



Italcementi Group

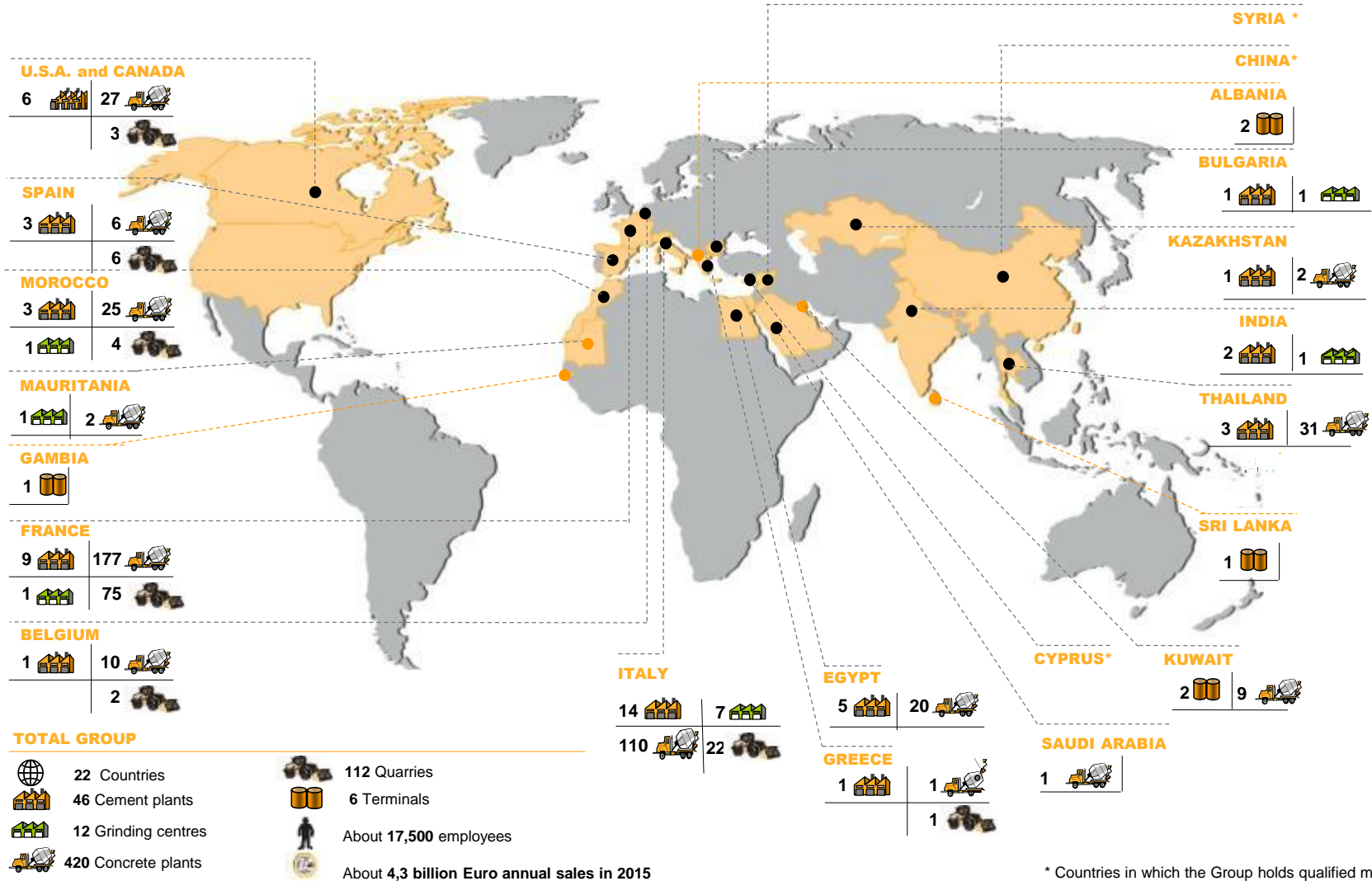
Sustainability

Milan, 15th March 2016

Stefano Gardi

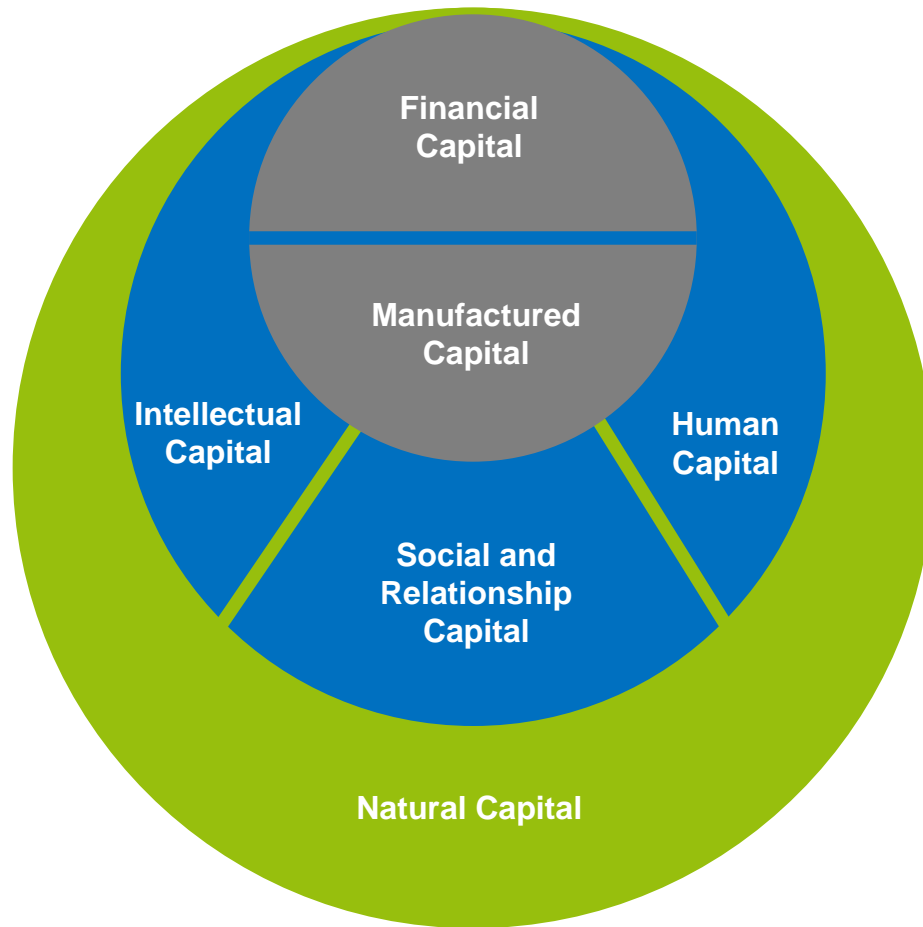


Italcementi Group industrial network



* Countries in which the Group holds qualified minority

The Capitals affecting enterprise value



Natural Capital are natural assets, as providers of resource inputs and environmental services for economic production and social well being

Social and Relationship Capital addresses stakeholders, community, supply chain, customers, market, authorities, with the aim to retain social license to operate.

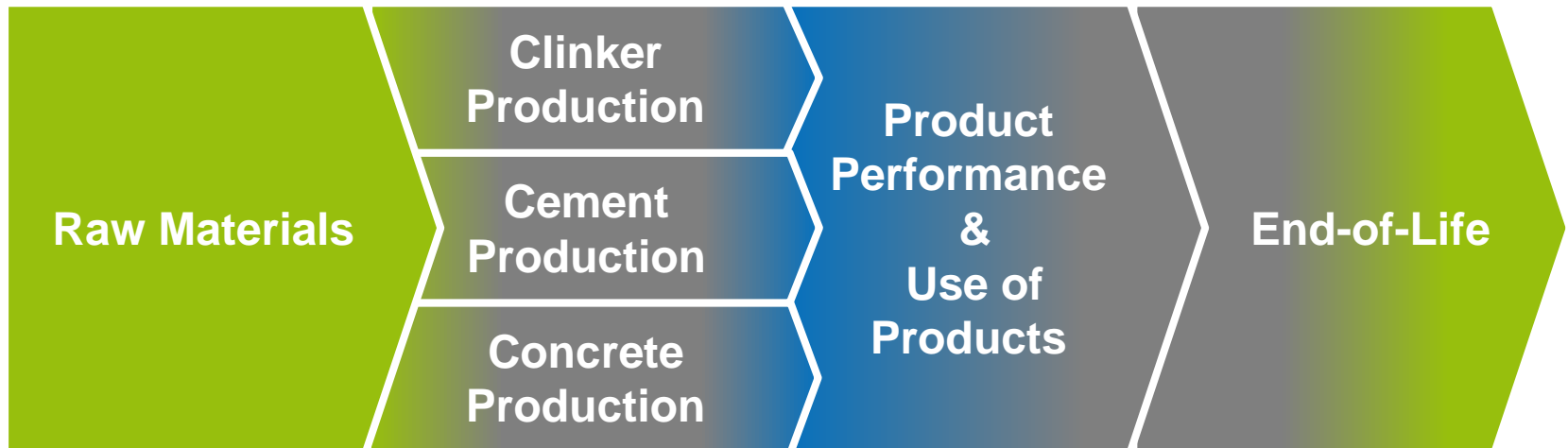
Human Capital consists of the individual's capabilities and the knowledge, skills and experience of the company's employees and managers.

Intellectual Capital is the product of R&D and the value created by combining material, financial and human resources.

Manufactured Capital are equipment and tools, human-created and production-oriented.

Financial Capital is understood as the pool of funds available to an organization.

The Capitals and our business



We are grounded on **Natural Capital**.

Raw Materials are processed through our **Human and Intellectual Capitals**, using our **Manufactured and Financial Capitals** and taking care of our **Social and Relationship Capital** to maintain our license to operate.

Product Performance and correct Use of Products deeply influence **Natural Capital** and **Social and Relationship Capital**.

If duly managed, End-of-Life mitigate impacts or bring resources back to **Natural Capital**, restarting the circle.

Business cannot succeed in a society that fails

Availability of resources is more and more limited and expensive.

Economically and resource efficient, low-polluting, and socially inclusive solutions are strategic priorities for companies, **a condition for staying in business**

Measurement, reporting and verification of Group value (**financial and non-financial as a whole**) are required by governments, financial markets, customer and consumers and, in general, stakeholders

Sustainability is the answer

Group value

An iceberg floating in the ocean. The tip of the iceberg is above the water line and is labeled 'Profitability'. The much larger part of the iceberg is submerged below the water line and contains various business and social factors. The text on the submerged part includes: Health & Safety, Risk Management, Labour Practices, Customer Relationship, Product Design & Marketing, ..., Selection of Business Partners, Innovation, Corporate Citizenship, Industrial & Environmental Efficiency, Stakeholder Engagement, Public Perception, Human Capital Development, Business Integrity, and Governance.

Profitability

Health & Safety Risk Management

Labour Practices Customer Relationship

Product Design & Marketing ...

... Selection of Business Partners

Innovation Corporate Citizenship

Industrial & Environmental Efficiency

Stakeholder Engagement

Public Perception

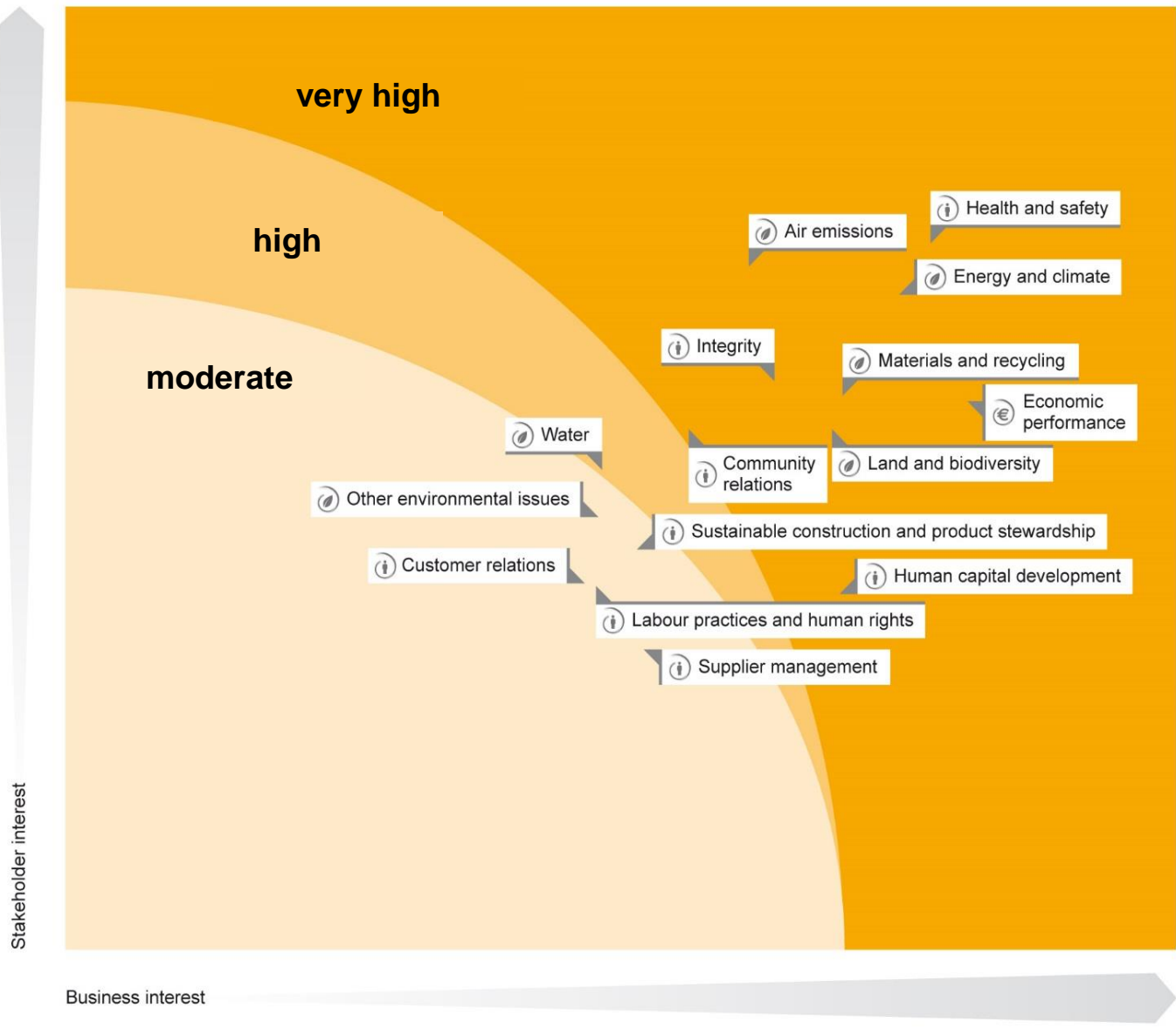
Human Capital Development

Business Integrity

Governance

“Extra –financial” issues have short, medium and long-term effects on business performance, and must be included in decision-making processes

Materiality: the levers for value creation



Materiality, worked out in conjunction with all the relevant **Functions**, shared with the **Management Committee** and presented to the **Board of Directors**, serves to:

- consolidating the business case for sustainability
- prioritising issues
- defining strategies
- setting targets and ambitions
- benchmark and ratings
- structuring the public disclosure

Materiality: strategic objectives

	Target 2015	Ambitions 2020
Health and safety	✓	
Energy and climate	✓	✓
Materials and recycling		✓
Human capital development	✓	✓
Air emissions	✓	
Land and biodiversity	✓	✓
Integrity	✓	✓
Community relations		
Water	✓	✓
Supplier management	✓	
Sustainable construction and product stewardship	✓	✓
Labour practices and human rights		
Other environmental issues		
Customer relations	✓	

Materiality: aligning with the UN SDGs

Economic performance	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Health and safety		2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING			6 CLEAN WATER AND SANITATION		8 DECENT WORK AND ECONOMIC GROWTH									17 PARTNERSHIPS FOR THE GOALS
Energy and climate	1 NO POVERTY	2 ZERO HUNGER					7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND		17 PARTNERSHIPS FOR THE GOALS
Materials and recycling			3 GOOD HEALTH AND WELL-BEING					8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION		15 LIFE ON LAND		17 PARTNERSHIPS FOR THE GOALS
Human capital development				4 QUALITY EDUCATION	5 GENDER EQUALITY			8 DECENT WORK AND ECONOMIC GROWTH		10 REDUCED INEQUALITIES						16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Air emissions			3 GOOD HEALTH AND WELL-BEING					8 DECENT WORK AND ECONOMIC GROWTH			11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		14 LIFE BELOW WATER	15 LIFE ON LAND		17 PARTNERSHIPS FOR THE GOALS
Land and biodiversity	1 NO POVERTY	2 ZERO HUNGER				6 CLEAN WATER AND SANITATION		8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION		14 LIFE BELOW WATER	15 LIFE ON LAND		17 PARTNERSHIPS FOR THE GOALS
Integrity	1 NO POVERTY	2 ZERO HUNGER						8 DECENT WORK AND ECONOMIC GROWTH		10 REDUCED INEQUALITIES						16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Community relations	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Water	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING			6 CLEAN WATER AND SANITATION		8 DECENT WORK AND ECONOMIC GROWTH						14 LIFE BELOW WATER	15 LIFE ON LAND		17 PARTNERSHIPS FOR THE GOALS
Supplier management			3 GOOD HEALTH AND WELL-BEING				7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION				16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Sustainable construction and product stewardship	1 NO POVERTY		3 GOOD HEALTH AND WELL-BEING			6 CLEAN WATER AND SANITATION		8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION		15 LIFE ON LAND		17 PARTNERSHIPS FOR THE GOALS
Labour practices and human rights	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH		10 REDUCED INEQUALITIES						16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Other environmental issues			3 GOOD HEALTH AND WELL-BEING					8 DECENT WORK AND ECONOMIC GROWTH				12 RESPONSIBLE CONSUMPTION AND PRODUCTION					17 PARTNERSHIPS FOR THE GOALS
Customer relations			3 GOOD HEALTH AND WELL-BEING					8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE		11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION				16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS

Materiality: aligning with the UN SDGs

- All material issues depend on or influence a huge number of SDGs
- **Economic performance** potentially depends on or influences all SDGs
- Similarly, **Community relations** potentially involves all the themes described by the SDGs
- **SDG 8 “Decent work and economic growth”** depends on or influences all the issues which are material for Group’s success
- Similarly, **SDG 12 “Responsible consumption and production”** depends on or influences almost all the issues which are material for Group’s success
- **SDG 17 “Partnerships for the goals”** remains a common element supporting the individual achievements, clearly referring to the role of business in sharing platforms such as the **World Business Council for Sustainable Development**, the **Cement Sustainability Initiative** and the **UN Global Compact**

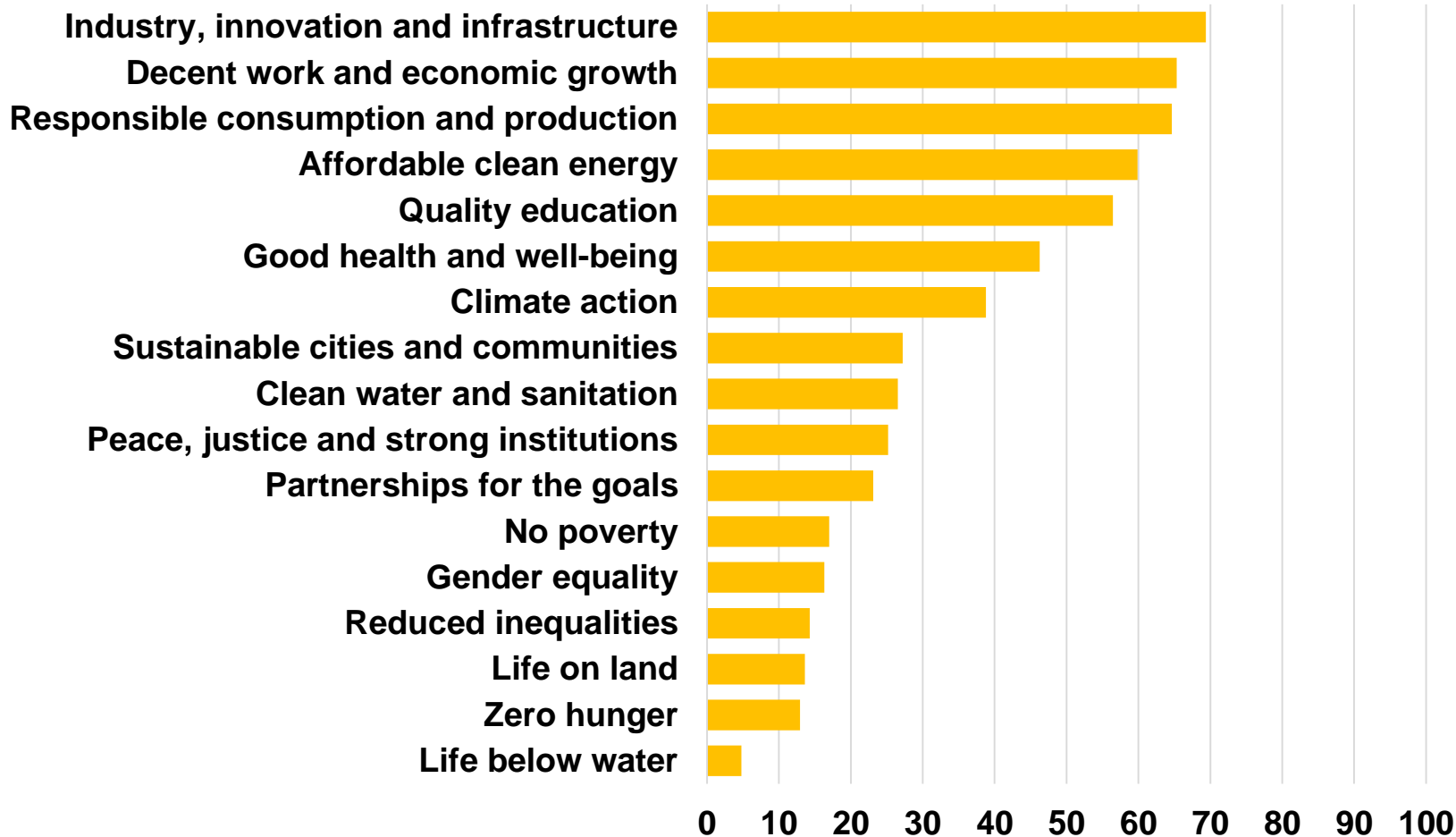
Materiality: aligning with the UN SDGs

Additionally, the Group performed an internal survey, involving almost 200 key positions at both headquarters and subsidiaries level, asking the three following questions:

Q1 - from cradle to gate	Please select the most relevant Goals for process efficiency and production continuity. This includes also sourcing of materials/fuels and motivation and effectiveness of the workforce.
Q2 - beyond the gate: products and markets	Please select the Goals expected to create more opportunities for the development of your products and markets.
Q3 - beyond the gate: stakeholder engagement and corporate citizenship	Please select the Goals likely to be most effectively targeted by your social initiatives and/or most welcomed by host communities to boost their development.

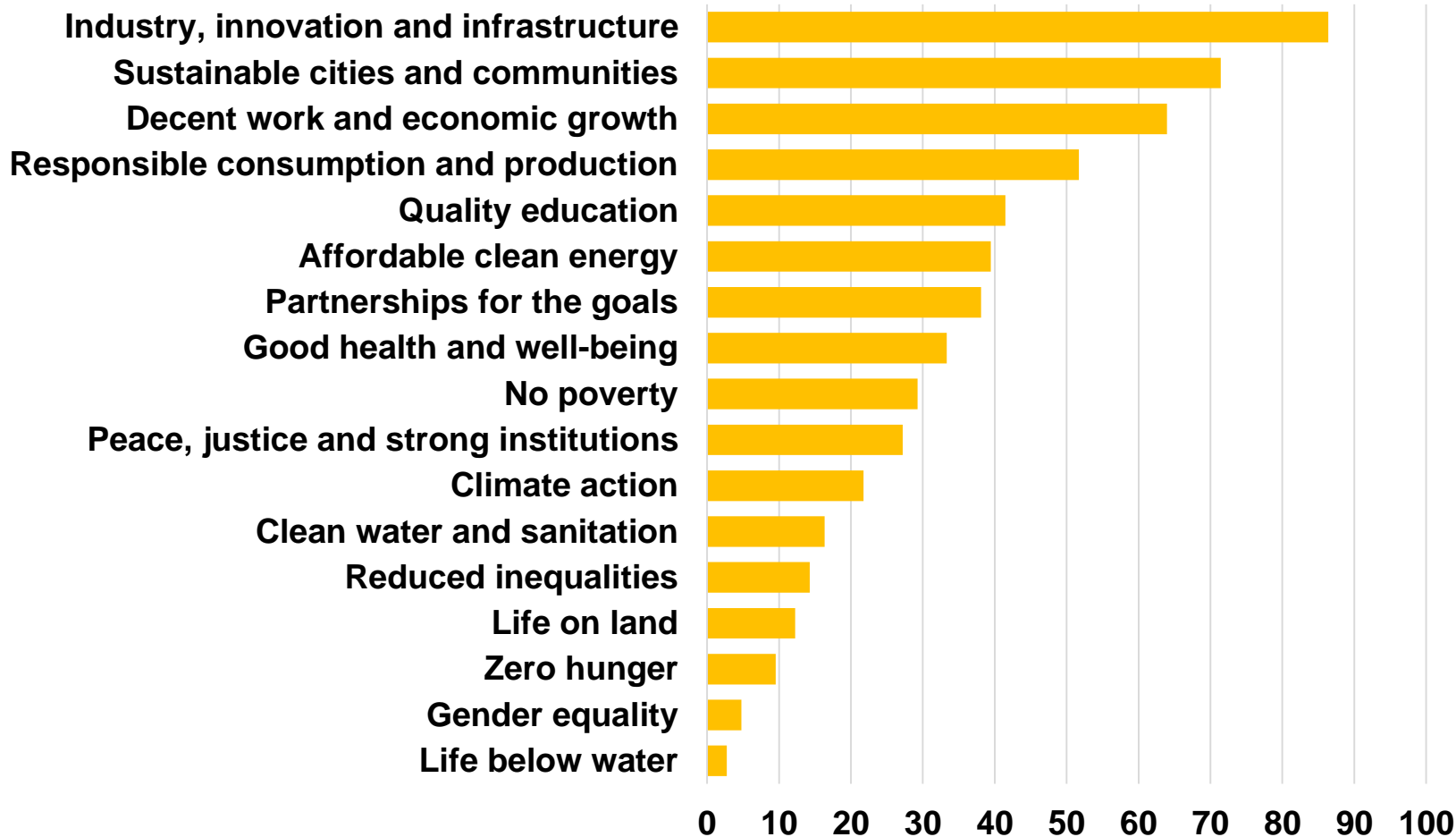
Q1: “Goals relevant for process efficiency and production continuity, also including the sourcing of materials/fuels and motivation and effectiveness of the workforce”

Group



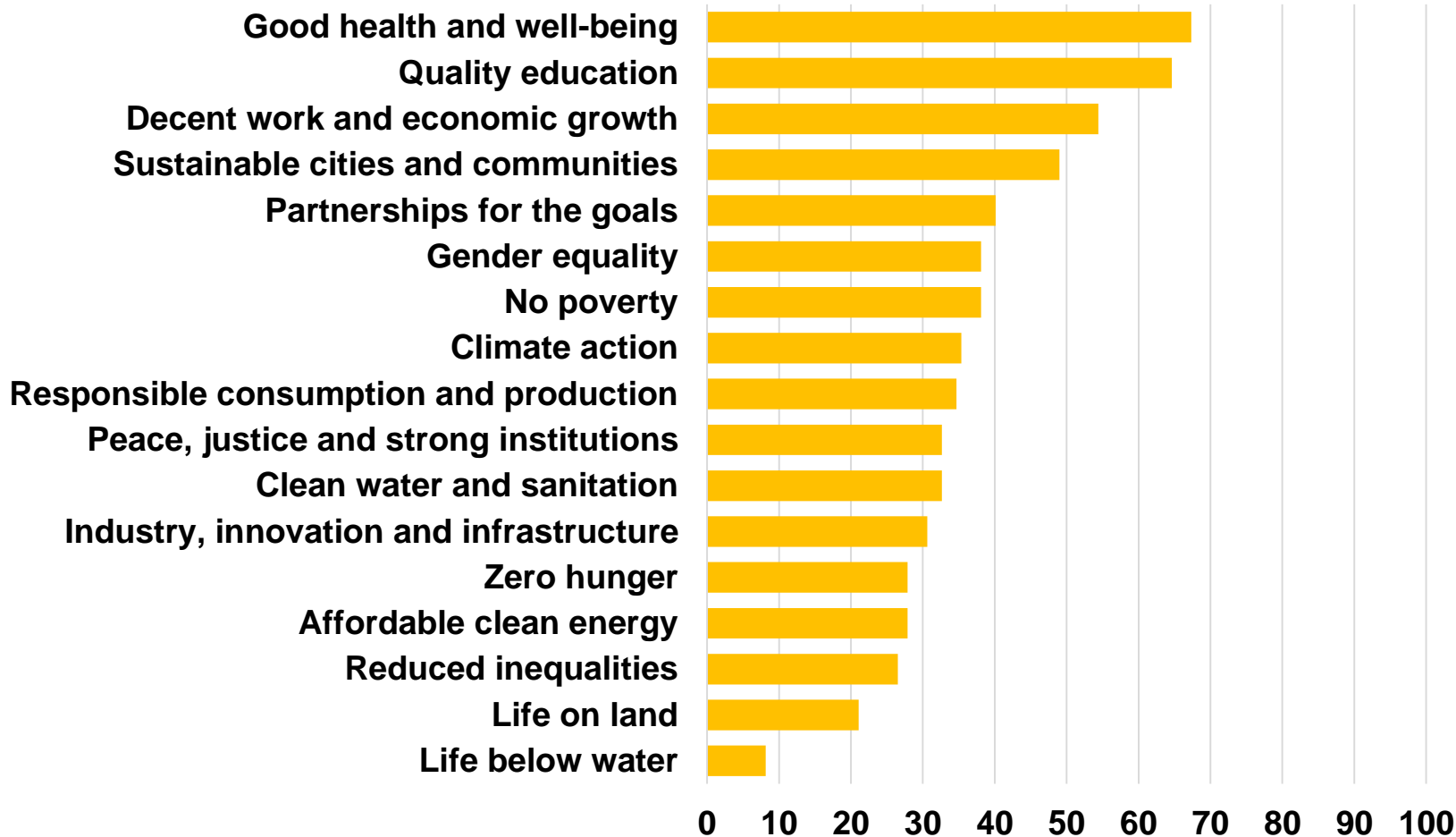
Q2: “Goals expected to create more opportunities for the development of products and markets”

Group



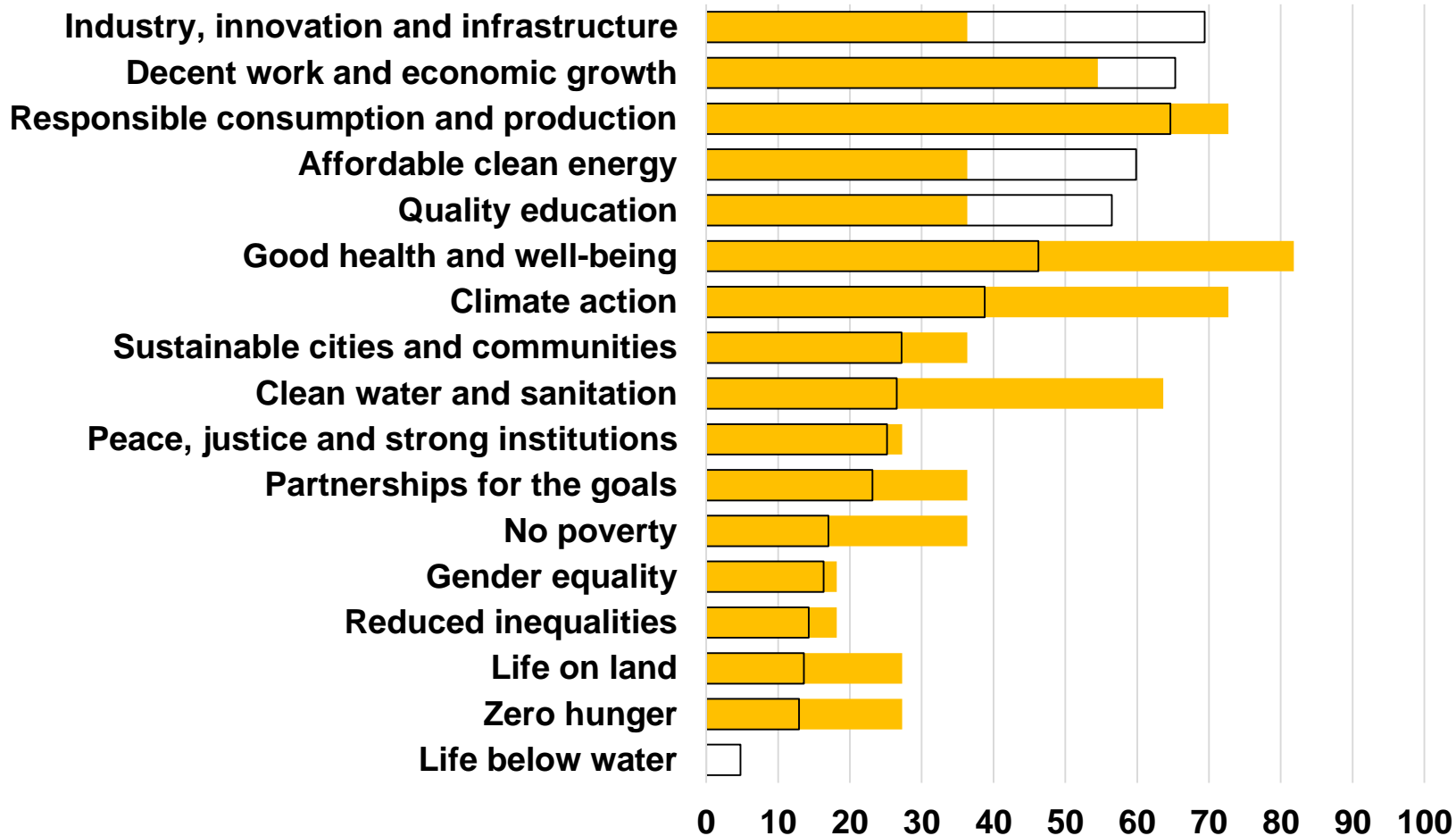
Q3: “Goals likely to be most effectively targeted by social initiatives and/or most welcomed by host communities to boost their development”

Group



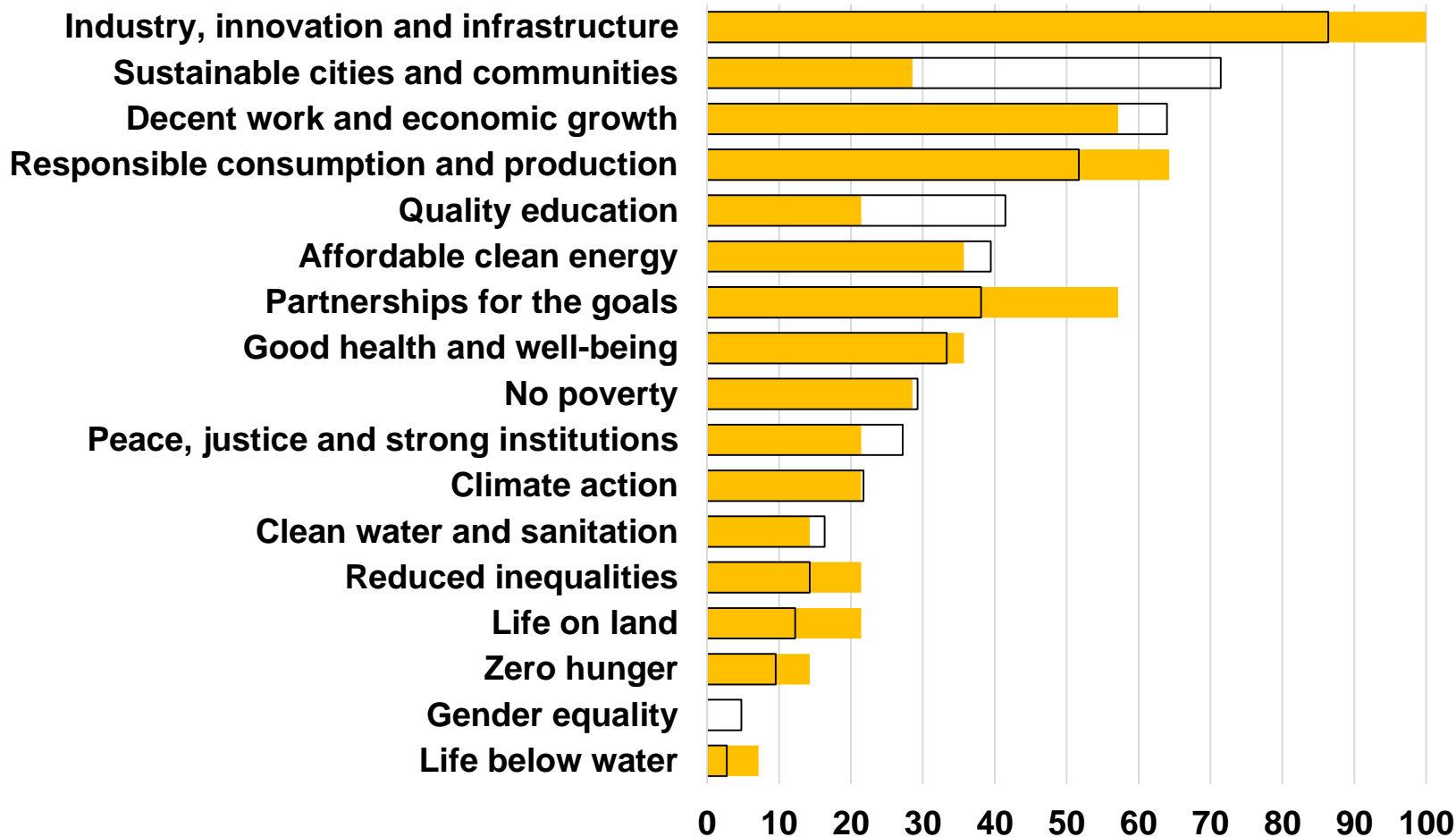
Q1: “Goals relevant for process efficiency and production continuity, also including the sourcing of materials/fuels and motivation and effectiveness of the workforce”

India



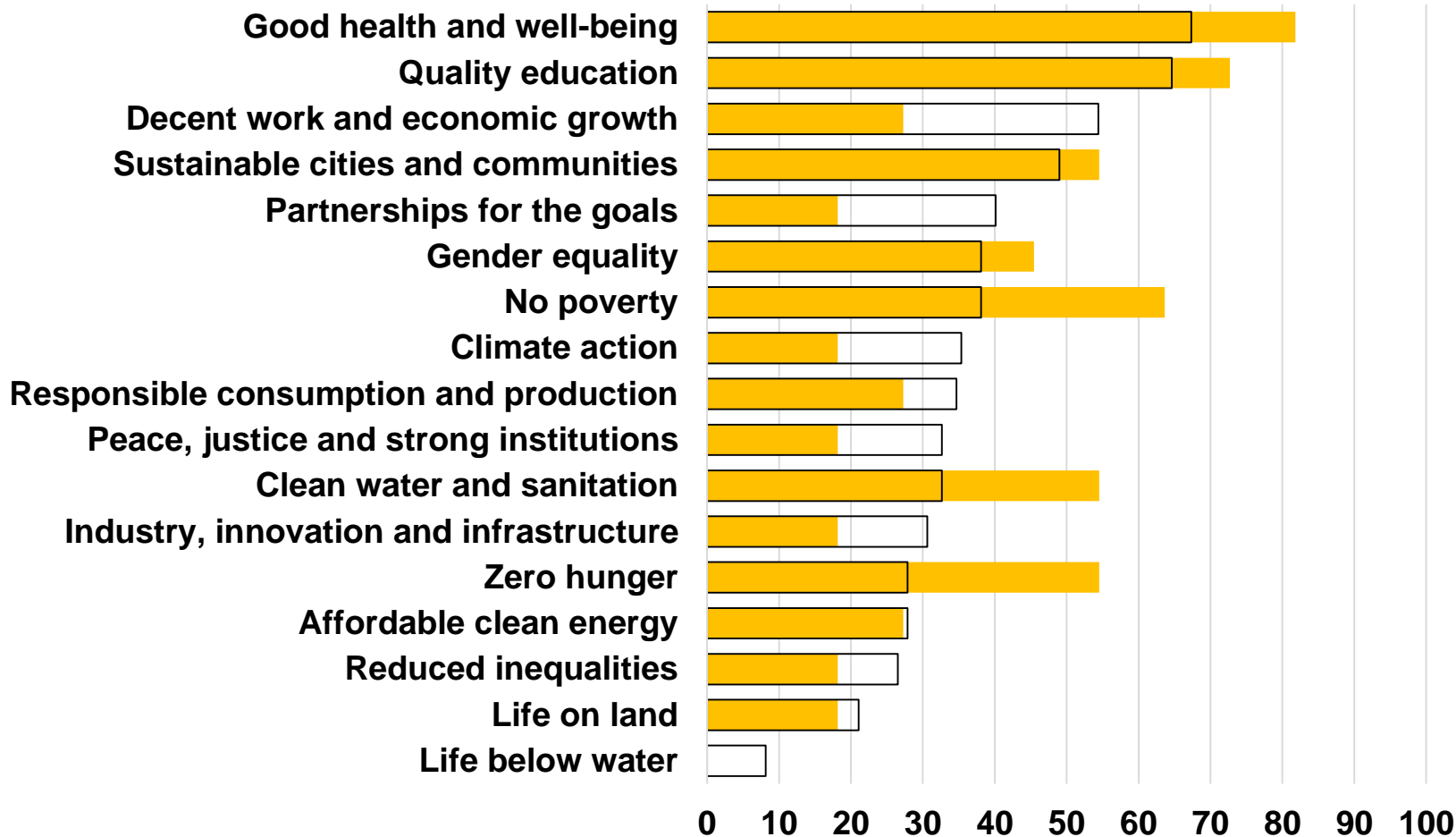
Q2: “Goals expected to create more opportunities for the development of products and markets”

Italy



Q3: “Goals likely to be most effectively targeted by social initiatives and/or most welcomed by host communities to boost their development”

Egypt



Thank you!

