingly, subsidiaries apply strict Group's guidelines for responsible use of alternative fuels (AFs) and raw materials (ARMs) based on WBCSD/CSI guidelines. The guidelines list all the materials that must not be used under any circumstance at any Group's sites; furthermore, they focus on selection, management and necessary controls for using alternative materials, adopting health, safe and environmentally friendly measures. In 2013, 9.4% (6.5% in 2012) of alternative fuels and 5.4% (5.4% in 2012) of alternative raw materials were used. In addition, production of concrete used globally 0.9% of alternative materials (1.0% in 2012).

Additionally, the Group is committed to develop rehabilitation plans for all its active quarry operations taking into consideration existing biodiversity and, where feasible, fostering conservation of endangered species and meeting stakeholders' expectations. In 2013, 89% of the Group's quarries has a rehabilitation plan in place (85% in 2012). The Group's objective is to have 100% of its quarries with rehabilitation plans by 2015. The internal procedure asks for biodiversity action plans at least for quarries in relevant biodiversity areas (124 out of 280 active quarries managed in 2013). Specific budget is dedicated to quarry management initiatives, including provisions requested in many countries as mandatory financial coverage for such projects. Innovative projects and focused initiatives have been launched over years. Among them: the project in Trieste quarry (Italy) in cooperation with the Trieste University and officially presented in 2013; the project under implementation in Morocco with the Rabat University; the wide experience of GSM, the French aggregates subsidiary, under the frame of its agreement with IUCN (details under GSM website); the ongoing project in North America with the cooperation of Wildlife Habitat Council; the partnership with the Ain Shams University of Cairo to boost biodiversity through quarry rehabilitation in Egypt.

Since 2013, the Group is actively working on the new WBCSD quarry rehabilitation guidelines. These guidelines aim at implementing better practices in the exploitation and rehabilitation phases worldwide. Particular attention is paid to indicators monitoring biodiversity. As soon as they are released, the Group will start implementing them.

Raw materials, cement		2013	2012	2011
Mature markets		27.1	29.9	32.6
Emerging markets	million t	33.5	36.8	39.2
Group		60.6	66.7	71.8
Mature markets		7.7	8.1	7.8
Emerging markets	% alternative	3.6	3.2	3.7
Group		5.4	5.4	5.6

Raw raw materials by type, cement (%)		2013	2012	2011
Limestone		77.2	76.0	76.8
Marl		2.6	3.2	1.8
Clay		9.0	9.8	9.5
Sand		1.1	1.1	1.1
Iron ore		0.6	0.8	0.8
Bauxite		0.3	0.3	0.2
Gypsum		3.1	2.8	3.0
Pozzolana		0.4	0.5	0.7
Other natural raw materials		0.3	0.2	0.4
Alternative raw materials		5.4	5.4	5.6
Alternative raw materials by type, cement (%)		2013	2012	2011
Blast furnace slag		32.5	33.4	27.1
Fly ash		30.3	28.1	29.3
Calcium, Aluminum, Silicon or Iron substitutes		14.9	13.1	16.1
Industrial gypsum		11.0	9.6	8.5
Kiln & bypass dust		6.4	8.5	9.5
Foundry sand		1.2	1.3	1.1
Biomass ash		0.2	0.8	0.5
Other alternative raw materials		3.5	5.2	7.9
Quarry management, cement (*)		2013	2012	2011
Mature markets	number of quarries	98	102	107
	<i>in sensitive areas (**)</i>	45	45	35
	<i>with rehabilitation plan</i>	91	90	97
Emerging markets	number of quarries	41	42	43
	<i>in sensitive areas (**)</i>	3	0	2
	<i>with rehabilitation plan</i>	23	17	14
Group	number of quarries	139	144	150
	<i>in sensitive areas (**)</i>	48	45	37
	<i>with rehabilitation plan</i>	114	107	111

Quarry management, aggregates (*)		2013	2012	2011
Mature markets	number of quarries	136	133	140
	<i>in sensitive areas (**)</i>	75	76	37
	<i>with rehabilitation plan</i>	131	128	137
Emerging markets	number of quarries	5	5	5
	<i>in sensitive areas (**)</i>	1	1	0
	<i>with rehabilitation plan</i>	4	4	4
Group	number of quarries	141	138	145
	<i>in sensitive areas (**)</i>	76	77	37
	<i>with rehabilitation plan</i>	135	132	141

(*) number of quarries refer to individual extraction sites

(**) Sensitive areas as formally identified by international or national bodies for the preservation of biodiversity, fauna or flora (Natura 2000, Ramsar Convention, UNESCO World Heritage, IUCN, National or local legislation and others)

5 Responsible production

5.1 Customer management

Driven by its Sustainability Policy, the Group and its subsidiaries are committed to promote research and innovation by marketing new products, applications and services, addressing actual and future customers' needs. Furthermore, the Group aims at establishing and keeping relations with its customers based on transparent exchange of information and shared commitments.

The Global Sales & Marketing Department issued the Group's guidelines to homogenize customer satisfaction survey methodologies and sample logic adopted by subsidiaries, with the final goal to improve the process effectiveness and set a Group's survey approach. In 2013, the absolute index showed a medium-high satisfaction level, slightly increasing versus 2012, especially thanks to good results in middle and far east countries. The relative index showed a medium satisfaction level of the Group against competitors, with a general increase in all countries. Results on customer satisfaction are publicly disclosed on local websites. 2014 will be dedicated to the process enhancement, extending survey coverage and setting targets results for any countries.

In 2013, an important strategic project (i.nova) has been launched with the goal to transfer Group's values to the market and allow a clear and standardized methodology in product recognizing, in order to generate added value to customers and facilitate product selection, through a product portfolio reorganization, based on performances. Definition of the 11 performances families, around which gather the Group's offer and aligning consistently the marketing efforts is a pillar of i.nova. In the aim of the Group, the project will allow ITC to wide spread his whole product portfolio standardizing criteria all over the world and enhance subsidiaries commercial effectiveness.

Cement market (Mt) by geographical area	2013	2012	Variation (%)
Central Western Europe	59	68	(12.8)
North America	22	22	(0.8)
Emerging Europe, North Africa and Middle East	65	69	(5.9)
Asia	112	107	4
Group	258	266	(3.0)

SOURCE: Italcementi Group estimates

Cement market segmentation by intermediate destination (%)	Concrete plants	Distributors	Prefabricated producers	Contractors	Premixers and others
Central Western Europe	55	22	13	6	3
North America	67	6	10	7	10
Emerging Europe, North Africa and Middle East	6	79	2	11	2
Asia	14	61	7	15	3
Group	23	55	7	12	3

SOURCE: Italcementi Group estimates

2013 Customers satisfaction: Absolute index (1-1000)	Total	Concrete plants	Distributors	Prefabricated producers	Contractors	Premixers and others
Central Western Europe	805	817	769	784	810	800
North America	867	n/a	n/a	n/a	n/a	n/a
Emerging Europe, North Africa and Middle East	792	824	788	726	803	790
Asia	823	828	821	846	820	908
Cement and clinker trading	759	919	787	-	870	714
Group	809	822 (*)	789 (*)	781 (*)	810 (*)	826 (*)

(*) excluding North America

2013 Customers satisfaction: Relative index (1-1000)	Total
Central Western Europe	726
North America	837
Emerging Europe, North Africa and Middle East	830
Asia	636
Cement and clinker trading	722
Group	745

(*) excluding North America

Global customers satisfaction	% of coverage			Results (KPI/1000)		
	2013	2012	2011	2013	2012	2011
Absolute index	99 (*)	99	97	809	804	787
Relative index	99 (*)	93	76	745	683	657

(*) Kuwait missing

5.2 Supplier management

As from its Sustainability Policy, the Group aims at establishing and keeping relations with suppliers based on transparent exchange of information and shared commitments. The Group and its subsidiaries are also committed to applying principles of equality to employees, suppliers, contractors and subcontractors working on their premises.

2013 marks a turning point in the Group's management approach: the Global Procurement Handbook was issued. It refines the working method of procurement people, looking for higher efficiency, governance and spread of best practices, with the aim of harmonizing practices among countries. During the same period a dedicated team, composed by corporate procurement, legal and sustainability experts, developed the Contract Handbook, becoming the reference for all contract's standard format.

Inspired by the Ten Principles of the Global Compact and to prevent the risks (financial, technical and ethical) of critical suppliers and contractors, the new qualifying procedure established by the Procurement Handbook has been strengthened and now apply to the totality of companies dealing with the Group. This means complying and accepting non-negotiable minimum requirements and to pass preliminary evaluation before entering the Group's supply chain. Minimum requirements, based on UN Global Compact principles, ILO conventions and ISO principles, require the supplier to respect basic human rights, guarantee decent labour conditions, freedom of association and collective bargaining, mitigate impact on environment and deny any form of corruption and criminality. Details on the pre-qualification screening are available on the corporate website. On the basis of an established perimeter of application defined considering the potential risk associated to the supply, the supplier

is additionally screened indirectly through defined questionnaires on financial, technical and sustainability aspects, and the same can be confirmed through direct assessments. Details on assessments and actions taken will be available in next reports.

In 2013, the Group assessed 99% of the corporate suppliers inside the qualification perimeter (corresponding to higher risks suppliers) representing more than 94% of central procurement spending. From 2014, the Group commits to assign the 100% of the spending managed by corporate to qualified suppliers, choosing only among bidders included in the vendor list. After consolidation, this management system will be extended and adapted to local spending.

One of the cardinal rules implemented Group-wide is the segregation of duties among the different steps of the procurement process (purchasing needs generation and formalization, suppliers identification and selection, supplies' receipt and payment). Whenever possible, fair and wide competition among qualified vendors is promoted as a good practice; the availability and adoption of standard tools, forms and templates enables transparency in the engagement process and ensure equal opportunities for all those suppliers and contractors that commit to be aligned with the sustainability and ethical reliability principles embraced by Italcementi Group in conducting its business.

Since 2103, the Group is co-leading the Task Force 'Sustainability in supply chain management' within the Cement Sustainability Initiative (CSI). The Task Force involves Procurement and Sustainable Development Departments from the member companies of the Cement Sustainability Initiative. 2013 was dedicated to collect information on good practices from cement and other sectors, and to develop a common list of criteria for the sustainability assessment and management of suppliers. Most of the issues related to supply chain management could be successfully approached as a sector, in order to trigger the necessary collective change in all countries. 2014 will be dedicated to the issue of the first Good Practice Guidance document and to organization of training sessions for procurement departments, selected suppliers and external relevant stakeholders. In order to get the maximum level of engagement, local road shows will be organized in countries of common interest among CSI members (e.g. Greece, Egypt, India). Moreover, the Group is also bringing the experience of the parallel work done within the Italian Network of the UN Global Compact.

% of corporate suppliers evaluated	2013	2012	2011
Group	99	60	35

% of corporate procurement spendings	2013	2012	2011
Group	94	75	-

5.3 Quality

Sustained by its Quality Policy, the Group works to guarantee and continuously improve the quality of its products, processes and services. All the subsidiaries are committed to implementing a systematic approach aiming at satisfying quality requirements, creating value along the life-cycle of products and enhancing relationships with customers and suppliers.

All the Italcementi Group's companies operate in conformity with ISO 9001:2008 or other quality standards as defined by relevant public authorities. External certification is not limited to production systems: it also covers delivered products bearing the quality mark granted by recognized certification bodies. Products are certified to locally applicable commercial standards or, when needed, to specific qualification such as the API certification for cements to be used in oil well.

The new i.nova Branding System launched in 2013 is an additional evidence of the active Group's commitment in continuously improving the quality of its product, processes and solutions through an innovative market offer.

Cement types (% production volumes)	2013	2012	2011
Ordinary Portland cement	51	50	46
Limestone cement	25	26	27
Multiple blended cement	7	7	10
Fly ash cement	5	4	5
Slag cement	6	7	6
Pozzolan cement	2	2	2
Others	4	4	4

5.4 Innovation for sustainable construction

Italcementi Group's commitment to research and innovation is of strategic importance as a guarantee of growth, global competitiveness and a contribution to a better quality of life in respect of the environment. In the last three years, the average amount of investments was 13.6 million euro, 70% for research and development and 30% for technology transfer, stable over the period. The indicator showing the contribution, in terms of operational turnover, of innovative products (i.e. innovation rate) has significantly progressed in 2013 thanks to the inclusion of SISTEMA and relevant improvement in some both mature and emerging markets.

Innovation rate (%)	2013	2012	2011
Mature markets	5.1	2.3	5.3
Emerging markets	6.2	3.3	3.5
Group	5.3	2.6	4.5

2013 Novelty conditions* (%)	radical	incremental	established
Mature markets	6.2	25.5	22.2
Emerging markets	4.7	41.1	0.2
Group	10.9	66.7	22.4

(*) novelty condition turnover/Innovation Group turnover. SISTEMA is not considered

One of the key fields of research are innovative products for sustainable construction. Product innovation aims at providing materials for buildings and structures that are favor reduction of energy needs for heating and cooling and with better thermal and sound insulation, more safe, such as anti-seismic, resistant to fire, radiation and natural events, and also products that are more comfortable and beautiful, in terms of integration with the territory and architectural value. Cementitious materials, by their nature, support climate adaptation, due to their durability and resilience, and innovation aims to further improve these performances.

Some key research projects, in cooperation with Universities, are in the field of structural concretes and micro-concretes, addressing high strength products for structural retrofitting and upgrading of structures and buildings, for example buildings at seismic risk. High emphasis is put on research for using recycled materials replacing those from natural resources. In terms of cements with lower clinker content, one successful example are the new types of clinker using improved sulphoaluminate based products, containing recycled alumina and having a low carbon footprint. Other applications of those products, such as for structural use, are being investigated. For concrete and mortar, new recycled materials, locally available, are being researched and tested to assess additional benefits they may bring, in terms of performance enhancement.

In line with its Sustainability Policies, the Group prioritizes the design and promotion of a 'sustainable portfolio' as part of the answer to growing market requests and to the regulatory drive for construction product labeling. The Group is supporting the dissemination of product standards for sustainable construction such as Leed, the US Green Building Council (GBC) international program that provides third-party verification of green buildings based on a crediting system. Indeed Italcementi is a founding member and a key player of GBC Italy.

The Group, therefore, strives to provide solutions addressing integrated design, allowing applications of our products to satisfy requirements of holistic and internationally recognized crediting systems. For construction sites, this means, solutions to treat and recover construction demolition waste and make use of locally sourced materials. For surfaces, it entails the use of materials combating the heat island effect and promoting rain water draining mechanisms while for structures, it involves materials with enhanced properties of thermal insulation, resistance, durability and increased recycled content.

To appraise how sustainable the Italcementi i.nova portfolio is, the Group developed a methodology addressing state-of-the-art product sustainability concepts. This methodology, currently used for an internal rating system and product benchmark, retains as reference impacts carbon and energy footprint, and recycled content. In addition, Life Cycle Assessment (LCA) methodology, which quantifies a product's environmental footprint through a whole set of impact indicators, is being introduced at the level of design in laboratory.

After research and successful testing, products are scaled up to reach the market. Results of innovation addressing sustainable solutions for buildings are spread across all i.nova families. Embedded sustainable properties, such as low carbon or high recycled content, are common to products available in different families; for example sulphoaluminate based products are present in both i.speed and i.tech families.

Products that show sustainable performances are grouped in some families with evocative names, for more clear comprehension. i.clime® family groups insulating products that favor energy savings, mainly light weight low density concrete. Termovoil is an example of a structural concrete with high performance in terms of thermal insulation. i.sound® family groups products with sound abatement properties, which are best applied in floor screeds. Sound abatement properties are mainly conveyed by the mix in their composition of recycled plastic aggregates, such as end-of-life tires that can reach 30%. i.idro® family groups products displaying a special performance related to water, such as i.idro DRAIN, the special mix for porous and pervious pavements, roads, walkways and parking lots, studied for rain and storm water management. i.active® family groups products containing TX Active®, the photocatalytic principle for cement products which can reduce organic and inorganic pollutants that are present in the air. Recent studies have confirmed the bacteriostatic and anti-algae properties of TX Active products, inhibiting the growth and reproduction of bacteria, fungi and algae, and the deodorizing effect, thus the presence of some aromatic substances in indoor situations can be reduced, with an improvement of indoor air quality and reduction of unpleasant smells. In 2013 additional applications containing TX Active® have been added to the family, such as coats and painting.

Sustainable performances are explained in product brochures. Furthermore the Group develops and publishes EPDs (Environmental Product Declarations), in line with international standards, for transparent communication with stakeholders about environmental performance of valuable products, such as i.idro drain and i.speed Alicem.

The Group's concept of commitment to sustainable construction is mirrored in the Research Center of the Group, i.lab, that was awarded by the Leed NC platinum certification. i.lab features the use of materials with high recycled content (slag cement for the reinforced concrete structure -recycled content up to 38%), construction waste, locally sourced materials, renewable materials, low-emitting materials, and certified wood. Special properties of concrete used were required for Leed NC certification, such as self compacting and high resistance.

Recycled content of cement products (% of products range volumes)	2013	2012 (*)	2011 (*)
Products with > 30% recycled constituents	7.4	5.5	6.5
Products with > 20% recycled constituents	9.0	9.6	-
Products with > 10% recycled constituents	14.9	16.6	-
Products with recycled constituents	82.2	56.9	-

(*) data do not account for recycled materials used for clinker preparation but only for alternative mineral addition to clinker in the formulation of cement

Average recycled content (*) of concrete products (%)	2013	2012	2011
Group	2.2	-	-

(*) recycled content such as industrial waste or by products or recycled aggregates, also including the recycled content of cement used

6 Reporting and additional information

6.1 Materiality, boundaries and reporting methodology

Sustained by its Social Initiatives Policy, Italcementi Group aims at keeping an open and constructive dialogue with all interested stakeholders. Therefore, the Group is committed to continuously improve the quality, materiality, completeness and reliability of its information and to ensure the maximum level of transparency. The Group is consolidating and publishing its sustainability performance since 2002. In 2013, it did its first experience in reporting extra-financial information according to the new Global Reporting Initiative (GRI) guidelines, version GRI G4 and self-declaring a comprehensive level of disclosure. Detailed information on the correspondence to GRI is available on the corporate website.

The Sustainability Disclosure is coordinated and drafted by the Group's Sustainable Development Department and approved at Board level. The issues disclosed are selected and presented also according to the Group's materiality matrix with the aim at providing the reader with an overview of main economic, social and environmental impacts and challenges of the Group's vision and activities. Detailed information is available on the corporate website. Data are collected through centralized database and dedicated questionnaires, circulating among subsidiaries, and verified by third party (page 357).

Unless otherwise specified, the Sustainability Disclosure covers all the business activities under the operational control of the Group at the end of 2013. Within this period, data are 100% consolidated. CimENTS Québec in Canada and Vassiliko Cement Works in Cyprus are not therefore included. Data for CO₂ emissions are the only being reformulated for each previous year to provide comparability, as specified and required in the WBCSD Greenhouse Gas Protocol applied by the Group.

The Group operating sectors are:

- Mature markets: France and Belgium, Greece, Italy, Spain, Canada, U.S.A. including Puerto Rico
- Emerging markets: Bulgaria, Egypt, Morocco, India, Kazakhstan, Thailand.
- Trading: cement and clinker activities in Albania, Gambia, Kuwait, Mauritania and Sri Lanka, as well as direct exports to markets that are not covered by Group's subsidiaries.
- Other operations: a category for the operations of the CimENTS Français SA sub-holding, also including liquid and solid fuel procurement operations for Group's companies.

The Group business sectors are:

- operations relating to production and sales of cement/clinker;
- operations relating to construction materials (ready-mixed concrete and aggregates);
- other operations such as transport, engineering, e-business and energy.

6.2 Third party assurance

The Group is responsible for data published. The most relevant indicators are submitted to the external verification by Ernst & Young. Furthermore, for the second year, the Group decided to have revision of same statements within the extra-financial section (refer to the assurance on page 357).

The following table summarizes the internal procedures managing key performance indicators (KPIs) and subjected to external verification.

Group reference	KPI	Abstract
SDD001 Air Emissions Reporting Procedure	dust, NO _x , SO ₂ : absolute and specific emissions at kiln main stacks	The procedure covers the emissions of pollutants at the main stack and the bypass stack of the cement kilns. It defines requirements for quality tests and recommends methods for measurements according to "CSI Guidelines for Emissions Monitoring and Reporting, March 2005". Data are entered into the Group database and reported by means of the Group reporting software or dedicated spreadsheets. Specific emissions are based on available measurements (continuous or spot), absolute emissions are extrapolated to all kilns.
SDD002 CO ₂ Reporting Methodology	Absolute and specific gross CO ₂ emissions and CO ₂ emissions from electricity consumption	The procedure is compliant with the WBCSD/CSI Protocol: "CO ₂ Accounting and Reporting Standard for the Cement Industry", June 2005 ver.2. Absolute gross and specific CO ₂ emissions are reported to SDD by means of the WBCSD/CSI Cement CO ₂ protocol spreadsheet. CO ₂ emissions account total direct emissions, excluding biomass fuels. Cementitious products account both clinker production and mineral additions for cement grinding.
SDD011 ISO 14001 Reporting Instruction	Percentage of sites certified ISO 14001	The ISO 14001 certified facilities are cement plants, grinding centers, aggregates quarries and plants, ready-mix concrete plants which have developed and implemented Environmental Management Systems complying with the requirements set in the standard ISO 14001:2004, certified by qualified bodies and with valid certificates.
SDD012 Raw Materials Reporting Instruction	Total RMs and ARMs consumption for cement production	The instruction defines natural and alternative raw materials (ARMs). The Group Technical Center draws the data from the Group database; figures are endorsed by the subsidiaries before being forwarded to SDD. Dry tonnes of RMs and ARMs are reported according to "CSI Guidelines for the selection and use of fuels and raw materials in the cement manufacturing process".
SDD013 Fuels Reporting Instruction	Total fuels and AFs consumption for clinker production	The instruction defines conventional and alternative fuels (AFs). The Group Technical Center draws the data from the Group database; figures are endorsed by the subsidiaries before being forwarded to SDD. Thermal input from conventional fuels and AFs reported according to "CSI Guidelines for the selection and use of fuels and raw materials in the cement manufacturing process".
SDD016 Quarry rehabilitation Instruction	Percentage of quarries with a rehabilitation plan and included or nearby protected zones for nature preservation	The procedure sets that employees potentially exposed to dust, silica, noise and vibration have to be evaluated versus international standards recommended in the procedure. When defining the number of potentially exposed employees only, default values may be used to correct incomplete reporting from countries. Monitoring activity is always supported by evidence.

N4 Group Innovation	Percentage of turnover from innovative products	The innovation rate is the ratio between the operational turnover realized with the sales of innovative products and the total operational turnover. Innovation Projects are identified as New Products (cements and binders, ready mix concretes, admixtures, mortars and others); New Applications (new construction solutions even with existing products); New Services pertaining to the area of sustainable development, distribution and packaging; New Manufacturing Processes represented by specific manufacturing processes made available to the market after an internal development of specific know-how and patents. Innovation projects are classified according to three categories: Established (Product-Application-Service-Manufacturing process already present both in the reference market of the Subsidiary and in the Subsidiary offer); Incremental (Product-Application-Service-Manufacturing process present in the reference market of the Subsidiary but not in the Subsidiary offer); Radical (Product-Application-Service-Manufacturing process new to the reference market of the Subsidiary and to the Subsidiary offer). According to the novelty condition, the innovation period can vary from a minimum of 3 years to a maximum of 9 years. The innovation rate includes admixtures with no limit of duration because of the permanent adaptation of the product. It also includes the cement in case of common sales of admixtures and cement to third parties. Existing products which have been repositioned because of their contribution to sustainable development are included in the innovation rate as well.
Safety management handbook	LTI Frequency Rate	A Group database, automatically updated at site level, calculates lost time injuries (days) in a year per million hours worked, according to WBCSD/CSI definitions.
SDD017 Industrial Hygiene – Workplace Assessment	Percentage of employees potentially exposed to dust, silica, noise and vibration covered by the workplace assessment	The procedure sets that employees potentially exposed to dust, silica, noise and vibration have to be evaluated versus international standards recommended in the procedure. When defining the number of potentially exposed employees only, default values may be used to correct incomplete reporting from countries. Monitoring activity is always supported by evidence.
Human resources database	Total of employees (gender, age and geographical distribution)	Human resources database based on SAP system and collecting gender, age and geographical information about employees.
Human resources database	Hiring and dismissals	Human resources database based on SAP system and collecting entries and leaves, categorized by type, within the Group perimeter or reassignments between different subsidiaries.
Training management system	Hours of training and specific programs	Training activities are grouped in 4 main training areas: Compliance and Risk Mitigation; Efficiency; Sustainable Development and Innovation; and Human Capital Development. Training hours are the sum of hours spent in training (without distinction according to the methodology: classroom, on-field, e-learning, etc) per each training area, per gender and per personnel classification (Manager, White collar, Blue collar). These figures are collected from all countries twice a year (July and January) through an on-line system.

Italcementi - Year ended December 31, 2013.

Independent assurance report on a selection of environmental, social and innovation indicators

To the Shareholders,

Further to the request made by Italcementi, we performed a review on the Group's environmental, social and innovation indicators for the year ended December 31, 2013 listed in the Section 6.2 of the sustainability disclosure under the heading "Third party assurance" (the "Indicators") to obtain limited assurance that the Indicators were prepared in accordance with the reporting criteria applicable in 2013 (the "Reporting Criteria"), consisting in external standards elaborated by the World Business Council for Sustainable Development - Cement Sustainability Initiative (WBCSD-CSI) available on the WBCSD web site¹ completed with Group specific procedures, a summary of which is provided in the same Section 6.2.

It is the responsibility of Italcementi Group's sustainable development department to prepare these Indicators and to provide information on the Criteria.

It is our responsibility to express a conclusion on these Indicators on the basis of our review. Our review was conducted in accordance with ISAE 3000² International Standard from IFAC.

Our independence is defined by regulatory requirements and the Code of Ethics of our profession. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Nature and scope of our review

We performed the following review to be able to express a conclusion:

- We have assessed the Reporting Criteria with respect to their relevance, their completeness, their neutrality, and their reliability.
- At the Group level, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organization, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report.
- We have selected a sample of three cement sites, and four business units³ on the basis of their contribution to the Group's consolidated data and the results of the review performed during previous financial years. At the level of the selected sites and entities, we have verified the understanding and

application of the Reporting Criteria, and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation.

- We reviewed the presentation of the Indicators in the sustainability disclosure and the associated notes on methodology.

On average, our tests covered 38% of environmental indicators⁴, 53% of the number of employees, and 40% of the turnover used in the innovation rate.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the Indicators cannot be entirely eliminated.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Indicators were not established, in all material respects, in accordance with the Reporting Criteria.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- Misunderstanding mistakes have been observed for the calculation of the indicator of raw materials consumption for concrete by several subsidiaries, where cement consumptions were wrongly included. These non-significant gaps have been corrected.
- With regards to the calculation of hours of training, figures for Egypt include a large, albeit not significant, number of training hours of students some of whom did not join the Group. Training hours of those who are not part of the Group eventually should have been reported as part of the "Social initiatives" but could not be precisely identified prior to this report's release.

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ERNST & YOUNG et Associés



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¹ <http://www.wbcscement.org/>

² ISAE 3000: "Assurance Engagement other than reviews of historical data", International Federation of Accountants, International Audit and Assurance Board, December 2003.

³ Three cement plants: Pukrang (Thailand), Malaga (Spain) and Suez (Egypt); four business units: Unibéton and CCB (France and Belgium, aggregates and concrete), ACC-JCC and ACP-JCP (Thailand, cement, aggregates and concrete), fYM (Spain, cement, aggregates and concrete) and Suez (Egypt, cement).

⁴ 26% of CO2 emissions, 42% on average of SO2, NOx and dust emissions, 37% of raw materials consumption for cement, 56% of raw materials consumption for concrete, 38% of fuel consumption, 50% of quarries and 14% of water withdrawals.

6.3 United Nations Global Compact: Communication On progress (COP)

The following table provides an overview of the Group's contribution across the Ten Principles and the Millennium Development Goals.

United Nations Global Compact Principles		Stakeholders involved by the Group	Group sources of corporate governance	Actions launched	Contribution to the UN Millennium Development Goals
Human Rights					
Principle 1	Businesses should support and respect the protection of International human rights within their sphere of influence; and	Employees, contractors, subcontractors, customers and suppliers	Code of Ethics	Sustainability Policy Human Rights Policy Safety Policy and Safety Management Handbook Health Policy Social Initiatives Policy Working group on human rights within the Italian Network of the UN Global Compact	Indirect to Goals 1 to 8
Principle 2	make sure they are not complicit in human rights abuses.	Contractors, subcontractors, customers and suppliers	Code of Ethics	Group Human Rights Policy Group Safety Policy and Safety Management Handbook Group Social Initiatives Policy	Direct to Goals 4 and 8
Labour					
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Employees, contractors, subcontractors, customers and suppliers	Code of Ethics BWI Agreement	Follow-up of the BWI Agreement with local workers and union representatives	Direct to Goals 3 and 8
Principle 4	the elimination of all forms of forced and compulsory labour;	Employees, contractors, subcontractors, customers and suppliers	Code of Ethics BWI Agreement	No existing situation of forced or compulsory labour within the Group activities neither related to contractors activities on site	Direct to Goals 3, 4, and 8
Principle 5	the effective abolition of child labour; and	Employees, contractors, subcontractors, customers and suppliers	Code of Ethics BWI Agreement	Human Rights Policy Safety Best Practice 'Waiting area for customers and suppliers'	Direct to Goals 4 and 8
Principle 6	the elimination of discrimination in respect of employment and occupation.	Employees, contractors, subcontractors, customers and suppliers	Code of Ethics BWI Agreement	Sustainability Policy Human Resources Policies	Direct to Goals 2, 3 and 8
Environment					
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Employees and communities	Code of Ethics	Environment Policy Implementation of environmental management systems Implementation of energy management systems Environmental crimes covered by the Organization, Management and Control Model according to the 2001 Italian Legislative Decree n°231	Direct to Goals 7 and 8 Indirect to Goals 2 and 3
Principle 8	undertake initiatives to promote greater environmental responsibility; and	Employees and communities	Code of Ethics	New Environmental Preservation programme Open door events and stakeholder engagement activities Environmental training activities at Italian cement plants	Direct to Goals 7 and 8 Indirect to Goals 2 and 3
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	Employees and communities	Code of Ethics	Developing and marketing of innovative and environmentally friendly products and applications (TX Active®; ALIPRE®; i.light®; i.clime®;...)	Direct to Goals 7 and 8
Anti-Corruption					
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Employees, contractors, subcontractors, customers and suppliers	Code of Ethics	Sustainability Policy Adoption of an Organization, Management and Control Model according to the 2001 Italian Legislative Decree n°231 Release of an Antimafia code, and launch of the specific programme, the so-called 'Piano per la Prevenzione dei Rischi Criminali' Group whistle-blowing guidelines Anti-Corruption Compliance Programme Corporate Governance Programme Supplier Committee Customer Committee Real Estate Committee Working group on anti-corruption within the Italian Network of the UN Global Compact	Direct to Goal 8 Indirect to Goals 1 to 7

6.4 Glossary

AFs	Alternative Fuels
ARMs	Alternative Raw materials
AFRs	Alternative Fuels and Raw Materials
BWI	Building and Wood Workers' International
CEMs	Continuous Emissions Monitoring system
CSI	Cement Sustainability Initiative
GRI	Global Reporting Initiative
KPIs	Key Performance Indicators
ILO	International Labour Organisation
ISO 14001	The International Standards Organisation model for management and external certification of environmental performance
KPIs	Key Performance Indicators
LTI	Lost Time Injuries
SDD	Sustainable Development Department
SDSC	Sustainable Development Steering Committee
WBCSD	World Business Council for Sustainable Development

6.5 Chemicals and units

CO₂	Carbon dioxide
SO₂	Sulphur dioxide
NO_x	Nitrogen oxides
CO	carbon monoxide
VOC	volatile organics
PCBs	Polychlorinated Biphenyls
CFCs	Chlorofluorocarbons
ng	nanogram(0.000000001 g)
mg	milligram (0.001 g)
g	gram
kg	kilogram (1,000 g)
t	ton (1,000 kg)
kt	kiloton (1,000 tons)
toe	tons of oil equivalent
ktoe	kilotons (1,000 tons) of oil equivalent
tpd	tons per day
m³	cubic metre
MJ	mega joule (1 million joules)
MW	mega watt (1 million watts)
kWh	kilowatt-hour (1,000 watt-hours)
GWh	gigawatt-hour (1 billion watt-hours)

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