



2018 SUSTAINABILITY REPORT

Cementir Group

Non-Financial Statement

(in accordance with Italian Legislative Decree 254 of 30 December 2016)



cementirholding

CALTAGIRONE GROUP

SUSTAINABILITY REPORT 2018

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LETTER TO THE STAKEHOLDERS

Dear Stakeholders,

2018 marks a very important milestone in Cementir Group growth path. On the one hand, in fact, we have reached the historical record of 1.2 billion euros of Revenues. On the other hand, we have sold our loss-making Italian businesses to enter the US, the richest and most promising white cement market worldwide, thus strengthening our global leadership.

While maintaining our roots in Italy, since 2018 we have become a truly international Group, with over three thousand employees distributed in 18 countries and a commercial presence in over 70 countries. 2018 therefore also represents a change of perspective for our management, our employees and the way we manage relations with main stakeholders.

This growth path which began in 2001 and led us to today's important achievements, must however increasingly be inspired by the principles of sustainability and respect for the environment. This is driven by our sensitivity, our culture, our employees, our investors and the communities in which we operate.

Among the many challenges in front of us, sustainable growth is one of the most difficult.

The Group is actively committed to pursue a program inspired by the principles of the circular economy which envisages a series of initiatives focused on reducing the environmental impact of our activities and on developing lower CO₂ intensity products.

In fact the production of cement, concrete and aggregates by its nature consumes raw materials and energy, inevitably impacting the surrounding environment. For us, this means being more aware of our responsibility and pursuing the objectives of reducing our Carbon Footprint with renewed commitment and determination. This also means adapting corporate governance to the growing needs for greater control of environmental risks and the corresponding actions to be taken.

During 2018 in cement production we have reduced by about 3% CO₂ emissions into the atmosphere (from 8.3 to 8 million of tons), by over 21% NO_x and by 20% SO_x emissions.

Thanks to a cutting-edge R&D and Quality center based in Aalborg in Denmark and in collaboration with prestigious European universities, we are constantly looking for ways to increase sustainability along the entire value chain, from limestone extraction to the use of raw materials and alternative fuels, to the creation of products with a lower environmental impact. We are investing in cutting-edge technology to improve our plants thermal efficiency. Today in the production of gray cement in Denmark we have reached a 60% fossil fuels replacement rate. At Group level the use of alternative fuels, mainly tires, animal waste and waste fuel, grew from 13% in 2016 to 20% in 2018 and only in the last financial year increased by 19% from 5.9 to 7.1 million GJ. The total of alternative fuels (SRF and RDF) produced in our Waste plants has reached 105 thousand tons, up 18.7% compared to 2017.

During 2018, the Group plants collected and treated over 394 thousand tons of waste, of which 66% urban solid and 34% industrial waste, while recycled quantities through selection and separation processes amounted to around 10,000 tons. Important results that fit into the "circular economy" scheme: a process that has seen us active for 10 years and has led us to invest in a sector such as Waste in Turkey and the United Kingdom.



With regards to the use of alternative raw materials, we have grown from 6.8% in 2016 to 11.8% in 2018. In fact, we have consumed about 1.65 million tons of renewable material such as fly ash, blast-furnace slag, waste aggregates and recycled raw materials. Also noteworthy is the recycle of around 63% of water used in cement production, up from 61% in 2017.

The constant striving towards continuous improvement has led us to implement statistical methods, such as Lean Six Sigma, in order to improve the decision-making process. Most of our plants have adopted the EN ISO 14001 standard while the Aalborg plant also has EN ISO 50001 certification.

As for new products, we are developing an innovative technology called "FUTURECEM" patented by us, which exploits the synergy between limestone and calcined clay (clay heated at 700-800 °C) widely available in nature and allows us to produce a durable concrete with a lower clinker content and reduce CO₂ emissions by at least 25-30% compared to conventional products. We have also introduced a new generation of high-performance concrete binders (UHPC) and are exploring opportunities in cutting-edge technologies such as 3D printing, magnetic concrete and glass fiber reinforced concrete (GRC). We are studying innovations resulting from "carbon capture and storage" (CCS) technology, although its industrial use has yet to be tested.

We have the utmost commitment towards the communities in which we operate. In Belgium we participate in the Life in Quarries initiative, which uses a methodology to develop biodiversity and the rehabilitation of closed quarries. In Denmark we re-use cement production heat to provide district heating to more than 36,000 homes,

a number we expect to double in the near future. This will save additional tons of CO₂ per year. We are also working on a plan that could guarantee a unique cooling system using iced water of the gypsum quarry of our Danish cement plant to cool large areas and save electricity and hundreds of tons of CO₂ per year.

In Turkey since 1986 we have established a foundation that supports the Izmir community in educating young people, sponsoring over 500 scholarships for high school and university.

In terms of human resources, I would like to stress that the valorization of our people is one of the pillars on which the future of our company is based. We consider inclusion and diversity as fundamental values of our culture and human and professional growth an enrichment necessary for sustainable development. The growth path of our employees is developed on the basis of local training initiatives that are accompanied by the support of young talents by experienced staff, participation in work projects that involve multiple departments and work experience in various Group subsidiaries. During 2018 we launched Cementir Academy, a training hub that aims to develop and enhance the technical, behavioral and managerial skills of all our employees. Over 60,000 hours of training were provided, more than 20 hours per capita, between classroom and online courses.

As we particularly care about the health and safety of our employees, over the course of 2018 over 24,000 hours of specific technical training were provided to operating personnel, with particular regard to compliance with environmental regulations and best international standards (BAT). The Group Industrial Center has also created an ad hoc work group whose purpose is to outline a Management System to standardize actions and best practices in the field of safety.

The Group's main plants have adopted safety systems certified by the international OHSAS 18001 standard. We are working to reduce some fundamental parameters such as the frequency rate of accidents, equal to about 3.4 in 2018, up on 2017 and substantially in line with 2016, and the severity index at 45.6.

My thanks therefore go to all our employees and collaborators, without whose contribution we would not have been able to achieve these results and with whom we intend to continue the path of sustainability of the Cementir Group.

Rome, 7 March 2019

Francesco Caltagirone Jr.
Chairman of the Board of Directors





METHODOLOGY NOTE

This document, Sustainability Report - Consolidated Non-Financial Statement (DNF) of the Cementir Group, was prepared in compliance with the requirements of Italian Legislative Decree 254 of 30 December 2016 (hereinafter also referred to as "Decree").

The Statement consolidates the information of the entire Cementir Group, therefore it includes the data of the parent company and its fully consolidated subsidiaries¹. Furthermore, this Statement fully consolidates the environmental data and that related to the personnel management of the subsidiary SCT which, in the Group's Financial Report, is consolidated applying the proportional method (because it is controlled jointly at 65%). Any limits to the scope of reporting are clearly identified in the text and do not significantly affect understanding the Group's business, its performance or its results (as required under Article 4, paragraph 1 of Italian Legislative Decree 254/2016)².

As described in the document, compared to the previous year there have been changes to the scope of reporting of the Cementir Group linked to the sales (finalised on 2 January 2018) of 100% of the share capital of Cementir Italia S.p.A.³ and the acquisition of the majority share in Lehigh Withe Cement Company (LWCC), on 14 February 2018. Therefore, 2018 data and figures consolidate also data from LWCC (except where it is mentioned in specific notes, because not all data were not available for this first reporting year). Moreover, 2016 data (included in order to compare performances within last three years) do not include performances of the Companies operating in Belgium and France due to the fact that they became part of the Group in 2017, subsequently to their acquisition by Cementir Holding.

The Statement related to the period of reference 1 January 2018 – 31 December 2018, produced annually, and approved by the Board of Directors of Cementir Holding S.p.A. Data on the previous years are included for comparison purposes, to enable an assessment of the performance of Group assets in a medium-term time period; any restatement of certain data reported in the previous year is clearly indicated in the document.

The document was drafted with the intent of providing information that is reliable, complete, balanced, accurate, understandable and comparable, as required by the reporting standards used: GRI Sustainability Reporting Standards. The Cementir Group has decided to prepare the document in compliance with the "core" reporting option.

At the end of the document there are two tables: the "Table of Correlation between Italian Legislative Decree 254/2016 - material issues - GRI Standards" to provide evidence of the correlation between Cementir's material issues with the topics of the Decree and the GRI Standards used for the reporting, and the GRI content index which provides a detailed description for all the topics contained in the document (other than those related to the requirements of the Decree).

The annex also includes detailed information on emission factors used to report CO₂ equivalent emissions indicators

The Sustainability Report – Consolidated Non-Financial Report was subjected to limited assurance by PricewaterhouseCoopers S.p.A.

¹ For details on the Group companies, see the Group's consolidated financial statements.

² The limits are also clearly indicated in the table linking the requests of Italian Legislative Decree 254/2016 and the material issues identified by the Cementir Group.

³ Including fully-owned subsidiaries, Cementir Sacci S.p.A. and Betontir S.p.A., to Italcementi S.p.A.

THE DEFINITION OF THE MATERIAL ISSUES

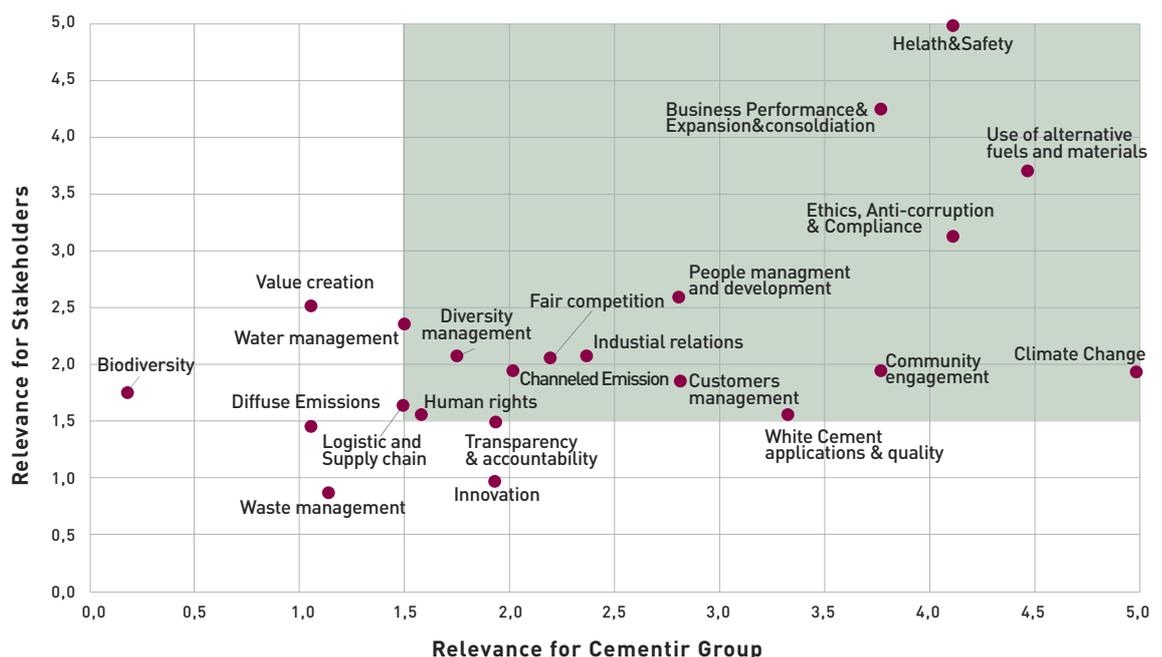
For the Cementir Group, the issues relevant to the company and its stakeholders are all those issues that have an impact, directly or indirectly, on Cementir’s ability to create, preserve or that adversely affect the Group’s value.

To define the ones guiding the drafting of this document, the Cementir Group conducted a survey to assess whether it was necessary to review the materiality matrix defined for the last reporting year (the first in compliance with Legislative Decree 254/2016). With this in mind, the company was benchmarked against a panel of companies operating in the sector and a survey was conducted on the context and the challenges the sector has to deal with. The results of this work, also considering the updating of matters occurring in the previous year (which had amply involved Group management, adding value to stakeholder needs based on the specific interest for different topics; the information needs established by Legislative Decree 254/2016) have led to the conviction that the material subjects presentation could still be valid for 2018.

That materiality analysis was part of a broader assessment of the sustainability performances of Cementir, through which the Group had collected useful elements for defining a strategic course to be continued over the next years. By involving management, a set of subjects relevant to the sector were assessed, and then slimmed down during interviews conducted singly with the top management of Cementir Holding and with the heads of the different Group Regions. The interviews identified the priority aspects for Cementir and those that are of greatest interest to its stakeholders. As such, it was possible to define the company’s internal priorities and bring together the information collected on what is important to stakeholders through the industry analysis, the benchmarks and the opinions of Cementir senior management.

The absence of significant variations in company activities and the core business and results emerging from the benchmark analysis conducted in 2018, led the Group to feel that there were no significant elements that made an update to material matters necessary.

The topics on which the Sustainability Report - Consolidated Non Financial Statement is based are presented in the matrix below. All the material topics are important in the organisation, except for the subject of health and safety because it also has an impact on third parties operating in Group plants.



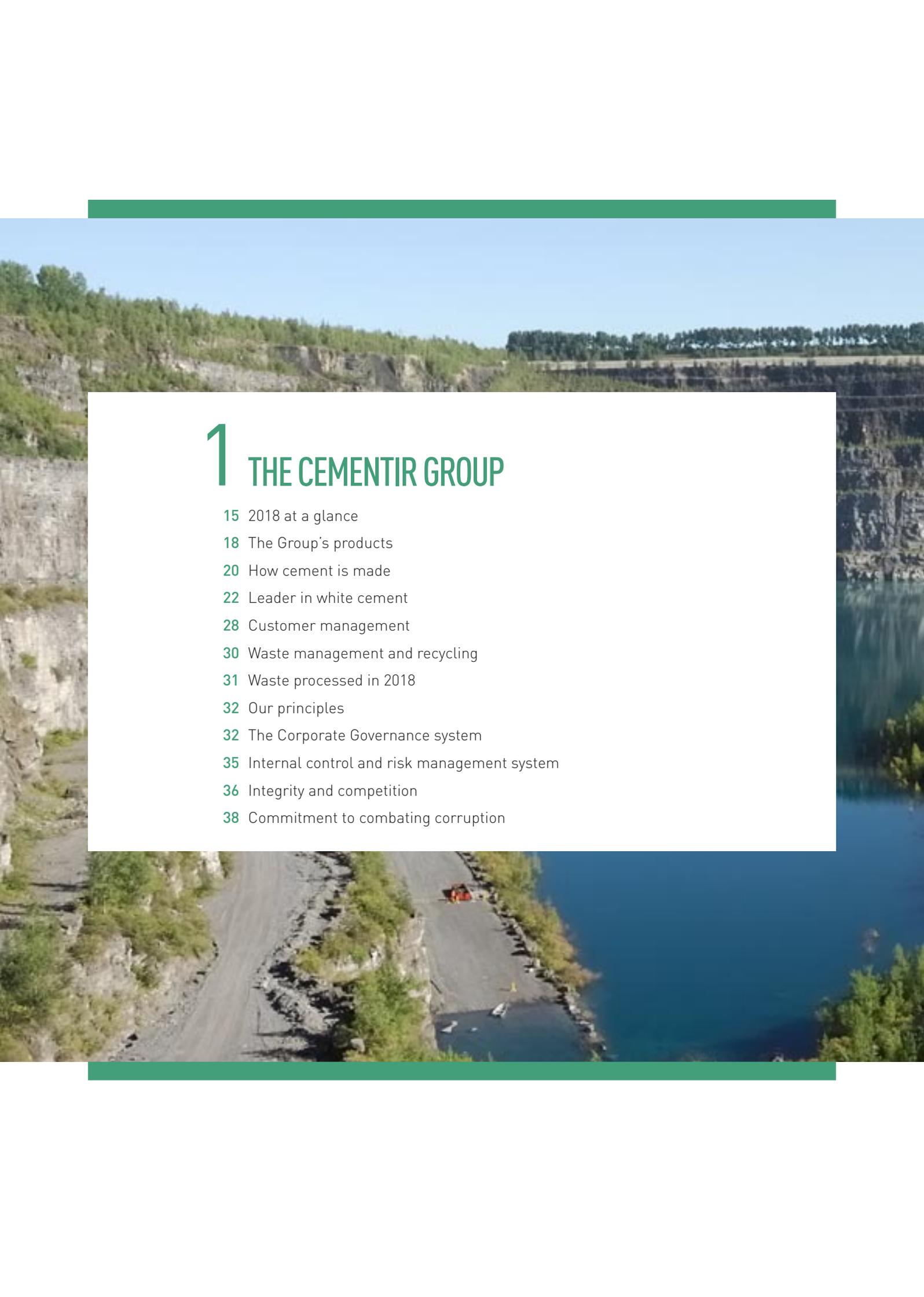
GROUP'S STAKEHOLDERS

Management of the Group's main stakeholders varies, in method and frequency of listening and involvement, based on type of subject, topic, interest and characteristics of the different Group Regions. Considering the Parent Company is a Holding, some of these stakeholders interface directly with central structures, while others are purely interested in performing the local activities of Group plants and management of relations with those subjects is delegated to plant Region level. Therefore, frequencies of stakeholder engagement and topics discussed with, vary according to stakeholder categories and Countries where the Group operates.

The table below lists the Group's main stakeholders and the subjects of interest identified for each one.

Type of stakeholder	Subject of interest
Personnel	<ul style="list-style-type: none"> • Health and Safety • People management and development • Managing diversity • Industrial relations • Human rights
Institutions and Authorities (local and national)	<ul style="list-style-type: none"> • Health and Safety • Industrial relations • Human rights • Ethics, anti-corruption and compliance • Climate change • Loyal competition
Shareholders	<ul style="list-style-type: none"> • Business performance, expansion and consolidation • Ethics, anti-corruption and compliance
Trade Unions	<ul style="list-style-type: none"> • Industrial relations • Human rights
Local communities and local committees	<ul style="list-style-type: none"> • Use of alternative fuels and materials • Channelled emissions • Involvement of local communities
Customers	<ul style="list-style-type: none"> • White cement (quality and application) • Management customers • Loyal competition • Innovation
Suppliers and contractors	<ul style="list-style-type: none"> • Health and safety • Use of alternative fuels and materials • Managing logistics and the supply chain
Associations of environmentalists	<ul style="list-style-type: none"> • Climate change • Emission conveyed and spread • Use of alternative fuels and materials • Biodiversity
Financiers	<ul style="list-style-type: none"> • Business performance, expansion and consolidation • Ethics, anti-corruption and compliance • Transparency and accountability • Use of alternative fuels and materials





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THE CEMENTIR GROUP⁴



3,123 PEOPLE
1,196 EUR MILLION IN REVENUE
18 COUNTRIES



SALES VOLUMES

7.3 MILLION TONS OF GREY CEMENT
2.5 MILLION TONS OF WHITE CEMENT
4.9 MILLION CUBIC METRES OF READY-MIXED CONCRETE
10.0 MILLION TONS OF AGGREGATES



PLANTS

6 WHITE CEMENT PLANTS
5 GREY CEMENT PLANTS
31 TERMINALS
105 READY-MIXED CONCRETE PLANTS
11 QUARRIES
1 CEMENT PRODUCT PLANT
3 WASTE TREATMENT AND RECYCLING PLANTS

Cementir Holding is an Italian multinational operating globally in the construction materials sector. Through its subsidiaries in 18 countries on 5 continents, the Cementir Group is global leader in the white cement sector and is specialised in the production and distribution of grey cement, ready-mixed concrete, aggregates, concrete products, and in the processing of urban and industrial waste.

The company was formed in Italy in 1947 and is part of the Caltagirone Group. It has been listed on the Milan Stock Exchange since 1955 and is currently in the STAR segment.

The Group grew internationally over the years mainly through investments and acquisitions for over EUR 1.7 billion. These transformed the company from being solely Italian into a multinational with production sites and commercialisation of its products in over 70 countries.

With about 3.3 million tons of installed capacity, Cementir Holding is world leader in the white cement segment; and is leader in the production of cement and ready-mixed concrete in Scandinavia, third in Belgium and is one of the main international producers of cement in Turkey.

The company pursues a targeted geographical diversification and product strategy accompanied by greater integration of its business activities.

This international growth strategy has been driven by the acquisitions made over the years, including of CCB - Compagnie des Ciments Belges in 2016, which strengthened Cementir's production and commercial presence in Central Europe, and of Sacci's Italian business in July 2016. In September 2017, an agreement was reached for the sale of all the Italian operations of the Cementir Italia group, finalised on 2 January 2018.

⁴The number of total employees included 100% of SCT as described into the Methodology Note.

In March 2018, Cementir finalised the acquisition of a further 38.75% share in Lehigh White Cement Company from Lehigh Cement Company LLC, subsidiary of HeidelbergCement AG. Through that transaction, the Cementir group controls LWCC with a 63.25% share at 31 December 2018, while the remaining 36.75% is held by the Cemex group. The acquisition enabled it to become involved in the direct management of assets in the US, in the white cement segment, the Group's core business, enhancing its global leadership in line with the growth strategy.

The Group's operations are organised with the following geographical areas:

1. Nordic & Baltic: Denmark, Norway, Sweden, Iceland, Poland, Russia and operating activities in white cement in Belgium and France;
2. Belgium: activities related to the Compagnie des Ciments Belges S.A. group in Belgium and France;
3. Eastern Mediterranean: Turkey, including waste management, and Egypt;
4. North America: USA;
5. Asia Pacific: China, Malaysia and Australia;
6. Italy.

2018 AT A GLANCE

For the Cementir Group, sustainable growth is both a responsibility and a requirement for continuing to work in the cement sector, which more than most has to deal with a world where resources are limited. For this reason, the Group's business model must strike the right balance between the creation of economic value, the protection and conservation of the environment and a sense of responsibility towards people and communities.

Strengthened by this conviction, the Group has identified 4 pillars that represent the benchmark principles that have inspired this document and the company's defined sustainability strategy, which will be translated into an action plan that will take account of the specific nature of each country.

- **In waste, we see resources: we promote a circular economy**
- **We respect the environment in all our operations**
- **We value our people**
- **We support our communities**

Following the main 2018 highlights for each pillar. An in depth description of the performances are included into each chapter associated to the pillars.



In waste, we see resources: we promote a circular economy

We ensure that waste and secondary products are turned into resources, adopting an increasingly integrated approach to cement production and establishing partnerships with other industry players and public authorities.

394.884 tons

of waste (industrial and municipal waste) collected and processed into the Group's plants

105,000 tons

of Refuse-Derived Fuel (RDF) and Solid Recovered Fuel (SRF) generated by Group waste treatment facilities in 2018

20% alternative fuels

used for thermal energy production in place of non-renewable fossil fuels

11.8% alternative raw materials

used in the mix for cement production

We respect the environment in all our operations

We adopt all necessary measures and the most innovative technological solutions to minimise the impact of our business on the environment.

12 plants

certified according to the ISO 14001 (Environmental Management System)

819 kg of CO₂

equivalent per total cement equivalent (TCE) in Group cement plants

65% of water used

in the cement production plants is reused

A Research and Quality Center in Aalborg (Denmark), reference of excellence for innovation in cement production. The center also experiments on creating a cement with less impact on the emissions of CO₂ equivalent. Research and development activities were carried out with the University of Aalborg to develop co-operation between the Group's industrial structures and the surrounding area; in this respect, the intention is to further develop synergies between the Aalborg Portland cement works and the town of Aalborg. The research documented the benefit, for the reduction of CO₂ emissions, of the increased recovery of heat from cement production, to be used in the district heating of the town of Aalborg. This technology is the only one in the cement sector and will contribute to the ambitious CO₂ reduction targets of Aalborg.

"FUTURECEM is a patented technology based on limestone and calcinated clay, developed by the Group. The combination of limestone and calcinated clay in FUTURECEM can replace a significant quantity of clinker in cement. Clinker is an interim product that is produced at high temperatures in cement kilns. Hence, replacing clinker with the combination of limestone and calcinated clay means significant reductions in CO₂."

We value our people

We attract and value talent and ensure a safe and stimulating working environment for our people, who are our most important resource.

Cementir Academy

the project launched to support people training and growth

20 hours average

of training per capita in 2018

9 plants

certified OHSAS 18001 for employee health and safety

More than 24,000 hours

of training provided on health and safety

We support our communities

We create value for local communities, listening to their needs and concerns and basing our relationships with them on transparency and accountability.

A foundation in Turkey that sustains the education and growth of local communities. Since it was created, the Foundation has made available more than 500 scholarships to high school and university students, and has contributed to restoring several schools near the Elazig plant.

The Aalborg production plant has a system to recover the heat from combustion gases used. The thermal energy recovered by the system is used to supply the district heating network of the town of Aalborg, satisfying the annual heating needs of about 36,000 families.



THE GROUP'S PRODUCTS - Plants, production capacity and sales by COUNTRY

NORDIC & BALTIC

Denmark

Grey cement production capacity: **2,1 million t**
 White cement production capacity: **0,85 million t**
 Cement plants: **1 (7 kilns)**
 Ready-mixed concrete plants: **37**
 Terminals: **9**
 Quarries: **3**

Norway

Ready-mixed concrete plants: **28**
 Terminals: **1**

Sweden

Ready-mixed concrete plants: **9**
 Quarries: **5**

Latvia

Terminals: **1**

Iceland

Terminals: **3**

Netherlands

Terminals: **1**

Poland

Terminals: **1**

Sales volumes (million/t-m ³)	2018	2017	2016
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Denmark

Grey cement sales	1.57	1.59	1.52
White cement sales	0.63	0.77	0.70
Ready-mixed concrete sales	1.14	1.18	1.16
Aggregate sales	0.86	0.85	0.67

Norway

Ready-mixed concrete sales	0.90	1.00	0.91
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Sweden

Ready-mixed concrete sales	0.24	0.24	0.21
Aggregate sales	3.32	3.30	2.93

BELGIUM / FRANCE

Belgium

Grey cement production capacity: **2.3 million t**
 Cement plants: **1**
 Ready-mixed concrete plants: **10**
 Terminals: **1**
 Quarries: **3**

France

Ready-mixed concrete plants: **5**
 Terminals: **1**

Sales volumes (million/t-m ³)	2018	2017	2016
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Belgium / France

Grey cement sales	1.95	1.90	0.25
Ready-mixed concrete sales	0.93	0.97	0.14
Aggregate sales	5.76	5.18	0.86

NORTH AMERICA

USA

White cement production capacity: 0.26 million t

Cement plants: 2

Cement product plants: 1

Terminals: 3

Sales volumes (million/t-m ³)	2018	2017	2016
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USA

White cement sales	0.50	-	-
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EASTERN MEDITERRANEAN

Turkey

Grey cement production capacity: 5.4 million t

Cement plants: 4

Ready-mixed concrete plants: 16

Waste management facilities: 2

United Kingdom

Waste management facilities: 1

Terminals: 2

Egitto

White cement production capacity: 1.1 million t

Cement plants: 1

Sales volumes (million/t-m ³)	2018	2017	2016
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Turkey

Grey cement sales	3.66	4.50	4.30
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Ready-mixed concrete sales	1.70	1.56	1.89
----------------------------	------	------	------

Egypt

White cement sales	0.36	0.54	0.51
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ASIA PACIFIC

China

White cement production capacity: 0.7 million t

Cement plants: 1

Terminals: 3

Malaysia

White cement production capacity: 0.35 million t

Cement plants: 1

Terminals: 1

Australia

Terminals: 4

Sales volumes (million/t)	2018	2017	2016
---------------------------	------	------	------

China

White cement sales	0.66	0.65	0.66
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Malaysia

White cement sales	0.34	0.32	0.31
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ITALY

Cementir Holding Spa registered office

How cement is made

The Cementir Group's main area of operations is the production of cement. The process, which has been refined over the centuries, from the mortars of the Ancient Egyptians to early 19th century industrial models, starts with natural raw materials such as limestone, gypsum and clay extracted from natural quarries and crushed. This is then dosed, mixed with other elements and ground to obtain the "raw meal".

The raw meal is cooked at very high temperatures in special kilns, which are fuelled mainly by fossil fuels, in order to obtain a semi-finished product known as "clinker", cement's main component. Once cooled, clinker undergoes a process to grind and mix it with gypsum and other admixtures (slag, fly ash, limestone, pozzolana) to obtain the various types of cement.

Thanks to its strong industrial capacity and a comprehensive presence on international markets, **in 2018 Cementir Holding distributed worldwide around 7.3 million tons of grey cement and over 2.5 million tons of white cement of various types and classes**, produced in 11 plants located in Denmark, Belgium, Turkey, Egypt, China and Malaysia.

To reach these levels of production, the Group's main purchases were for the raw materials used in the mixture to make cement, fossil and alternative fuels, and electricity. These types of purchases represented around 60 to 65% of total spending. Aside from raw materials, other purchases that had significant weight in the Cementir Group's supply chain related to transport of the materials in and out of its production facilities.

In 2018 Cementir Holding distributed worldwide around 7.3 million tons of grey cement and over 2.5 million tons of white cement



Raw materials and product logistics

Transport is one of the most complicated aspects of the production cycle involving the Group's plants. **There are two types of transport: one within the plant; the other outside the plant, for incoming materials and fuels and for outgoing products.**

Due to the distances involved, external transport is without doubt the activity with the greatest impact depending to a large extent on the location of the plants and available infrastructure in surrounding areas. External transport involves motor vehicles, trains and ships, which inevitably have an impact on the environment in terms of emissions and traffic generated.

Incoming materials and outgoing products were transported mainly by motor vehicles; However, the plants in Aalborg, Guarain, Al Arish, Izmir, Ipoh, Anqing, and a Unicon ready-mixed concrete production plant in Norway, also used transport by ship, capitalising on their location near to ports.

Starting from this exercise, the Group has started specifically monitoring routes travelled to move the material produced in its plants



Due to its complexity, the entire logistics cycle carries a cost both for the Group and for the environment. That is the reason why Cementir pursues a strategy developed through a series of drivers:

1. Combining incoming and outgoing activities using the same lorries;
2. optimising the network of logistics services performed by third parties, including by using modern shipping technologies;
3. optimising the use of lorries to transport a higher volume of products, as has taken place in the ready-mixed concrete sector;
4. upgrading the fleet of vehicles used in logistics to replace the most outdated ones, with the aim of reducing consumption;
5. Identifying alternative and/or intermodal methods of transport.

Starting from this exercise, the Group has started specifically monitoring routes travelled to move the material produced in its plants. Logistics managed by the Group, also involving foreign suppliers, is mainly for the distribution of ready-mixed concrete produced in the plants which, therefore, enabled collection of the first figures on the matter. Whereas for cement distribution, monitoring that data is more difficult because in most cases material

produced is collected by Group customers.

Based on this monitoring, the Group is considering whether to define a specific KPI for material logistics, to then be reported in the following years.

LEADER IN WHITE CEMENT

The Cementir Group is the world's leading producer and exporter of white cement, with production facilities located on four continents and a production capacity of over 3 million tons.

The Group markets its white cements in more than 70 countries worldwide under the global brand AALBORG WHITE-Cementir Holding. Production plants are located in Denmark, Egypt, Malaysia, China and the United States.

The Group also owns the world's largest white cement production plant, which is located in Egypt.

The constant investment in the innovation of industrial processes and high-quality raw materials has helped the Group to reach its current position as global leader in white cement. The production facilities of the Cementir Group benefit from being located close to major sources of high-purity limestone and other key raw materials that are essential for the production of white cement.

The characteristics of the Group's sites make it possible to produce cement with consistent chemical properties, a uniform white colour and high mechanical performances.

In addition to the consistency and high performance of its products, the Cementir Group supports its partners by providing them with value-added services along the supply chain, broad technical support, customer assistance and potential collaboration for the development of new white cement applications.

In the current 2018-2020 business plan, Group management has clearly identified the need to strengthen its leadership position and further develop white cement as a key strategic pillar, building a competitive position that is unique in its global reach. Due to its direct presence on key markets, Cementir benefits from a diversified customer base in terms of size, business, culture, tradition and technological level.

Pursuing innovation: the 'In White' project

The Group aims to differentiate its value proposition on white cement at a global level, redefining and developing sustainable solutions that will support the growth of its customers' business through personalised services, know-how sharing, consulting and strategic partnership. Cementir wants to challenge the traditional way of seeing white cement mainly as an aesthetic and architectural material, by assessing macro social trends especially in the construction sector and working to fully understand the demands and opinions of customers and the work they need to carry out.

There is an untapped potential to further develop customer activity in the use of white cement which, as the global leader, Cementir must offer to its partners.



Cementir Group has created InWhite, a global innovation engine for white cement. Its aim in doing so is to set up a high-priority, achievable series of global initiatives

The Group has registered the Aalborg InWhite Solution™ trademark as a commercial digital platform to promote high value-added, exclusive, technologically-advanced products

Cementir Group has created InWhite, a global innovation engine for white cement. Its aim in doing so is to set up a high-priority, achievable series of global initiatives to offer customers a high-value offering, providing new solutions for completely new or known applications of white-cement products.

InWhite benefits from the Group's global knowledge, both on the established and emerging applications of white cement, and on the technical know-how of its internationally renowned Research and Quality Centre in Aalborg, Denmark. The Research Centre works on new trends such as customisation, the circular economy and highly energy-efficient solutions.

The group has registered the Aalborg InWhite Solution™ trademark as a commercial digital platform to promote high value-added, exclusive, technologically-advanced products.

The sustainable applications of AALBORG WHITE cement

This white cement's technical characteristics make it unique on the market. AALBORG WHITE® is used for many applications such as dry-mix products, tiles, artificial stones, precast concrete elements, terraces, etc. Some emerging but rapidly expanding applications for AALBORG WHITE® cement are related to the chemical purity and excellent mechanical properties of ready-mixed concrete made with advanced production technologies such as UHPC (Ultra-High Performance Concrete) and GRC (Glass Fibre Reinforced Concrete). Those technologies fully reflect emerging trends and customer needs, including:

- a low specific weight per m²;
- reduced thickness to enable more efficient use of the interior spaces of the building;
- surfaces produced in a single process in order to avoid additional treatments;
- modular and combinable to allow the reuse of materials.

AALBORG WHITE® has also strengthened its leadership position in this area, offering the best performance in the finished concrete products category. The whiteness of the cement is an added value that has repercussions in many areas, from the thermal comfort of homes to energy-saving. Light surfaces reflect sunlight more efficiently than darker surfaces.



Providing surfaces with a higher reflective capacity (such as light-coloured roofs, walls and floors) will result in a higher amount of reflected energy and consequently lower temperature in buildings, reducing the need for artificial cooling. High-reflective surfaces, for example obtained from white cement-based plaster, panels and flooring, will also reduce the need for artificial lighting in tunnels, industrial buildings and other structures and infrastructure, thus contributing to energy saving.

The reflective properties of white cement are particularly useful in road safety: making kerbs, tunnel ramps, paving and road barriers with white cement increases driving safety. Having white-surfaced road barriers increases their visibility and improves safety when compared with barriers made of painted steel or grey cement since, compared to the latter, they maintain a brilliant colour in wet and dark conditions.

The Group is currently working to develop and market new top range, pre-mixed products and/or binders for special applications exploiting the technical and aesthetic properties of AALBORG WHITE®.

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Developing UHPC (Ultra-High Performance Concrete)

Using the term UHPC without further clarification could be misleading. Many acronyms are used to classify cement compounds with very high compressive strength. Originally, the term UHPC was introduced to differentiate this product from high performance concrete (HPC), to refer to a compressive strength of more than 140-150 MPa.⁵ Most of these types of concrete include fibres to add ductility and, therefore, are usually referred to as UHPFRC (Ultra-High Performance Fibre-Reinforced Concrete).

Most UHPC or UHPFRC-based products and commercially available premixes (with or without fibres) have a compressive strength of approximately 110 MPa or higher (Eurocode cylinder). Higher compressive strengths are rarely needed, as high tensile strength, long service life, low water permeability and high workability are more important.

Providing significantly higher strengths than approximately 110MPa would require the use of special aggregates that are not available locally, adding high production costs. Therefore, although UHPFRC – as strictly defined – may be required for some special applications, in most cases its applications can be well covered by compressive strengths of 110 MPa or slightly higher.

A global trend that has been observed – and is in line with emerging macro trends – is the development of new market opportunities in recent years based on advanced UHPC aesthetic coatings and integrated prefabricated façade panels. In terms of volume growth, this type of application should drive the growth of global UHPC consumption.

The Aalborg Research and Quality Centre is intensively planning, testing and documenting new binding formulations to meet emerging requirements and challenges.

This is one of the first steps towards greater global usage of UHPC and UHPFRC using AALBORG WHITE®, all as part of the InWhite project.

InWhite Solution™ is the initiative to find more sustainable, economical solutions to handle the complex challenges and trends of the constructions and building materials sector; this made the Cementir Group

⁵ The Megapascal (MPa) is a unit of measurement of pressure.

FUTURECEM Technology

FUTURECEM is a patented technology based on limestone and calcinated clay, developed by the Group. The combination of limestone and calcinated clay in FUTURECEM can replace a significant quantity of clinker in cement. Clinker is an interim product that is produced at high temperatures in cement kilns. Hence, replacing clinker with the combination of limestone and calcinated clay means significant reductions in CO₂. For over 10 years, research and development activities have proved that FUTURECEM cement can be used to produce ready-mixed concrete with excellent resistance and duration. In the project Green Transformation of Cement and Concrete Production, FUTURECEM cement was tested in production on an industrial scale of ready-mixed concrete and used to build two road and railway bridges. The project is the result of the collaboration between the Group companies, Aalborg Portland and Unicon, other ready-mixed concrete producers, education and research institutes and third parties experts.



extend its borders in its research on binders by developing and commercialising, in 2018, a new generation of UHPC, Aalborg Extreme™ Light 120.

Aalborg Extreme™ Light 120 is a pre-mixed product in reduced withdrawal, ready-mixed concrete, that is high performance, self-compacting for the production of thin ready-mixed concrete with a high aesthetic, mechanical and durability performance. Internally it includes binders, additives and aggregates, so you only need to add water to this prepacked material.

A portion of AALBORG WHITE® was replaced with a combination of dirt carbonate and reactive methacholine-Supplementary Cement Materials (SCM) - giving the mixture its high performance characteristics with much lower CO₂ emissions than the Portland Cement mixture.

This technology is based on perfecting the Futurecem™ technology patented by the Cementir Group.

Supporting GRC (Glass-Fibre Reinforced Concrete)

Glass-fibre reinforced concrete is one of the most versatile building materials available to architects and engineers. It is mainly composed of glass fibres, cement, sand and special alkali resistant (AR) fibres; GRC is a thin compound (up to 10-15 mm) that is very strong and environmentally friendly, and has many construction applications. Its flexibility means it is able to meet performance, appearance and cost parameters.

The technology was developed in the 1970s. However, the general lack of attention to the architectural value of buildings in the period 1970-2000 limited its use in markets with very low labour costs. The material and the technology now have the potential to meet high and complex demands in modern society, far exceeding the relatively higher production costs associated with the increased amount of work required for its production.

The Cementir Group has been a member, among others, of the International GRC Association since 2016, with the aim of helping to lead and playing an active role in supporting the future development of this technology. This membership is in line with AALBORG WHITE®'s strategic objective to focus on the development of market- and customer-oriented technologies and applications.

In the last year, and as part of activity in progress in the InWhite Solution™, the Cementir Group has launched a global study in the Research and Quality Centre of Aalborg, to further develop the technology and its application. In order to provide know-how and assistance to customers globally, facilitating and supporting their growth and aimed at developing a new pre-mix suited to this application, that is Aalborg Excel™.

Explore new opportunities with the 3D printing of ready-mixed concrete: Aalborg Explore™

The 3D printing of ready-mixed concrete is a group of processes to create physical objects, created layer by layer. That manufacture is possible using a computer adding the cement-based mortar.

This new technology does not currently replace the traditional production process but is a supplement to exploit its main customisation capacities.

There is growing interest in the use of this technology as it enables greater customisation, improves health and safety and reduces waste.

However, there are still limits for its standardised use, for scaled production, the high initial investments and its inefficient use on sites.

In the last year, as part of the InWhite Solution™ initiative and research and development activity to always in the forefront, the Cementir Group has started an extensive program on the 3D printing of ready-mixed concrete to check its applicability, analyse the trends and impacts in the value chain; as part of the process, the Group has joined a new research project in Denmark as knowledge partner and supplier of raw material. The Cementir Group intends to play a leading role in developing this technology. One of the main aspects for being

**The Cementir Group
intends to play a leading
role in developing this
technology through
Aalborg Explore™**



a leader in this field is the development and commercialisation of a new dry pre-mix, Aalborg Explore™ that can be used in 3D printing. That product, once again cutting-edge, develops the technical and aesthetic performance of AALBORG WHITE®.

THE GROUP'S OTHER PRODUCTS

Grey cement

Cementir Holding produces and distributes all types of grey cement, which are classified by type (based on the composition of clinker and other substances such as blast furnace slag, microsilicas, pozzolana, ash, calcined shales, limestones and secondary constituents) and by class based on mechanical resistance to compression. There is a particular focus on the production of cements with a low tricalcium aluminate content, high granulated blast furnace slag and pozzolana content, which are characterised by high sulphate resistance, low hydration heat and resistance to rainwater.

Production of ready-mixed concrete

In 2018, Cementir Holding produced and distributed 4.9 million cubic metres of ready-mixed concrete of all types and classes. Ready-mixed concrete is used widely in constructions and comes from a mixture of cement and aggregates like sand and gravel, water and any additives. The aggregates serve as bulk, while the cement, reacting chemically with water, serves to bond the other elements. In some cases, admixtures of various kinds diluted in water are added to obtain specific results or performances, for example greater fluidity or rapid setting.

Ready-mixed concrete is made and pre-packed in plants known as concrete mixing plants where the mixture is dosed in special equipment. The mixing stage may take place directly at the plant (thanks to premixers) or during transport by special vehicles (mixer trucks) that continuously mix the product so that it maintains its fluidity, which is essential for building work. When the ready-mixed concrete reaches the building site it is ready for use, i.e. the "pouring" phase. Often, before being "poured", the ready-mixed concrete is subjected to a special process known as "pumping". This consists of a second transport phase through piping, which makes it much easier to reach particular heights to form floor slabs, tunnels, etc.

In 2018, Cementir Holding produced and distributed 4.9 million cubic metres of ready-mixed concrete

Aggregates and cement products

Cementir Holding produces concrete products at Vianini Pipe Inc plants in the USA, Portugal (JV with Secil) and in Poland. These pre-stressed cement products consist of structural components for the building and transport industries, and include pipelines, jack pipes, blocks, tiles, railway sleepers, etc., obtained using mechanical and hydraulic technologies with cement as a raw material.

In Belgium and Scandinavia, Cementir Holding is also active in the production and distribution to third parties of aggregates. Aggregates are rocky materials such as gravel, sand and crushed stone extracted from quarries and from the shores of rivers which are crushed and then used with hydraulic binders such as cement and lime in order to create concrete, mortar and other types of plaster. In many cases they are also used as structural elements in construction work.

Cementir Holding produces concrete products at Vianini Pipe Inc plants in the USA and in Poland. These pre-stressed cement products consist of structural components for the building and transport industries

CUSTOMER MANAGEMENT

Towards direct relationship-building

Acting locally though remaining global can be clearly observed and is distinctive to the Cementir approach sustaining the so-called “glocal” corporate strategy.

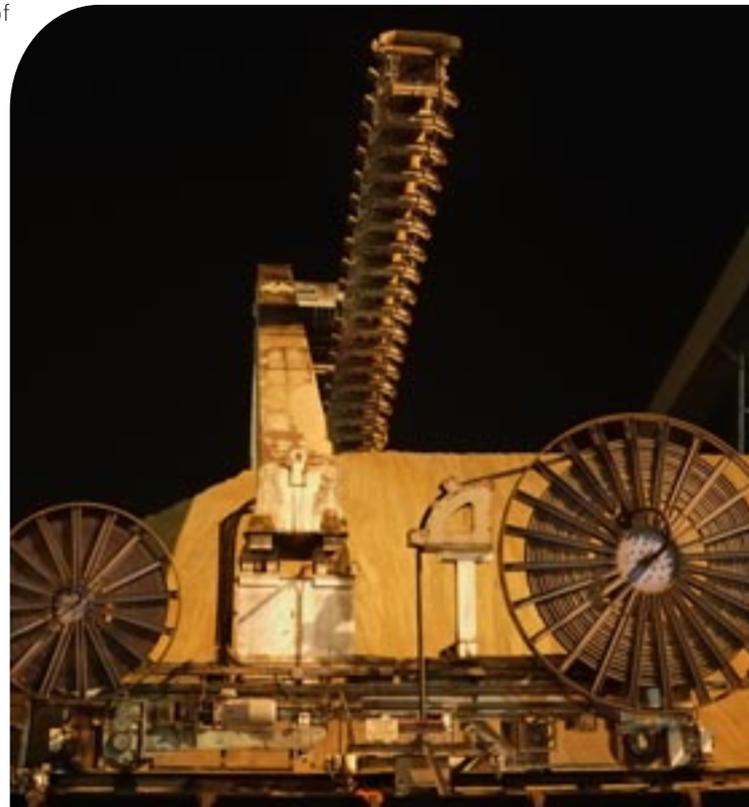
The Group has developed its own more direct, closer and more “local” business model, to improve customer support and understanding of their needs, and to build relationships so that the Group can better understand needs, business opportunities and innovation. The Group continues to grow internationally but remains focused on individual customer needs in local and regional markets around the world.

The strategic intention of having direct engagement with customers is well established in Europe and in most of the national markets in other regions (including Egypt, China, Australia, Malaysia), where the Group is working and partnering with industrial customers.

Close proximity and a synergistic approach – aimed at managing customers through various coordinated contact points (sales and marketing, supply chain, customer service, technical service, laboratory, etc.) – improves the Group’s visibility in the customer value chain.

All of this is essential to allow the Group to offer a differentiated and tailor-made value proposition, ranging from products to value-added services (complete logistics management, online software tools, web-ordering, dedicated testing programs, etc.), as well as co-development and innovation initiatives.

Targeting industrial users and the main decision-makers in the construction sector, the Group has developed services and mobilised



resources and expertise to provide a holistic view of both cost and environmental impact, thereby enabling customers to identify how best to optimise performance. Cementir values these close and reciprocal relationships, which are based on a common desire to find the most sustainable and cost-effective solutions to solve complex challenges in material production and construction.

The Group exports to over 70 markets and is trying to further develop its direct approach with white cement customers so as to further enhance the Group's stable and sustainable position on the market. This strategic roadmap was launched in recent years, with the aim of exploiting the full potential of structured and direct customer management. The Group has developed a comprehensive local sales and logistics network in more than 20 countries.

A new perspective: hearing the Customer's Voice and measuring performance

While operating in a fairly traditional sector, the Group has moved towards a more customer-centric approach. The process started internally as a complex management process, for which management and teams received extensive training and were rewarded based on customer-driven goals and initiatives using "lean" tools.

Customer Relationship Management (CRM) models and systems have been fully implemented in the Europe and Asia-Pacific regions. Today, most sales and marketing teams use CRM worldwide to track, measure and develop the quality and results of each individual customer relationship, including to anticipate their needs and business opportunities.

Customer Relationship Management (CRM) models and systems have been fully implemented in the Europe and Asia-Pacific regions

Listening to and understanding the Customer's Voice is a fundamental approach that begins with day-to-day customer management through each product delivery and extends into more sophisticated and customised activities. The approach aims to respond effectively and quickly to customers' needs and the problems that arise from feedback throughout the journey with the customer; a further objective is to integrate the understanding of customer needs into business processes and to use their feedback to build long-term strategies, inspire business decisions and promote continuous improvement.

In addition to some transactional surveys and "informal" monitoring of relationships as part of the entire Group's day-to-day business, in Europe, Malaysia and China, the Group also conducted a Customer Survey (annually or biennially depending on the business and market) to investigate a number of issues from an external point of view, including: product quality, services, innovation, relationships, sales processes, after-sales service and technical support. The results of this Survey enable the Group to focus more on the customer in commercial operations. The organisation uses these important results to develop plans to optimise its value proposition and to further improve customer satisfaction. The Survey also identifies areas to be improved and oriented towards strategic inter-functional, inter-company and inter-regional initiatives, some of which are incorporated in the Strategic Project Portfolio in the three-year Business Plan.

Among other indicators, Cementir has started to apply the Net Promoter Score (NPS) methodology in Europe (from 2014, it will be developed in the Asia-Pacific Region in 2018). This methodology allows direct dialogue with customers in order to continuously improve customer experience and to strengthen their loyalty. The latest 2018 results show an NPS of 44 for the exports of white cement in Europe, up by 64 in Denmark.

The NPS totalled by Asia Pacific is 44, and is specifically to be assigned to China.

WASTE MANAGEMENT AND RECYCLING

Waste is not only a source of recyclable material, but also of alternative fuels with a high calorific value. Using alternative fuel derived from industrial and solid urban waste has major environmental advantages, both because it reduces the use of fossil fuels and because it offers a solution to the problems of storage and disposal.

Cementir Holding was one of the leading industrial players to capitalise on these opportunities and since 2009 has been operating in the renewable energy and urban and industrial waste management and processing sector. These operations are conducted through Recydia, which owns the Hereko and Sureko businesses in Turkey, and Neales Waste Management in England, where in addition to its waste treatment plant the company manages a landfill that enables the production of renewable energy by transforming food waste into biogas. Hereko is engaged in the management of solid urban waste and has signed a contract with the City of Istanbul lasting 25 years (until 2036). Its integrated mechanical-biological treatment plant in Kömürcüoda, in the Sile area (Istanbul), is the largest in Europe, the only one of its type in Turkey, and can handle 2,000 tons of solid urban waste per day. Through its modern facility located to the west of the city of Izmir, Sureko is engaged in the management of industrial and hazardous waste and the production of alternative fuels that are used at the Izmir plant.

NWM Holding, through its subsidiaries Neales Waste Management Ltd and Quercia, is one of the leading providers of hazardous and non-hazardous waste treatment, recycling and disposal services in the North West of England.

The Group's plants use the most advanced biological technologies to produce alternative fuels and thermal energy, minimising landfill waste and contributing to the reduction of greenhouse gas emissions.

Storage of urban waste releases methane, a greenhouse gas with a polluting effect 21 times greater than that of carbon dioxide. Therefore, using urban waste as alternative fuel in cement plants is fundamentally important because it contributes to the sustainable disposal of waste and reducing the negative effects of greenhouse gases. Moreover, unlike the process in waste-to-energy plants, use of waste as alternative fuel in cement plants does not produce residues as the ash deriving from combustion is recycled in cement production.

To achieve these results, the Cementir Group uses applicable and well-tried integrated solutions, and has invested for years in the development and the widespread use of innovative technologies for waste management and fuels from waste, such as for example sorting, recycling and biodrying.

Cementir Holding was one of the first leading industrial players to adopt alternative fuels derived from urban and industrial waste

WASTE PROCESSED IN 2018

In 2018 the Group's plants collected and processed 394 tons of waste: 66% solid urban waste and 34% industrial waste.

Waste processed

	Unit	2018	2017	2016
Solid urban waste	t	260,671	184,551	442,878
Industrial waste	t	134,213	202,880	151,803
Total	t	394,884	387,431	594,681

In 2018, the Group's plants recycled, through mechanical selection and treatment processes, about 10,000 tons of materials, a value that is just about consistent with last year.

Recycled material produced

	Unit	2018	2017	2016
Ferrous material	t	2,930	2,853	4,294
Plastic	t	4,908	3,839	4,948
Aluminium	t	1,156	857	902
Other materials	t	1,348	2,672	11,369
Total	t	10,342	10,221	21,513

Through biomechanical and drying processes, the Cementir Group's treatment plants produced a total of 100,000 tons of fuel from waste in 2018 – an increase compared to the last year. Of this, 20% was Refuse Derived Fuel (RDF) and 80% was Solid Recovered Fuel (SRF).

Alternative fuel produced

	Unit	2018	2017	2016
Refuse-derived fuel	t	21,890	21,266	27,878
Solid recovered fuel	t	83,589	67,565	68,566
Total	t	105,479	88,831	96,444

OUR PRINCIPLES

The Corporate Governance system

The Corporate Governance system adopted by the Cementir Group is in line with the principles and rules of application set out in the corporate governance code of Italian listed companies issued by Borsa Italiana. It is based on the essential role of the Board of Directors (as the highest body responsible for managing the Company in the interest of its shareholders), on transparency in the company's decision-making processes and on an effective network of internal controls. The system was implemented by the Group by preparing and adopting codes, standards, rules and procedures that govern and regulate the conduct of the activities of all organisational and operating units of the Group.

The Shareholders' Meeting is responsible for passing ordinary and extraordinary resolutions on the matters reserved to the Meeting by law or by the Articles of Association.

The Board of Directors is vested with the broadest powers of ordinary and extraordinary administration, with the exception of those exclusively reserved to the Shareholders' Meeting by law and by the Articles of Association. The Board elects a Chairman and the Chief Executive Officer from among its members and it may elect a Deputy Chairman to replace the Chairman in case of absence or unavailability. The Board has established three committees from within its ranks to provide advice and submit proposals: the Committee for Transactions with Related Parties, the Control and Risks Committee, the Nomination and Remuneration Committee.

The Board of Statutory Auditors not only monitors compliance with the law and the Articles of Association as well as with the principles of correct administration in the conduct of Company business, but also the effectiveness of the internal control, internal audit and risk management system as well as the financial reporting and statutory account auditing process and the independence of the external auditor. The annual Corporate Governance Report is also available for consultation on the company website www.cementirholding.it in the Investor Relations section.

The Corporate Governance is based on the essential role of the Board of Directors, on transparency in the company's decision-making processes and on an effective network of internal controls

The gender and age distribution of the members of the Board of Directors and the Committees of the Parent Company is shown below.

Composition of Corporate Bodies

	2018			2017			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Board of Directors									
Under 30	-	-	-	-	-	-	-	-	-
30-50	4	4	8	4	3	7	5	3	8
Over 50	4	1	5	5	1	6	5	-	5
TOTAL	8	5	13	9	4	13	10	3	13
Of which independent	1	4	5	2	3	5	2	2	4
Control and Risks Committee									
Under 30	-	-	-	-	-	-	-	-	-
30-50	-	3	3	-	2	2	-	2	2
Over 50	2	-	2	1	-	1	1	-	1
TOTAL	2	3	5	1	2	3	1	2	3
Of which independent	1	3	4	1	2	3	1	2	3
Appointment and Remuneration Committee									
Under 30	-	-	-	-	-	-	-	-	-
30-50	-	2	2	-	2	2	-	2	2
Over 50	2	-	2	2	-	2	2	-	2
TOTAL	2	2	4	2	2	4	2	2	4
Of which independent	1	2	3	1	2	3	1	2	3
Related-party transactions Committee									
Under 30	-	-	-	-	-	-	-	-	-
30-50	-	3	3	-	-	-	-	-	-
Over 50	1	-	1	-	-	-	-	-	-
TOTAL	1	3	4	-	-	-	-	-	-
Of which independent	1	3	4	-	-	-	-	-	-
Board of Statutory Auditors									
Under 30	-	-	-	-	-	-	-	-	-
30-50	1	2	3	1	2	3	-	2	2
Over 50	2	1	3	2	1	3	4	-	4
TOTAL	3	3	6	3	3	6	4	2	6
Of which independent	3	3	6	3	3	6	4	2	6

At the end of 2017, given the upcoming renewal of the Board of Directors, certain diversity considerations were drawn up. These were not based exclusively on gender, but also on technical and professional skills, which must be taken into account when appointing new members of the Board of Directors and Committees of the Group.

Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001

In 2008 the Cementir Group adopted an Organisation, Management and Control Model in accordance with Italian Legislative Decree 231/2001, drafted both on the basis of the instructions contained in the Confindustria Guidelines, and existing best practice in this field in Italy. The Model was created after analysing the risks associated with the Group's nature as a holding company in the cement and cement derivatives industry, and with its basic organisational structure. Based on an analysis of the risks and the consequent assessment of the existing internal control system, procedures were developed to cover the risks of criminal conduct relating to sensitive, key activities covered in the aforementioned legislative decree. The 231/2001 organisation and management model reflects the company's rigour and sense of responsibility in internal and external relationships and also offers shareholders adequate guarantees of efficient and proper management.

The Code of Ethics

Cementir Holding has adopted a Code of Ethics⁶ endorsing the business principles that all company officers and employees, and anyone working with the company in any capacity, are required to comply with, in pursuing company business. The Code, which has been distributed to all staff and is available for consultation on the website www.cementirholding.it, covers respect for ethical and behavioural principles, and the protection of health, safety and the environment.

The Code of Ethics also provides that the Group's operations must compete on the market in accordance with the law and regulations of relevant countries, in a spirit of integrity, propriety and confidentiality. To achieve this goal, the Cementir Group requires its employees to adhere to the highest standards of conduct in business, as set out in the Code and in the procedures to which it refers. The Group protects employees if they report violations of the Code and applies fair and proportional sanctions equally to all categories of employees, in accordance with laws, contracts and domestic regulations applicable in the various jurisdictions.

Cementir Holding's Supervisory Body is responsible for monitoring compliance with the Code of Ethics through a series of actions. It:

- monitors dissemination of the Code and suggests possible training and informational initiatives;
- reports to the Board of Directors on the status of the process of implementing the Code, describing the programs and initiatives undertaken to achieve the company's goals, any changes required to ensure its effectiveness and about updates to the Code including in response to legal developments;
- provides support with the interpretation of the Code;
- verifies violations;
- follows up on any reports of infringements;
- prepares an annual report for the Board of Directors.

Cementir Holding has adopted a Code of Ethics endorsing the business principles that all company officers and employees are required to comply with

⁶To download the document, use the following http://www.cementirholding.it/fileutente/Cementir-Group_Code-of-Ethics_English-cda-26-07-2013.pdf.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Group's internal control and risk management system consists of a set of rules, procedures and organisational structures established to ensure, through appropriate identification, measurement and management of main risks, the sound, correct management of the Company in a manner consistent with its objectives. The Board of Directors, with the support of the Control and Risks Committee, has adopted and periodically updates the Guidelines for the Internal Control and Risk Management System and the Risk Management Policy.

The Risk Management Policy covers the identification, assessment and management of the main business risks for all group companies. As such, it has established a consistent method for managing risk across the Group by ensuring that:

- significant risks are identified, understood and visible to management throughout the Group, as well as to the Board of Directors;
- these risks are assessed by identifying their impact and their probability according to standard and uniform criteria;
- reasonable measures are taken – including in terms of the cost/benefit ratio – for the economic control of risks that could threaten the organisation's assets, ability to generate income or the achievement of operational objectives.

Risk management roles and responsibilities have been defined, starting from the company's Board of Directors which defines the strategy, policy and risk appetite, supported by the Control and Risks Committee, and involving the management of the Group companies, responsible for risk management within their areas of responsibility.

Following reorganisation of the Legal and Internal Audit functions, Internal Audit was made responsible for developing and maintaining the risk management system, for coordinating risk management activities at Group level and for reporting to management and the Board of Directors of Group companies.

Methods were recently reviewed to align them with international best practices for risk management activities (Enterprise Risk Management – Integrated framework), guaranteeing greater detail in company and Group risks and integration with the results of Audit activities. That method is expressed through an iterative process with the following stages:

- Risk identification: risk identification is based on a dual approach; "top down" (risks identified based on best practices and on evidence emerging during Internal Audit activities) and "bottom up" (the head of each area notifies specific risks that could be an obstacle to achieving targets set for his/her activities);
- Risk assessment: for each risk identified, management expresses an assessment of inherent risk levels (with no controls/mitigation actions), in terms of likelihood and impact on the business, using a five-level scoring system; As regards the impact, three parameters are considered: economic (quantitative), operational (qualitative) and reputational (qualitative);
- Identification and assessment of existing control adequacy: for each risk detected, identifying, with management, all controls/actions currently in force to mitigate the risk;
- Residual risk assessment: considering single controls implemented for each risk and relative adequacy, the residual risk is calculated by applying a uniform calculation method to all Group companies;
- Identification of additional actions: if the residual risk is higher than the risk appetite level defined by management, further actions are agreed with management to mitigate the risk and contain it within acceptable levels. Actions are taken promptly and within budget levels set, in order to effectively contribute to mitigating the risk;
- Reporting: reporting at company and Group level, highlighting the main risks and actions taken by management to reduce risks to acceptable levels;

- Monitoring: the following are reviewed periodically: assessment of existing risks, assessment parameters and new risks can be identified, if needed.

All Group companies have implemented the aforementioned risk-management methodology by identifying, evaluating and managing the main risks. Management periodically updates and monitors risk, including associated with basic assumptions and new emerging risks, in order to promptly identify exposures.

The non-financial risks identified by the Group are described in the single chapters of this document, including management methods and policies practiced for each action area. They are recalled in the "Table relating to Legislative Decree 254/2016 – material topics – GRI Standard" present at the end of the document⁷.

INTEGRITY AND COMPETITION

The Cementir Group sees integrity and competition as fundamental principles, especially in view of the specific risks that characterise the cement and ready-mixed concrete production sector. The Group's Code of Ethics is the reference document that sets out the rules of conduct that everyone at the Group and who works with it must follow.

Alongside the Code of Ethics, within the individual Regions specific programmes and procedures have been adopted to ensure that these risks are mitigated and that companies operate correctly. Training programmes are conducted periodically, organised by the Group to maintain a constantly high level of focus on this matter.

Cementir Holding antitrust programme

The Antitrust Code of Conduct – to which Company management attaches great importance – is part of a wider antitrust compliance programme and reflects the corporate culture and principles that have always characterised the activities of the Company and the Cementir Group. The Company firmly believes that a competitive market is important for businesses and consumers, and has always been committed to operating independently from its competitors, relying on its skills and expertise – and on the high quality of its products. By adopting the antitrust compliance programme, the Company aims to inform all employees and executives about its values and respect for competition law and all regulations applicable to its activities, and also commits to organising specific training events on the subject.

The antitrust compliance programme – and in particular the "Antitrust Code of Conduct" – focuses on monitoring and periodic audit procedures to ensure constant oversight of adequacy and correct implementation, as well as updating of the programme, in order to take into account regulatory and/or legal developments.

During 2018, the situation involving Cementir Italia SpA, now Cemitaly SpA continued. On 7 August 2017, upon completion of an investigation, the Italian Antitrust Authority ("Authority") served the (then) subsidiary Cementir Italia SpA its final decision, imposing an administrative fine of EUR 5,090,000. The Authority found that the parties involved in the proceedings had a single, complex and ongoing arrangement to coordinate cement sales prices across Italy, also supported by a survey of the trend in their respective market shares that was carried out through an exchange of sensitive information facilitated by the industry association AITEC.

In September 2017, 100% of the activities of Cementir Italia SpA, now Cemitaly SpA, were sold to Italcementi. However, the above situation, prior to that sale, remains the liability of the Cementir Group.

⁷The Group's main strategic and operational risks are described in the Directors' Report to the Financial Statement of the Group and the Companies.

Cemitaly SpA submitted an appeal on 6 October 2017 to the Regional Administrative Court (TAR) of Lazio for the suspension and subsequent cancellation of the final decision of the Authority, claiming it to be without foundation and illogical, in particular because it attributes a series of alleged unlawful actions to that company, without adequate supporting evidence or in some cases total absence of evidence, and because the Authority has not justified its rejection of the detailed explanations given by the company. On 11 November 2017, the Regional Administrative Court of Lazio did not grant suspension of the decision and set the appeal hearing for June 2018. With a ruling published on 30 July 2018, the Lazio TAR fully rejected the appeal, confirming the validity of the sanction.

With a further appeal notified on 5 October 2018, Cemitaly requested that the Council of State cancel the sentence in full and the sanction imposed or, alternatively, refer a prejudicial question to the Court, that is partial cancellation of the sentence and the provision to the extent that they acknowledge Cemitaly having taken part in the agreement disputed and – because of that – apply the sanction imposed or, as a further alternative, partial cancellation of the sentence and the provision referred to an erroneous quantification of the sanction. In acceptance of a motion presented by the Attorney General, at the public hearing of 15 November 2018, the case was postponed to be heard on 7 February 2019 hence was taken under advisement. With reference to a dispute between the Turkish stock exchange's regulatory and supervisory body (Capital Market Board – CMB) and the Turkish company Cimentas AS, indirect subsidiary of Cementir Holding SpA, over the intragroup sale price of an equity investment in 2009, in which the CMB called on Cimentas AS to demand Cementir Holding SpA and any other companies involved in the Cementir group to pay back around EUR 100 million Turkish Lira (now equal to around EUR 27 million), we note that the request for a suspension of the decision challenged by Cimentas, which was accepted by Ankara Administrative Court on 26 May 2015, was subsequently rejected by Ankara Regional Administrative Court on 6 August 2015 for entirely procedural reasons. A decision on the action for dismissal brought by Cimentas AS is still pending on the merits. On 29 January 2017, CMB served a summons to Cementir Holding to appear before the Court of Izmir, requesting that the company be ordered to pay to Cimentas AS an amount provisionally set at approximately 1 million Turkish Lira. Cementir Holding SpA duly appeared in court, arguing the total lack of foundation of the plaintiff's argument, both procedurally and on merit, and in any case has requested that the civil proceedings be suspended until the administrative proceedings are settled. In the unlikely event that this administrative action is rejected, the issue would in any case solely be relevant between companies of the Cementir group. Please also note that the main reason presented by Cimentas AS for disputing the request made by CMB is related to the fiscal dispute entered into for the same transaction. Cimentas AS had won in first degree and, on appeal, the tax authority, on 15 November 2018, confirmed the decision of the first instance body, with presumable positive effects on the civil dispute with CMB.

COMMITMENT TO COMBATING CORRUPTION

The Cementir Group is active in the fight against corruption. In its Code of Ethics it expressly prohibits “Bribes, illegitimate favours, collusion, requests, directly and/or through third parties, for personal or career benefits for oneself or for others”.

Since 2015 the company has stepped up its efforts to combat corruption through a written policy that defines roles, responsibilities, operating methods and behavioural rules. All Group companies, employees and everyone acting in the name and on behalf of subsidiaries must comply with this collection of behavioural rules in the performance of their responsibilities. Disciplinary measures, sanctions and other consequences also apply in the case of non-compliance with the policy.

The main objective of the policy is to provide a consistent approach to the fight against corruption throughout the Group, in order to ensure that companies operate according to Group values, so as to preserve the reputation of individual companies and ensure compliance with applicable laws.

A compliance programme on corruption laws and in particular the UK Bribery Act was established during 2016. As well as covering the anti-corruption policy, the programme also sets out a procedure regulating gifts and hospitality, an assessment of corruption risk, due diligence on third parties and on a training and education plan. The programme was rolled out beginning with the subsidiaries in Turkey in 2016 and extended during 2017 to various group companies, including Aalborg Portland Anqing, Aalborg Portland Malaysia, Sinai White Cement and CCB. In 2018 the project has been implemented in the Nordic and Baltic region.

Anti-corruption training courses involve specially designed classroom-based workshops for professionals who are particularly exposed to the risk of corruption in the performance of their work. These include executives and managers involved in the purchasing functions and the legal (contracts) office, as well as other functions, for example Finance. All employees will also have the possibility to attend specific online training on corruption, available in English and in the most spoken languages of the Group.

The training initiative, to be extended to employees working in joint ventures or “mixed” companies, will also cover subjects such as national and international laws, directives, relevant regulations and associated standards. The aim is to enable participants to identify and manage the operational risk that corruption poses to the Group. The courses also involve in-depth examination of the key aspects of the Code of Ethics, anti-corruption laws and regulations and third-party due diligence. The classroom-based courses are supplemented by ad hoc internal communications including distribution to all staff of informational material, the use of company intranet, and e-learning activities.

A Whistleblowing system has been in place since 2013, which can be used to report breaches of the principles and rules set out in the Code of Ethics, Model 231, and the policies adopted by the Group, or simply to report non-compliance with laws and regulations. Cementir Holding’s Head of Internal Audit receives the reports, analyses them and initiates audits. Complaints must be properly detailed so as to identify the persons involved and what they have done. They can be submitted by post, email or by calling the dedicated hotline (operated by an independent third-party operator).

During 2018 online training courses were co-designed with an external supplier and provided to all Corporate staff and Group managers concerning, among other things, the Code of Ethics, the fraud management system and whistleblowing. After the completion of the courses participants received a certificate and a successful training declaration also available on the online platform. This allows to keep track of the people trained over time and to promptly intervene in case of new hires.

During 2018, there were no incidents of corruption involving the Cementir Group.



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The 4 Pillars that guide our actions

In waste, we see resources: we promote a circular economy

We ensure that waste and secondary products are turned into resources, adopting an increasingly integrated approach to cement production and establishing partnerships with other industry players and public authorities.



RISK ANALYSIS AND POLICIES ADOPTED

Price volatility in traditional fuel markets – combined with the theoretical risk of unavailability of these fuels and the need to reach increasingly stringent emission targets – are the main risks that the Group sees with regard to energy supply. In view of these risks, companies with high energy needs such as those operating in the cement production sector, are driven to adapt their production cycle to more sustainable business models. The depletion of resources is not just a risk for the supply of fuels for the production process, but also with respect to the use of non-renewable raw materials such as limestone, clay and aggregates used as input materials in cement production.

The Cementir Group is a pioneer in the use of raw materials and alternative fuels originating from urban and industrial waste and by-products, within the limits set by laws and technical regulations on the production of cement and ready-mixed concrete.

This circular economy approach allows resources to remain in use for longer periods, extracting maximum value from them. In addition, reuse and recycling contribute to environmental footprint reduction by helping to improve sustainability within the cement value chain.

USE OF ALTERNATIVE FUELS

The thermal energy produced at Cementir Group plants is generated by the combustion of fossil fuels (fuel oil, petroleum coke, coal, natural gas) and, in part, by alternative fuels.

The reduced consumption of non-renewable fossil fuels and the resulting increased use of alternative fuels is a primary aim for reducing environmental impact, particularly associated with emissions. Cementir supports such use in line with local authority permits and the applicable legislation in the various countries where the Group operates.



In the last year, the replacement rate of fossil fuels has grown in line with the last three years; alternative fuels have now covered almost 20% of the thermal energy **needed in the cement production process is generated from alternative fuel** in 2017 that value was 16.8%). More than 70% of the alternative fuels used by the Cementir Group are RDF and SRF. Consumption of fossil fuel is mainly linked to prices in accordance with market conditions. The significant increase in the use of alternative fuel confirms Group commitment to the use of those resources compared to traditional energy production sources.

Fossil fuel consumption for cement production⁸

Type	Unit	2018	2017	2016
Coal	GJ	6,879,121	5,949,966	2,850,913
Petroleum coke	GJ	19,192,152	22,175,005	20,787,274
Fuel oil	GJ	372,176	575,372	1,473,827
Lignite	GJ	441,457	815,670	428,666
Gas oil	GJ	84,297	83,718	64,449
LPG	GJ	17,341	-	-
Natural gas	GJ	1,626,930	-	-
District heating	GJ	15,408	-	-
Total consumption	GJ	28,628,882	29,599,731	25,605,129

Alternative fuel consumption for cement production⁹

Type	Unit	2018	2017	2016
Used oil	GJ	200,492	235,233	145,959
Rubbers and plastics	GJ	40,031	28,436	-
Tyres	GJ	223,916	8,848	-
Paper/cardboard/wood	GJ	181,574	289,946	-
Meat and bone meal	GJ	998,137	802,175	245,854
Dry sewage sludge	GJ	123,057	262,277	251,388
RDF and SRF	GJ	5,132,148	4,284,410	3,244,605
Sunflower oil	GJ	76,977	86,209	-
Other alternative fuels	GJ	162,360	-	-
Total consumption	GJ	7,138,692	5,997,534	3,887,806

⁸For LWCC, figures are only available for 2018, year in which it joined the scope of reporting. For the companies operating in Belgium, figures are available as of 2017 – first year of consolidation scope after acquisition.

⁹For LWCC, figures are only available for 2018, year in which it joined the scope of reporting. For the companies operating in Belgium, figures are available as of 2017 – first year of consolidation scope after acquisition.

In the last year, the replacement rate of fossil fuels has benefited from the increase in alternative fuels used to produce cement accompanied by a drop in traditional energy sources.

Fossil fuel replacement index

	Unit	2018	2017	2016
% of fossil fuel replacement	%	20.0	16.8	13.2

Group synergies

The majority of Cementir Holding's use of alternative fuels takes place at the plants in Aalborg in Denmark and Trakya and Izmir in Turkey, which alone use 73% of the total alternative fuel used by the Group. This is because, in some countries (Turkey and United Kingdom), the **Group integrates the operations of its cement business with those of the management and recycling of waste**. The two plants have cutting-edge technologies for harnessing alternative fuels, and make use of a part of the waste recovered at the Neales Waste and Hereko company plants. In Kömürçüoda, Istanbul, the Cementir Group made a major investment to provide Hereko with equipment to generate fuel from municipal solid waste for use at its cement plant in Trakya and other local cement plants, as well as providing a sustainable solution to the problem of municipal solid waste in a big city like Istanbul. Bio-mechanical processes and drying generate Refuse-Derived Fuel (RDF) and Solid Recovered Fuel (SRF). This investment has enabled a constant increase in the use of alternative fuel in the production of thermal energy in the plants in Turkey, while at the same time reducing the use of traditional fuels.

In some countries the Group integrates cement business operations with those of waste management and recycling



ALTERNATIVE RAW MATERIALS

Cement production requires large quantities of natural raw materials, such as limestone, clay and gypsum, extracted from natural quarries using various methods. These are initially mixed to produce the meal from which the clinker is made, and subsequently added to the clinker and milled to obtain different types of cement. **The Cementir Group is particularly focused on the environmental aspects associated with its operations with the aim of limiting their impact on ecosystems and on the areas concerned.** In this sense, it continues its commitment to reduce the use of non-renewable raw materials, promoting the use of alternative raw materials, so defined because they do not originate from quarries but from other production processes. **In 2018 the cement production plants of the Cementir Group used a total of more than 15million tons of materials to produce cement, a figure down slightly on the previous year.** That decrease is partly linked to the drop in the total production of cement recorded in 2018. **Including plants in USA, acquired in the year, out of all raw materials used, 11.8% was recycled.** The main types of alternative materials used in the mix for cement production are fly ash, blast-furnace slag and other sub-products deriving from the quarrying activities at the CCB plant in Belgium.

Including plants in USA, acquired in the year, out of all raw materials used, 11.8% was recycled

Raw materials used in cement production¹⁰

	Unit	2018	2017	2016
Non-renewable raw materials	t	13,979,467	14,495,157	11,935,165
Renewable raw materials	t	1,654,361	1,535,046	815,447
Total	t	15,633,828	16,030,203	12,750,612
Renewable raw materials as a percentage of total raw materials used	%	11.8	10.6	6.8



¹⁰ For LWCC, figures are only available for 2018, year in which it joined the scope of reporting. For the companies operating in Belgium, figures are available as of 2017 – first year of consolidation scope after acquisition.

Non-renewable raw materials Cement production¹¹

	Unit	2018	2017	2016
Limestone	t	11,525,227	11,985,887	9,495,304
Clay	t	1,033,118	1,073,574	1,027,463
Gypsum	t	345,840	346,553	296,090
Marl	t	531,685	558,755	514,298
Sand	t	263,986	294,247	270,082
Pozzolana	t	153,774	158,954	193,521
Admixtures	t	15,900	16,853	15,103
Auxiliaries	t	847	782	85
Calcium fluoride	t	19,735	3,834	3,761
Bauxite	t	18,774	7,229	14,889
Iron ore	t	40,072	48,490	104,570
Other residual materials	t	30,509	-	-
Total	t	13,979,467	14,495,157	11,935,165

Renewable materials Cement production¹¹

	Unit	2018	2017	2016
Fly ash	t	507,406	596,325	488,608
FGD gypsum	t	86,967	90,672	73,683
Iron oxide	t	120,847	123,958	70,114
Blast-furnace slag	t	267,360	290,908	4,976
Recovered limestone	t	187,289	225,397	52,899
Excavated stone (clay replacement)	t	195,186	121,555	26,187
Other materials	t	289,307	86,231	98,980
Total	t	1,654,362	1,535,046	815,447

In 2018, Cementir Group plants producing ready-mixed concrete used a total of 10 million tons of raw materials. Some recycled materials were also used to produce ready-mixed concrete, but to a residual extent; those materials are mainly fly ash and microsilica.

Raw materials used in the production of ready-mixed concrete¹²

	Unit	2018	2017	2016
Non-renewable raw materials	t	10,095,137	9,884,071	8,429,100
Renewable raw materials	t	152,347	172,944	219,154
Total	t	10,247,484	10,057,015	8,648,254
Renewable raw materials as a percentage of total raw materials used	%	2%	2%	3%

¹¹ For LWCC, figures are only available for 2018, year in which it joined the scope of reporting. For the companies operating in Belgium, figures are available as of 2017 – first year of consolidation scope after acquisition.

¹² For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

**Non-renewable raw materials
Ready-mixed concrete production¹³**

	Unit	2018	2017	2016
Limestone	t	-	2,054	1,222
Sand	t	3,177,730	3,177,284	2,254,385
Admixtures	t	18,330	20,430	21,494
Auxiliaries	t	1,625	1,852	-
Cement	t	1,440,518	1,424,517	1,232,698
Stones	t	5,456,935	5,257,934	4,919,301
Clay	t	-	-	-
Aggregates	t	-	-	-
Total	t	10,095,138	9,884,071	8,429,100

**Renewable materials
Ready-mixed concrete production¹³**

	Unit	2018	2017	2016
Fly ash	t	140,970	159,000	205,921
Microsilica	t	11,377	13,944	13,233
Other materials	t	-	-	-
Total	t	152,347	172,944	219,154

Finally, there are the raw materials used for the Group's other production activities (mainly manufacture of aggregates and prefabricated products). Consumption of raw materials and materials is far lower than in the rest of the business (about 5 million tons) and there are no activities involving the use of recycled materials, except for the production of aggregates by CCB, which use a certain amount (10,539 tons) of fly ash.

**Non-renewable raw materials
Other production operations¹³**

	Unit	2018	2017	2016
Limestone	t	4,995,404	5,025,899	-
Sand	t	83,973	47,225	21,858
Auxiliaries	t	56	11	-
Cement	t	12,317	12,376	7,354
Stones	t	23,778	23,044	16,772
Steel	t	1,708	1,877	1,510
Total	t	5,117,236	5,110,432	47,494

¹³For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

MANAGING QUARRYING ACTIVITIES

The important aspects in the management of quarrying are its impact on the ecosystem, the efficient use of resources and soil, noise control, the control of dust and the consumption of water resources used for washing materials. Group policy is to minimize the impact of these aspects through sophisticated engineering techniques and the ongoing involvement of the authorities and stakeholders of local communities. Activities are organised according to the various countries' regional characteristics. **Biodiversity rehabilitation and recovery programmes are planned for all sites due for closure;** for quarry sites located in the areas of greatest importance for wildlife, these are approved and undersigned by the competent authorities before activities start.



Life in Quarries Project¹⁴

Exploiting a quarry leads to the creation of temporary or permanent environments which have become rare in Belgium, such as cliffs, rocky or sandy surfaces, rock slides, temporary stretches of water, chalk grasslands or sparse meadows. These habitats, generated by mining activity, can be of considerable interest from an eco-system point of view as they enable the appearance and development of populations of pioneer species with a high biological value. Quarries can play a fundamental role in regulating green infrastructure in landscapes. In particular, when they are located in areas near urban centres, they can constitute important green corridors that animal species can use as transition zones (especially in the case of migratory species).

The objective of the Life in Quarries project is to develop a methodology that makes it possible to optimise the biodiversity hosting capacity of quarries in Belgium. The project aims to implement biodiversity management measures during quarrying through dynamic management, and to rehabilitate the quarry at the end of extraction in order to stabilise the habitat.

The Life in Quarries project is led by FEDIEX, the Belgian Mining Industry Federation, in collaboration with the Department of Nature and Forests of the Walloon Region, the University of Liège - Gembloux Agro-Bio Tech, the Natagora Association and the Pianure de l'Escaut Natural Park.

It is funded by the European Commission (56%) through the Life programme, the Walloon Region (20%), the quarry sector (21%) and partners (3%), with a total budget of EUR 5 million. The co-financing is essential for the implementation of the various actions spread over 4 years and several quarry sites in the project, including the CCB sites in Guarain (cement production plant and quarry) and Clypot (quarry).

¹⁴ <http://www.lifeinquarries.eu/en/project>

WASTE PRODUCED

The cement production process does not in itself generate waste; the quantities of waste produced in the plants can be attributed to secondary activities, such as maintenance, warehouse and office activities, which generate waste in the same way as any production plant. Management of waste produced in Cementir Group plants is governed by the regulations in force in the countries where the Group operates, favouring the reuse and recovery of materials.

Waste generated by destination Cement production¹⁵

	Unit	2018	2017	2016
Non-hazardous waste				
Recycling	t	128,311.6	120,152.9	136,221.4
Incineration	t	703.2	1,021.1	471.3
Landfill	t	73,894.7	94,659.2	8,168.2
Total non-hazardous waste	t	202,909.5	215,833.2	144,860.9
Hazardous waste				
Recycling	t	276.9	641.9	254.3
Incineration	t	59.3	61.6	-
Landfill	t	57.0	123.0	91.0
Oils and chemical waste	t	85.6	-	-
Total hazardous waste	t	478.8	826.5	345.3
Total waste	t	203,388.3	216,659.7	145,206.2

Waste generated by destination Ready-mixed concrete production

	Unit	2018	2017	2016
Non-hazardous				
Recycling	t	199,470.7	199,826.5	136,172.9
Incineration	t	296.5	244.9	400.0
Landfill	t	67,680.5	40,406.9	35,166.9
Total non-hazardous waste	t	267,447.7	240,478.3	171,739.8
Hazardous				
Recycling	t	15	23.5	8.3
Incineration	t	2	1.3	2.6
Landfill	t	1	128.4	145.7
Oils and chemical waste	t	100	-	-
Total hazardous waste	t	118	153.1	156.6
Total waste	t	267,565.7	240,631.4	171,896.4

¹⁵ LWCC is excluded from the reporting scope as those figures were not available in this first year of its presence in the reporting scope.

Waste generated by destination
Other

	Unit	2018	2017	2016
Non-hazardous				
Recycling	t	6.6	44.0	-
Incineration	t	21.2	34.2	-
Landfill	t	-	60.0	60.0
Total non-hazardous waste	t	27.8	138.2	60.0
Hazardous				
Recycling	t	4.1	123.2	-
Incineration	t	4.7	6.3	-
Landfill	t	-	6.8	-
Oils and chemical waste	t	159	-	-
Total hazardous waste	t	167.8	136.3	-
Total waste	t	195.6	274.5	60.0

**We respect the environment
in all our operations**

**We adopt all necessary measures and the most innovative technological solutions
to minimise the impact of our business on the environment.**

RISK ANALYSIS AND POLICIES ADOPTED

In addition to the risks described in the previous chapter, the cement production process is associated with environmental impacts in terms of atmospheric emissions, mainly carbon dioxide, dust and nitrogen and sulphur oxides. In European countries where the Group operates, there is a risk posed by governmental decisions on emissions and fluctuations in the price of CO₂ emission quotas (set by the European Union's Emission Trading Scheme – EU ETS), especially in the medium to long term. These annually permitted emission quotas are also being discussed in other countries where the Group operates, in particular China, where the introduction of a system comparable to the European one should have started in 2017 but has been postponed. The Chinese carbon emissions trading in thermal power sector may be implemented by the end of 2020. As for cement industry, carbon emission trading will be carried out later because of characteristics of cement production. The authorities are, however, collecting and verifying emission data.

To mitigate these risks, the Group constantly monitors its emissions and compliance with regulations, planning the availability of CO₂ emission quotas.

In addition, 12 of the Group's cement production sites have adopted a UNI EN ISO 14001 certified management system, so Senior Management sets objectives and commitments for the continuous improvement of performance in the various Environmental Policies adopted, based on the main environmental impacts

identified. As well as aiding in constant performance monitoring, the systems establish management procedures and operating instructions to guide plant operations.

Given the characteristics of the production process, the products processed and the regulatory framework, the Group's plants' number-one priority in their environmental policies is to gradually but continuously replace traditional fuels to reduce emissions generated by the production process.

The Group provides staff training and analyses the environmental risks of its operations, involving management to ensure compliance with current regulations, best environmental standards and Best Available Techniques (BAT).

Plants with certified Environmental Management System ISO 14001

Cement		Ready-mixed concrete and other activities		Waste management and processing	
Aalborg	X	Çimbeton		Süreko	X
Al Arish		Ilion		Recydia	X
Anqing		Unicon DK		Neales	X
Edirne	X	Unicon NO	X		
Elazığ	X	AbSydsten			
Gaurain	X	CCB Brussels	X		
Ipoh	X				
Izmir	X				
Kars	X				
Waco					
York					

COMMITMENT ON CLIMATE CHANGE AND ENERGY CONSUMPTION

Cement production has one of the highest levels of energy consumption and GHG (Greenhouse Gas) emissions of all industrial processes, and is responsible for 5% of global GHG emissions.

The Cementir Group is striving to find economically sustainable solutions to limit GHG emissions from the combustion of raw materials (responsible for approximately 40% of CO₂ emissions). This mainly involves the use of alternative fuels with a high calorific value to replace fossil fuels. Early-stage experimental projects are also ongoing to reduce CO₂ emissions that are defined as process emissions because they are associated with limestone decarbonation; this chemical reaction is responsible for about 60% of cement production emissions, which are difficult to curtail with current technology.

To curb this latter aspect, cement mixes are being studied to partly replace the clinker, the fundamental component of cement production, with innovative materials with a lower environmental impact, without altering product quality.

Opportunities for the Group in this area are affected by possible changes to the regulatory framework in Turkey regarding waste management, which would present a chance to increase the volumes of managed waste to be sent for treatment and an increased production of Refuse-Derived Fuel (RDF) by companies operating in the recycling management sector.

ENERGY CONSUMPTION

Cement production requires considerable levels of energy consumption in its various processes because of the high temperatures that must be reached in the kiln (1500°C), the electricity required to grind the product and the quantity of material used.

Thermal energy is used in the start-up and operation of the kilns and the operation of the burners or boilers required to increase production efficiency and optimise the production process (for example, to dry raw materials and fuels). Electricity, on the other hand, is mainly used to operate the mills that grind the raw materials, clinker and fuels.

The intensity coefficients for the environmental performance indicators are calculated using Total Cement Equivalent (TCE), an indicator linked to the plant's production of clinker, based on the production of clinker and on the plant's average clinker/cement ratio. This choice was made because **the production of clinker, the main constituent of cements, is the phase of production where the environmental impacts are greatest.**

In 2018, the cement production plants used 35,767,574 GJ of thermal energy and 4,323,044 GJ of electricity. Compared to 2017, energy consumption dropped slightly whereas that of thermal energy is just about the same. 2018 figures consider the new plants that joined the Lehigh White Cement reporting scope. In general, total energy consumption in the Group has remained consistent with 2017. The energy intensity indexes have suffered small changes compared to the previous reporting year, with a total energy consumption coefficient on equivalent ton of cement produced at 3.96 (GJ/tTCE).

Cement production requires considerable levels of energy consumption in its various processes because of the high temperatures that must be reached in the kiln

Energy consumed to produce cement

Type ¹⁶	Unit	2018	2017	2016
Thermal energy	GJ	35,767,573.77	35,597,264.92	29,492,934.14
of which: from alternative fuel	GJ	7,138,691.09	5,997,533.44	3,887,806.17
Thermal energy sold	GJ	1,185,306.00	1,449,809.00	1,199,988.00
Electricity	GJ	4,323,044.42	4,527,158.42	3,437,152.21
Total energy	GJ	38,905,312.19	38,674,614.34	31,730,098.34
Thermal energy per t of Total Cement Equivalent	GJ/tTCE	3.52	3.38	3.58
Thermal energy produced by alternative sources per t of Total Cement Equivalent	GJ/tTCE	0.73	0.59	0.49
Electricity per t of Total Cement Equivalent	GJ/tTCE	0.44	0.45	0.43
Total energy per t of Total Cement Equivalent	GJ/tTCE	3.96	3.83	4.02

¹⁶ For LWCC figures are only available for 2018, year in which it joined the reporting scope. For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

The Aalborg production plant has a system for recovering heat from combustion gases used. The thermal energy recovered from the system is used to supply the district heating network of the city of Aalborg, meeting the annual heat requirements of about 36,000 households.

The Aalborg plant also has a UNI EN ISO 50001 certified energy management system, which entails a specific energy policy and annual efficiency targets.

Most of the electricity is consumed in the grinding of raw materials and cement at the plant's mills; this makes their optimisation a priority, in order to improve the plant's performances.

The ready-mixed concrete production plants, which have an energy requirement that is far lower than cement plants, used about 77,000 GJ of electricity and 292,000 GJ of thermal energy. The energy intensity index for these plants was calculated using tons of concrete and aggregates produced during the year as the denominator.

Energy consumed to produce ready-mixed concrete¹⁷

Type	Unit	2018	2017	2016
Thermal energy	GJ	292,341.22	312,127.04	211,577.85
Electricity	GJ	77,729.71	72,651.62	67,786.37
Total energy	GJ	370,070.93	384,778.66	279,364.22
Thermal energy per t of ready-mixed concrete and aggregates	GJ/t	0.03	0.02	0.01
Electricity per t of ready-mixed concrete and aggregates	GJ/t	0.009	0.006	0.004
Total energy per t of ready-mixed concrete and aggregates	GJ/t	0.04	0.03	0.02

Energy usage of other activities¹⁸

Type	Unit	2018	2017	2016
Thermal energy	GJ	205,619.67	237,056.97	56,099.63
Electricity	GJ	65,538.27	96,625.43	43,217.22
Total energy	GJ	271,157.94	333,682.40	99,316.85
Thermal energy per t of product made	GJ/t	0.02	0.02	0.16
Electricity per t of product made	GJ/t	0.01	0.01	0.12
Total energy per t of waste collected	GJ/t	0.03	0.02	0.28

¹⁷ For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

¹⁸ For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

Energy consumption in the waste management sector has decreased over the three years, while the energy intensity index (calculated using tons of waste collected as the denominator) has remained almost flat.

Energy used in the waste management sector

Type	Unit	2018	2017	2016
Thermal energy ¹⁹	GJ	19,532.92	38,649.8	47,330.55
Electricity	GJ	30,492.00	29,641.18	51,947.91
Total energy	GJ	50,024.92	68,290.98	99,278.47
Thermal energy per t of waste collected	GJ/t	0.05	0.10	0.08
Electricity per t of waste collected	GJ/t	0.08	0.08	0.09
Total energy per t of waste collected	GJ/t	0.13	0.18	0.17

CO₂ EMISSIONS

The data on CO₂ emissions from energy consumption comprises direct emissions (Scope 1) and indirect emissions (Scope 2). The former covers emissions from sources controlled directly by the company, i.e. fuels. The latter covers emissions mainly associated with the purchase of electricity used in production.

In 2018, total CO₂ equivalent emissions (direct and indirect) from the production of cement amounted to about 8 million tons (a slightly lower value than 2017) and about 92% of these are direct emissions (scope 1).

The emission coefficient per ton of equivalent cement produced in 2018 was 819 (kg/TCE).

The table below shows detailed information broken down by direct and indirect emissions, also indicating biogenic emissions, i.e. CO₂ equivalent emissions deriving from biomass combustion. 2018 figures represent the new Group scope, including the performance of the two LWCC production plants.

In 2018, total CO₂ equivalent emissions (direct and indirect) from the production of cement amounted to about 8 million tons and about 92% of these are direct emissions (Scope 1)



¹⁹ dati relativi al 2017 e al 2016 sono stati oggetto di restatement per un'erronea imputazione delle consumo di gasolio (l'energia termica rendicontata nel precedente esercizio è la seguente: nel 2017 35.140,08 GJ; nel 2016 35.630,77 GJ).

CO₂ emissions for cement production²⁰

	Unit	2018	2017 ²¹	2016
CO ₂ eq emissions [Scope 1]	t	7,435,268	7,655,167	6,247,872
Biogenic CO ₂ eq emissions [Scope 1]	t	293,516	285,441	121,364
Coefficient of CO ₂ eq emissions [Scope 1]	kg/tTCE	754	757	791
CO ₂ eq emissions [Scope 2]	t	644,250	669,868	578,026
Biogenic CO ₂ eq emissions [Scope 2]	t	64,865	63,012	44,283
Coefficient of CO ₂ eq emissions [Scope 2]	Kg/tTCE	65	66	73
Total CO₂ eq emissions	t	8,079,518	8,325,035	6,825,897
Coefficient of total CO₂ eq emissions	Kg/tTCE	819	824	864

In the production of ready-mixed concrete, CO₂ equivalent emissions are significantly lower. Emission generated by the production of ready-mixed concrete increased during the last year but not significantly (the emission coefficient went from 8.7 last year to 10.2 in 2018).

CO₂ emissions for the production of concrete²²

	Unit	2018	2017 ²³	2016
CO ₂ eq emissions [Scope 1]	t	42,931	37,603	35,294
Coefficient of CO ₂ eq emissions [Scope 1]	kg/m ³	8.8	7.5	8.4
CO ₂ eq emissions [Scope 2]	t	6,688	5,898	5,088
Biogenic CO ₂ eq emissions [Scope 2]	t	1,211	1,168	1,107
Coefficient of CO ₂ eq emissions [Scope 2]	kg/m ³	1.4	1.2	1.2
Total CO₂ eq emissions	Kg	49,619	43,502	40,383
Coefficient of total CO₂ eq emissions	kg/m³	10.2	8.7	9.7

²⁰ For LWCC figures are only available for 2018, year in which it joined the reporting scope. For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

²¹ 2017 emissions have been restated, linked to a revaluation of the composition of some meal used in the plants and a mistaken calculation of the energy consumption for a plant. Here below are the values reported in the previous document (t of CO₂ eq): Scope I 7,652,228; Biogenic scope 236,350; emission coefficient for scope I 757; Scope II 693,356; Biogenic scope II 63,012; emission coefficient for Scope II 69; total emissions 8,345,644; total emissions coefficient 826.

²² For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

²³ 2017 have been restated, linked to a revaluation of the energy mix used to operate a plant in Sweden and the electricity consumed by a plant in Belgium. Here below are the values reported in the previous document (t of CO₂ eq): Scope I 37,580; emission coefficient for scope I 7.5; Scope II 5,391; Biogenic scope II 1,721; emission coefficient for Scope II 1.9; total emissions 45,971; total emissions coefficient 9.2.

The following are the data relating to CO₂ equivalent emissions of the other productive sectors (manufacture of aggregates, concrete prefabricated products and distribution). The emissions from these activities are residual compared to the other Group activities and have remained consistent with the previous year.

CO₂ emissions for the production of aggregates

	Unit	2018	2017
CO ₂ eq emissions (Scope 1)	t	18,101	17,854
Coefficient of CO ₂ eq emissions (Scope 1)	kg/t	0.9	1.0
CO ₂ eq emissions (Scope 2)	t	10,281	9,750
Biogenic CO ₂ eq emissions (Scope 2)	kg/t	3,298	3,241
Coefficient of CO ₂ eq emissions (Scope 2)	kg/t	0.5	0.5
Total CO₂ eq emissions	t	28,382	27,604
Coefficient of total CO₂ eq emissions	kg/t	1.4	1.5

CO₂ emissions for other activities

	Unit	Production of cement products 2018	Production of cement products 2017	Distribution of cement products 2018	Distribution of cement products 2017
CO ₂ eq emissions (Scope 1)	t	981	1,033	-	-
CO ₂ eq emissions (Scope 2)	t	737	732	1,020	946
Total CO₂ eq emissions	t	1,718	1,765	1,020	946
Coefficient of total CO₂ eq emissions	kg/t	18	22	6	5

Finally, the 2018 CO₂ equivalent emissions generated by the waste collection and treatment sector decreased; a trend reflecting the drop in activities recorded in the year.

CO₂ emissions for waste management

	Unit	2018	2017 ²⁴	2016
CO ₂ eq emissions (Scope 1)	t	1,481	2,865	3,509
CO ₂ eq emissions (Scope 2)	t	5,820	5,640	10,075
Total CO₂ eq emissions	t	7,301	8,505	13,584
Coefficient of total CO₂ eq emissions	kg/t	18	13	16

²⁴The emissions of 2017 and 2016 have been restated, due to a mistaken calculation of diesel oil consumption in one of the plants in Turkey. Here below are the values reported in the previous document (t of CO₂ eq): Scope I 2,605 and 2,643; Scope II 5,640 and 10,075; total emissions 8,245 and 12,718; total emissions coefficient 13 and 15.

INNOVATION, RESEARCH AND DEVELOPMENT

Cementir Holding considers innovation, research and development as strategic activities, essential for improving product quality and environmental sustainability and for lowering production process costs. To this end, **the Research and Quality Centre in Aalborg (Denmark) is a centre of excellence**, equipped with advanced machinery and staffed by highly qualified personnel, including civil and chemical engineers, geologists and experts on product life cycle analysis.

The Aalborg Centre collaborates with an extensive network of European universities and research centres, but it is not the Group's only centre for science. **Product development is also analysed at the Izmir plant (Turkey)**. The two centres conduct tests on cement and on the various types of products derived from it, fuels, raw and semi-finished materials used in the various stages of production, and waste, which is increasingly recycled in the production of cement and ready-mixed concrete.

Strategies for innovation are defined and supported by an Innovation Committee, chaired by Cementir Holding's Chairman and made up of the Group's senior management. The Committee monitors product quality and development, taking account of the relevant macro trends. The Group's capacity for innovation is fuelled by a close cooperation with customers and key stakeholders, both in the traditional cement and ready-mixed concrete sectors and in the recycling management sector.

The Aalborg Centre collaborates with an extensive network of European universities and research centres. Product development is also analysed at the Izmir plant (Turkey)

CEMENT WITH LOW ENVIRONMENTAL IMPACT

FUTURECEM is a product capable of reducing CO₂ emissions by at least 20-30% compared to conventional concrete

The Cementir Group is developing a new type of cement responsible for fewer CO₂ emissions, based on a technology that makes use of the interactions between natural raw materials used in the mix for cement production. The technology, named FUTURECEM, is patented in several countries.

The new technology has been tested with innovative solutions in the production of ready-mixed concrete in the Danish project Green Concrete II, by building structures used for testing new technologies in real-life conditions. In 2018, studies and empirical tests continued on a product capable of **reducing CO₂ emissions by at least 20-30% compared to**

conventional concrete. The FUTURECEM cement was tested in demonstration structures as part of a road bridge, a railroad bridge and an indoor wall and floor.

The Cementir Group is today at the forefront of the development of future cements with low CO₂ impact. In Turkey, the subsidiary Çimentaş has created a sulphate-resistant cement for highly durable construction. This type of cement uses certain types of volcanic ash and its environmental impact is lower because the need to burn certain elements of the cement is reduced, while durability remains high.



To improve sustainability, it is essential to understand the exact environmental impact of the fuels and raw materials used, of the production processes and of the product performance during the life cycle of cement and ready-mixed concrete. For this reason, the Cementir Group is investing in consolidating its expertise on the life cycle analysis of its products, and has introduced, together with the University of Aalborg, an Environmental Product Declaration (EPD) for its cements that enables customers to be informed about the alternatives available for improving sustainability performance. The life cycle analysis and the environmental product declaration make it possible to quantify the environmental benefits of using alternative fuels. For example, this type of study has been performed on the benefits of the alternative fuels that the Neales Waste Group (specializing in waste management) provides to the cement production plant at Aalborg Portland (Denmark).

OTHER AIR EMISSIONS

The environmental impact of cement production also involves other air emissions, mainly sulphur oxides (SO₂) and nitrogen oxides (NO_x). These are associated with combustion in the firing of raw meal that is obtained from processing raw materials and from dust that is generated when grinding the clinker with gypsum and other ingredients to produce cement. Emissions are monitored through continuous monitoring systems or through spot measurements, in accordance with local regulations and in consideration of the characteristics of the plants. The monitored data are periodically communicated to the competent authorities, which verify compliance with the limits in the plants.

In 2018, NO_x emissions from the Cementir Group plants amounted to 9,119 tonnes, with an emission index per tonne of cement (kg/t TCE) of 0.93, almost in line with what was recorded last year (1.15 kg/t TCE). The drop in conveyed emissions of NO_x is due to the installation of systems to lower them, as in the Trakya plant in Turkey.

SO₂ emissions originating from sulphur in the fuels and raw materials used in Group plants amounted to 1,427 t, with an emissions index per tonne of cement (g/t TCE) of 145, a slight increase on 2017 (177 g/tTCE). The CO emissions amounted to 12,183 t with an emission index per ton of cement (kg/tTCE) of 1.24, a slight increase compared to the previous year (0.98 kg/tTCE).

Finally, dust emissions reached 439 t with a dust emissions index per tonne of cement (g/t TCE) of 44.7, lower than 2017 (57 g/TCE). To reduce their impact, some plants updated their technologies for reducing air emissions.

Air emissions for cement production²⁵

	Unit	2018	2017	2016
NOx	t	9,119	11,606	9,276
SOx	t	1,427	1,787	1,089
CO	t	12,183	9,861	5,960
Hcl	t	35	37	8
VOC	t	118	101	0
Dust	t	439	576	807

Coefficients of emissions Cement production²⁶

	Unit	2018	2017	2016
NOx	kg/tTCE	0.93	1.15	1.17
SO ₂	gr/tTCE	145	177	138
CO	kg/tTCE	1.24	0.98	0.75
Dust	gr/tTCE	45	57.00	102.08

WATER CONSUMPTION

The cement and concrete production process does not have a high impact on water resources. In dry cement production processes, water is used principally to cool the systems and for conditioning the kiln gases; in wet and semi-wet production processes, on the other hand, the specific consumption of water resources is higher in that the water is vaporized during the production process. The water discharge is not significant in quantity or in pollutant concentration.

Water withdrawals Cement production²⁷

	Unit	2018	2017	2016
Surface water	m ³	605,628.0	729,593.0	556,595.0
Ground water	m ³	4,366,530.2	4,018,243.9	3,976,570.5
Rain water	m ³	693,602.6	679,975.5	106,550.0
Public aqueduct	m ³	303,158.1	448,707.1	475,864.2
Other sources	m ³	2,602,211	2,573,892.8	1,252,922.0
Total	m³	8,571,128.9	8,450,412.3	6,368,501.7

²⁵ For LWCC figures are only available for 2018, year in which it joined the reporting scope. For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

²⁶ For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

²⁷ LWCC is excluded from the reporting scope of those figures as the information was not available in this first year of its presence in the reporting scope. For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

Over the years, the Cementir Group plants have adopted some technical solutions in order to reuse or use water resources more efficiently.

Water reuse Cement production²⁸

	Unit	2018	2017	2016
Volume of reused water	m ³	5,382,867.4	5,180,347.9	3,876,363.0
% of reused water	%	63%	61%	61%

In the production of ready-mixed concrete, water is one of the production process resources since it represents an input resource. Water consumption decreased during the last year.

Water withdrawals Ready-mixed concrete production²⁹

	Unit	2018	2017	2016
Surface water	m ³	37,683.2	67,833.5	17,500.0
Ground water	m ³	563,235.4	573,185.6	472,331.0
Rain water	m ³	84,457.7	99,778.8	21,000.0
Public aqueduct	m ³	361,758.1	329,485.4	317,157.0
Total	m³	1,047,134.4	1,070,283.3	827,988.0

Water reuse Ready-mixed concrete production³⁰

	Unit	2018 ³¹	2017	2016
Volume of reused water	m ³	85,245.9	191,116.2	83,363.0
% of reused water	%	8%	18%	10%

In the Group's other activities, water consumption is more or less irrelevant, as it is not linked to production processes³².

²⁸ LWCC is excluded from the reporting scope of those figures as the information was not available in this first year of its presence in the reporting scope. For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

²⁹ For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

³⁰ For companies operating in Belgium figures are available as of 2017 – first year of consolidation scope after acquisition.

³¹ For 2018, there are no figures on water recycled by the Belgium plants, available in 2017.

³² The Clypot quarry in the material extraction phase collects a volume of water that is entirely reused (604,747.28 m³). While companies operating in the waste management sector have significantly lower water withdrawals compared to the cement and ready-mixed concrete sectors (in 2018, water withdrawals amounted to 12,380 m³, a constant volume compared to 2017).

We value our people

We attract and value talent and ensure a safe and stimulating working environment for our people, who are our most important resource.

RISK ANALYSIS AND POLICIES ADOPTED

The Cementir Group continues to consolidate the structures that operate in 18 countries and 5 continents, with the aim of increasing human resource integration and strengthening the organisational platform. The current market landscape and the increasingly global context in which the Cementir Group operates demands timely, targeted decisions to respond to the various organisation, remuneration, development, labour law and trade union requirements. The Cementir Group identified a specific risk related to people management, namely the loss of knowledge and professional skills that leads to a discontinuity in work. To monitor this risk, Cementir Group is evaluating the adoption of a specific KPI and targets for 2019.

The Group carried on strengthening the Holding, further developing the professional families model and enhancing integration and synergy between the different Group structures

In 2018, the Group finalised the growth plan of its organisational strategy, launched during the previous year; in order to make its structure better suited to achieving targets set in the 2018-2020 Business Plan and to respond more effectively to market trends and corporate changes, in particular those connected to M&A initiatives.

The Group carried on strengthening the Holding, further developing the professional families model and enhancing integration and synergy between the different Group structures.

The integration and management process was carried forward by the Group Chief Operating Officer supported by the Corporate Human Resources department. The COO is responsible for the main business operating levers reporting directly to the Group's CEO, who performs a more strategic role such as - as an example - Mergers & Acquisition which led to the acquisitions of a further corporate share in Lehigh White Cement Company in the United States (up to 63.25%). The acquisition enabled Cementir to become involved in the direct management of assets in the US, in the white cement segment, the Group's core business, enhancing its global leadership in line with the growth strategy.

Succession plans for key positions

During 2018, work continued on the Group's Succession Planning process for critical positions and to use the Succession tables where necessary. Definition of some KPIs and measurement of the results of the first mapping of internal successors highlighted the potential risks and directed some personnel development decisions (e.g. Lead Program, coaching, international mobility programmes).

Recruiting and Selection

During 2018, the internal and external recruiting process was further refined, promoting an integrated way with the Regions and operating companies to guarantee effective application of the guidelines, systematic use of online diagnostics for internal and external searches for the Group's important managerial positions. Moreover, use of new recruiting channels was promoted to identify - including outside the local context - professionals of interest to the Group with more international backgrounds and aptitude to work in multi-cultural contexts.

In order to accompany the newly hired person during his/her first period of company life, the Group not only introduced a structured onboarding program, but also a specific Corporate training journey in e-learning and a global communication on Company Intranet Energy, announcing the person's arrival and briefly describing his/her professional background.

Work was also done to strengthen a few partnerships with important universities and business schools in order to hire and develop young talents, starting by including them in company areas as curricular and non-curricular interns and professionalised juniors.

Performance evaluation and development

In most Group companies there is a structured process for assessing personnel performance aimed at:

- Spreading a high-performance culture throughout the company.
- Rewarding people based on their performance.
- Managing and developing employees' talent and aptitudes to ensure the right combination of skills and competencies necessary for the company's growth.
- Planning development and career paths consistent with people's potential and with business needs.
- Supporting the development of succession plans.

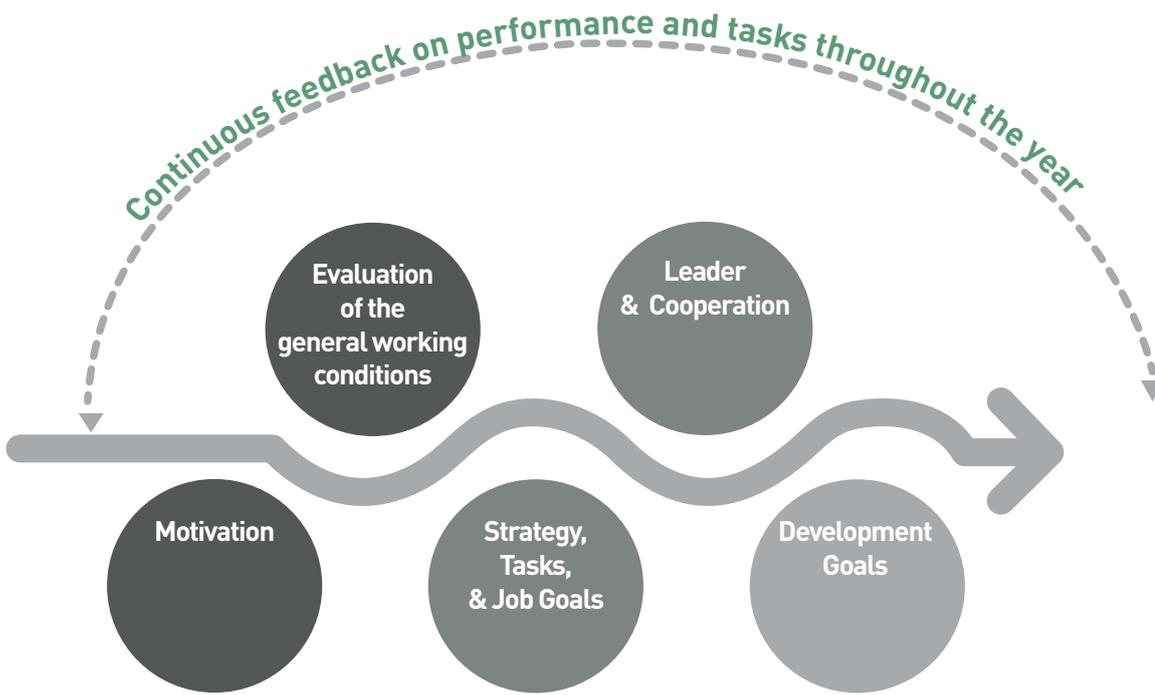
Driven by the intent to develop a new way of looking at performance evaluation, not only as a tool for aligning management with results, but also as a process that can stimulate the constant development of organizational and people skills, orienting performance towards the expected business results, the performance management process will be progressively extended to an increasing number of Group employees and companies.

By way of example, the N&B Model is shown below.

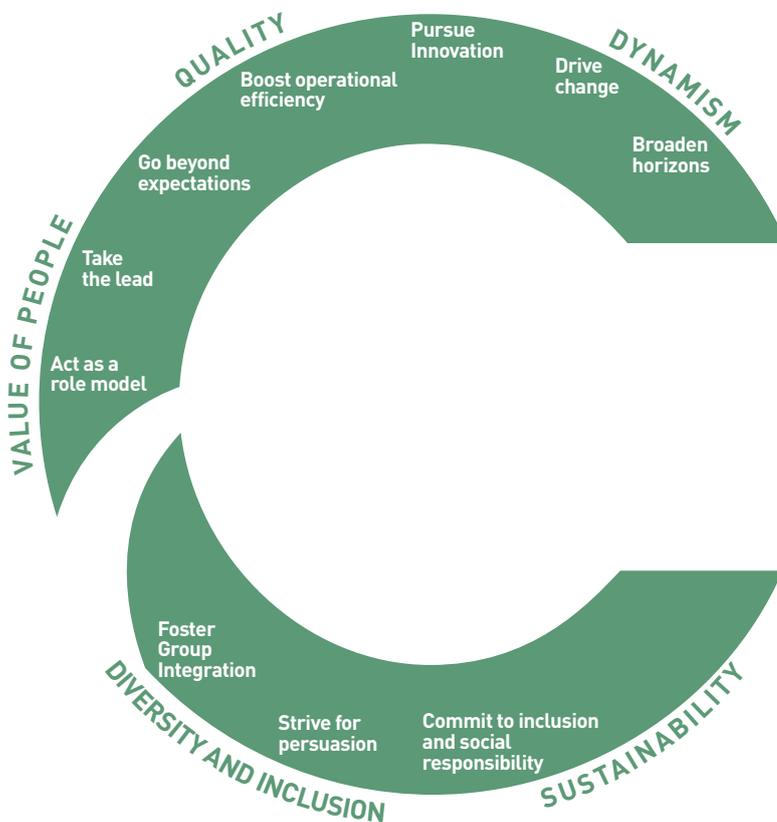
The people development and evaluation model is an ongoing process and focuses mainly on five aspects:

1. motivation;
2. evaluation of the general working conditions;
3. strategy, tasks and job goals;
4. leadership and cooperation;
5. development goals.

The performance management process will be progressively extended to an increasing number of Group employees and companies



On the basis of these elements, constant feedback is given to the people, and the training measures to be implemented are defined, also in consideration of the Group Leadership Model.



During 2018, personnel involved in the performance assessment process remained more or less the same as previous years.

Employees who receive regular performance reviews³³

Unit		2018			2017			2016		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	%	91%	67%	89%	89%	100%	89%	72%	-	72%
Manager	%	98%	92%	97%	94%	98%	95%	74%	83%	76%
Employees	%	60%	63%	61%	61%	62%	61%	57%	63%	59%
Blue collars	%	45%	88%	46%	47%	87%	48%	46%	76%	47%

Cementir Academy

In 2018, the Company developed the concept of what would become the Group's Cementir Academy; to respond to the need to develop and update skills, integrate know-how and preserve and spread knowledge in the organisation.

The model was presented at the Group's 'Annual Meeting, downstream of which a number of training initiatives were launched for the different learning streams: managerial, technical, behavioural and compliance training. Specifically:

- a Management Education programme ("LEAD PROGRAM") for a representative Group of senior leaders from all over the world, developed in partnership with one of the most prestigious international business schools;
- a two-year technical training programme including several online and classroom training paths, aimed mainly at personnel operating in the Aalborg cement plant and open to colleagues from other Group production sites interested in this training;
- the "EvOCEM" (Evolved Office for Cementir) training course, to increase the knowledge of innovative Office tools, which involved – on a voluntary basis – about twenty employees spread out geographically who were certified "EvOCEM Ambassadors" and internal trainers. In 2019, training will involve about 50% of Group personnel and will be managed directly by the ambassadors;
- online courses on Corporate subjects for the entire Group – in the first phase, all Group management and Corporate personnel – focused on subjects such as the Code of Ethics, the 231 Model, the Fraud & Whistleblowing Management system, the Group Leadership Model and Values.

Employee development is also supported through internal and external training courses, accompanied by a series of other initiatives such as the mentoring of young talents by expert personnel, participation in work

In 2018, the Company developed the concept of what would become the Group's Cementir Academy to respond to the need to develop and update skills

³³The data for the following companies is not available (in brackets the number of employees), so they are excluded from the scope of reporting: Aalborg Portland Islandi (10), Aalborg Portland France (2), Aalborg Portland Polska (8), Aalborg Portland Belgium (3), Aalborg Portland OOO (1), Vianini Pipe (70), Gaetano Cacciatore (2), Lehigh White Cement Company (135), Quercia (33), Neales (11), AB Sydsten (141).

projects involving multiple departments and, in some cases, work experience abroad at Group companies worldwide. The factors that guide the annual training programme are:

- Descriptions of roles and responsibilities.
- Specific analyses to identify whether the skills already available in the company are sufficient to meet the needs arising from new corporate strategic plans.
- Employee performance evaluations.

Almost 20 hours of per capita training were supplied in 2018. An increase compared to the 2017 result (18 hours of per capita training). The measures put in place involved the entire Group population in a cross-functional and balanced way covering various roles, as can be seen from the summary table of training hours by professional category. Please note a significant increase in the per capita training hours for Executive Managers.

Hours of training³⁴

	Unit	2018			2017			2016		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	Hours	1,100	8	1,108	151	-	151	193	-	193
Manager	Hours	5,266	688	5,954	4,711	555	5,266	4,297	738	5,035
Employees	Hours	12,738	3,194	15,932	11,870	2,994	14,864	13,339	2,748	16,087
Blue collars	Hours	37,415	796	38,211	34,077	848	34,925	33,091	1,410	34,501
Total	Hours	56,519	4,686	61,205	50,809	4,396	55,206	50,919	4,896	55,816
Executives	h/per	23.4	2.5	22.1	2.8	-	2.7	2.9	-	2.9
Manager	h/per	20.9	16.4	20.3	20.8	13.5	19.6	23.1	21.1	22.8
Employees	h/pera	22.4	11.6	18.8	21.7	11.6	18.4	24.6	11.0	20.3
Blue collars	h/per	21.4	20.4	21.3	19.6	21.7	19.7	19.4	33.6	19.7
Total	h/per	21.6	13.0	20.5	19.0	12.0	18.2	20.3	15.0	19.7

Assessment and development of skills and competencies

Corporate HR developed in collaboration with the Industrial Area, a tool to be used to map the organisation and personnel operating in the Group plants. In particular, the project involved preliminary work to map key organisational roles, levels expected for the technical skills of each role, identification of core competencies and creation of a matrix to identify the training priorities and suggest other people management and development initiatives. Some pilot projects were implemented in N&B and towards the end of the year in Turkey. After that, all the Group's cement plants will be mapped, with close collaboration between Human Resources and Line personnel.

³⁴ The data for the following companies is not available (in brackets the number of employees), so they are excluded from the scope of reporting: Aalborg Portland Islandi (10), Aalborg Portland France (2), Aalborg Portland Polska (8), Aalborg Portland Belgium (3), Aalborg Portland OOO (1), Vianini Pipe (70), Gaetano Cacciatore (2), Quercia (33), Neales (11). For LWCC figures are only available for 2018, year in which it joined the reporting scope.

Diversity and Inclusion

The production sector in which the Group operates is historically characterized by a predominantly male component. Analysing the data on personnel distribution shows that almost 88% of the company population is male; this is widely linked to a net prevalence of men amongst workers (the main personnel component). In the last two years, the Group has developed measures to promote equal gender treatment and opportunities in the entire organisation, starting by defining Group Values and Leadership competency model in which the concepts of inclusion and diversity appreciation are well represented. Specifically, work has been done to define and implement a structured communication plan on Group Identity, in all company structures and to design and implement an online training course on Group Values and Leadership Model. This involved all Group managers and all Corporate employees and will be progressively extended to the entire company population.

Furthermore, the organisation has always been committed to appreciating and valuing diversity in all HR processes such as people hiring, management, evaluation and development, by avoiding any discriminatory approach, starting from management of recruiting processes and on to leadership and talent development programs. Here below is a breakdown of personnel by professional category and age range.

	31-12-2018 ³⁵		Total
	Men	Women	
Executive Manager			
<30	-	-	-
30-50	16	3	19
>50	34	-	34
Manager			
<30	9	-	9
30-50	142	35	177
>50	112	7	119
Employees			
<30	43	35	78
30-50	357	194	551
>50	185	61	246
Blue collars			
<30	184	7	191
30-50	1.083	30	1.113
>50	581	2	583

³⁵ Figures do not include Aalborg Portland (Australia) Pty Ltd (3 employees).

Operating internationally, for the Cementir Group managing diversity is also attention to be paid to cultural and religious differences. With this in mind, in some countries the Group is dealing with issues that are sensitive from a religious point of view: in Malaysia, for example, special prayer rooms have been set up in the plant, differing based on the religious beliefs of employees. And consumption of certain foods has been forbidden to respect cultural differences.

Finally, in most of the countries in which the Group operates, the fundamental conventions of the International Labour Organization (ILO) have been ratified³⁶, concerning the abolition of forced labour, collective bargaining, and the elimination of child labour and discrimination. Furthermore, in some countries where these agreements have not been ratified, the Group has defined the policies to manage these aspects in the Code of Ethics, which states: "The Group offers all workers the same opportunities and expressly forbids any form of abuse by positions of authority or coordination. Abuse means any behaviour that consists in requesting, or inducing to offer, services, personal favours or other benefits detrimental to the dignity, professionalism or independence of others. The recipients of this Code, as defined by national and international legislation, are required to refrain from engaging in illicit behaviour that is harmful to the person, such as, but not limited to, offences against the individual, child labour, people trafficking and child pornography".

WORKFORCE NUMBER AND COMPOSITION

The Cementir Group workforce comprises 3,123³⁷ employees, spread across 18 countries and 5 continents, as well as 540 contractors, people not directly employed and employees of contractors who perform some of the production operations at the company's cement and concrete plants and quarries. The Group workforce is mainly composed of personnel hired with indefinite and full-time contracts.

The table below summarizes³⁸ the main figures for personnel in the workforce at 31 December 2018: figures are presented considering the new company scope, following the acquisition of LWCC.

**The Group workforce
is mainly composed
of personnel hired with
indefinite and full-time
contracts**

³⁶ Freedom of Association and Protection of the Right to Organise Convention, 1948 (No.87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (employment and occupation) Convention, 1958 (No. 111).

³⁷ That value considers 100% of employees in SCT, controlled 65% by the Cementir Group.

³⁸ The appendix contains detailed tables divided by country.

	Cementir Group ³⁹ 31-12-2018		
	Men	Women	Total
Employees	2,749	374	3,123
Contractors	537	3	540
Professional category Executives	50	3	53
Manager	266	43	309
Employees	585	289	874
Blue collars	1,848	39	1,887

Considering the Group structure reorganisation, that began at the end of 2017 with the sale of the Italian production activities and continued with acquisition of the production plants in the United States, a negative turnover balance was recorded in the year. This took place despite the number of hires increasing compared to last year.

Group turnover⁴⁰

	2018 (absolute value)			2018 (in percentage) ⁴¹			2017			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Incoming												
Under 30	103	20	123	43%	48%	44%	91	14	105	62	13	75
30-50	184	35	219	11%	13%	12%	180	30	210	116	28	144
Over 50	32	4	36	4%	6%	4%	36	3	39	29	-	29
Total	319	59	378	12%	16%	12%	307	47	354	207	41	248
Outgoing												
Under 30	74	3	77	31%	7%	28%	62	15	77	68	11	79
30-50	208	45	253	13%	17%	14%	166	28	194	200	17	217
Over 50	101	21	122	11%	30%	12%	71	8	79	73	4	77
Total	383	69	452	14%	18%	14%	299	51	350	341	32	373

³⁹The table considers 100% of the employees of SCT, controlled 65% by Aalborg Portland Holding whose number of employees is consolidated at 65% in the Group's Financial Report (so the total number of employees in the table differs by these 41 units to the total number of employees indicated in the text).

⁴⁰For LWCC, figures are only available for 2018, year in which it joined the scope of reporting.

⁴¹The turnover rate is calculated as a percentage of personnel operational at 31 December of the year being reported.

SAFETY FIRST

Cementir considers the health and safety of its employees at work as crucially important. That is why it continues to invest resources to provide all the tools and professional training required to create a strong safety culture. **The main Group plants have adopted an occupational health and safety management system** certified with the OHSAS 18001 international standard by accredited external parties. A work Group has also been set up ad hoc to create a Management System to standardise safety actions and best practices. The following are the main measures implemented to ensure compliance with the laws, regulations and directives applicable in EU countries and to minimize accidents:

- Analysis and ongoing updating of all health and safety risks and hazards related to each task carried out in Group plants and offices.
- The proper management, updating and communication of internal policies and procedures drawn up and approved by senior management for the correct performance of work activities in terms of accident prevention.
- Investment in and expenditure on safety equipment (both personal and plant) and machinery to maintain an advanced standard of technology.
- Internal audits carried out by Cementir HSE functions.
- Specific intensive training on preventing the occupational risks identified and on technical expertise for the correct use of machinery.
- Information and engagement campaigns to increase the accountability of all employees at all levels.
- Continuous improvement of the occupational health and safety management system by defining measurable indicators monitored according to predetermined implementation plans.

Plants with Health and Safety Management Systems certified OHSAS 18001

Cement		Ready-mixed concrete and other activities	Waste management and processing	
Aalborg	X	Çimbeton	Süreko	X
Al Arish	X	Ilion	Recydia	X
Anqing		Unicon DK	Neales	X
Edirne	X	Unicon NO		
Elaziğ	X	AbSydsten		
Gaurain				
Ipoh				
İzmir	X			
Kars	X			
Waco				
York				

In 2018, in line with what occurred in previous years, over 24,000 hours of specific health and safety training were provided. The personnel component engaged in production activities was the main beneficiary of these specific training programmes.

The LOTOTO System (Lock Out, Tag Out, Try Out) is **one of the most effective tools for ensuring health and safety in the cement industry**, and is based on a risk assessment model mainly developed on the use of dangerous machinery.

The System, present in the Aalborg and Izmir plants has been improved to become an example of best practice in the Group's cement plants and was added to the health and safety training courses.

In the last year, the number of accidents recorded in the Group increased; that is partly linked to the new US plants (where 10 accidents occurred) being added to the scope of reporting and, to a lesser extent to an increase in accidents in the other plants (10 more considering a constant scope between years 2017 and 2018). The Cementir Group places constant attention on protecting employee health and safety, taking actions to increase the awareness and training of personnel working in Group plants. The details are shown in the tables below.

Accident rates - Group data⁴²

Accident indexes	2018			2017 Total	2016 Total
	Men	Women	Total		
Number of accidents	93	-	93	72	78
Frequency rate	3.8	-	3.4	2.8	3.2
Severity rate	51.0	-	45.6	32.7	62.2

Accident indexes - Nordic & Baltic Region⁴³

Accident indexes	2018			2017 Total	2016 Total
	Men	Women	Total		
Number of accidents	66	-	66	50	30
Frequency rate	5.6	-	5.1	3.9	3.8
Severity rate	72.3	-	65.8	35.3	45

Accident indexes - Asia Pacific⁴⁴

Accident indexes	2018			2017 Total	2016 Total
	Men	Women	Total		
Number of accidents	2	-	2	4	7
Frequency rate	0.5	-	0.4	1	1.8
Severity rate	18.4	-	14.9	54.7	89.9

⁴²The 2018 data do not consider the following companies (number of employees in brackets): Quercia (33), Neales Waste Management (11), Aalborg Portland Holding (10), Aalborg Portland Islandi (10), Aalborg Portland France (2), Aalborg Portland Polska (8), Aalborg Portland Belgium (3), Aalborg Portland OOO (1). 2017 figures, besides limits present in 2018, did not include Vianini Pipe (70), Gaetano Cacciatore (2) or LWCC because the latter was not yet part of the Group scope. 2016 figures do not consider companies in Belgium and France, as they only became part of reporting scope in 2017.

⁴³The 2018 data do not consider the following companies (number of employees in brackets): Aalborg Portland Holding (10), Aalborg Portland Islandi (10), Aalborg Portland France (2), Aalborg Portland Polska (8), Aalborg Portland Belgium (3), Aalborg Portland OOO (1). These are trading companies with office not production duties. 2016 figures do not consider companies in Belgium and France, as they only became part of reporting scope in 2017.

⁴⁴Figures do not include Alborg Resources Sdn (5 employees).

Accident indexes - East Mediterranean⁴⁵

Accident indexes	Men	2018 Women	Total	2017 Total	2016 Total
Number of accidents	14	-	14	16	25
Frequency rate	1.9	-	1.7	1.9	2.7
Severity rate	32.9	-	30.5	21.6	33.5

Accident indexes North America⁴⁶

Accident indexes	Men	2018 Women	Total
Number of accidents	10	-	10
Frequency rate	11.7	-	11.1
Severity rate	79.5	-	75.5

During the year, 27 accidents happened to contractors and contract staff who worked in Group plants (for a total of 448 working days lost), a lower number than the accidents recorded in the previous year (41).

Moreover, as of this year, the Group has decided to report the number of accidents happening in material logistics activities (mainly assigned to contractors of the different Group Companies). That indicator will be monitored over the following years to assess the effectiveness of the policies and approach to managing the health and safety of workers doing those jobs. 15 accidents were recorded in logistics activities in Group sites in 2018, causing 8 injuries.

INDUSTRIAL RELATIONS

Operating in different countries around the world, Group companies are subject to different labour regulations, and consequently the contracts of Group employees vary according to the country in which they were hired.

About 67% of the employees of the entire Group are covered by collective bargaining agreements, and this percentage varies from country to country depending on the applicable local legislation and the job classification categories. Therefore, even the minimum of prior notice weeks that has to be guaranteed to workers for organisational changes varies based on the Country and the professional categories (some Countries do not have any minimum prior notice while where they do, it can also change based on the type of organisation). The Cementir Group maintains an ongoing, structured dialogue with the representatives of the European workers in its companies, in

About 67% of the employees of the entire Group are covered by collective bargaining agreements, and this percentage varies from country to country depending on the applicable local legislation

⁴⁵ The 2018 data do not consider the following companies (number of employees in brackets): Quercia (33) and Neales Waste Management (11).

⁴⁶ For the Region North America Region, data is only available for 2018, year the region itself was created.

compliance with EU regulations and the layout adopted by the European Company Committee (CAE) of the Cementir Group. During the year, management informed and consulted employees and trade unions on transnational issues concerning the status of its activities and other significant decisions that the Group has taken in relation to the business and its employees. Representatives from Belgium, Denmark and Norway took part in the meetings held in Rome.

We support our communities

We create value for local communities, listening to their needs and concerns and basing our relationships with them on transparency and accountability.

RISK ANALYSIS AND POLICIES ADOPTED

The Cementir Group is engaged in the search for technical solutions that reduce its environmental impact and balance the interests of the company with those of local communities. The Group has identified the risk that the companies' activities, in particular those related to concrete production and waste treatment, may lead to a critical and/or contrary attitude by local communities and local stakeholders, resulting in a deterioration of the company's image.

The actions to mitigate this risk, present in particular in Turkey, involve communication at a local level, organizing community meetings with feedback sessions, stakeholder analyses and the definition of a communication plan.

For this reason, **dialogue with the institutions, communities and associations affected by plant operations is essential for the continuity and preservation of the business.**

The company maintains relationships with opinion groups, trade unions and institutions at all levels, and has set up communication channels to deal with any claims or complaints from the local community.

This aspect becomes even more relevant where increased urbanization has brought towns closer to the Group's plants, in particular in Turkey. For this reason, specific tools have been adopted in the East Mediterranean region to map the stakeholders to be involved in defining actions to be implemented and to communicate important aspects regarding the operation of the plants. These tools also enable companies in the region to analyse stakeholder complaints in order to provide the necessary information or to plan specifically focused actions.

The Cementir Group is engaged in the search for technical solutions that reduce its environmental impact and balance the interests of the company with those of local communities

DIALOGUE AND SUPPORT OF LOCAL COMMUNITIES

Against this backdrop, the topics most debated with local stakeholders in 2018 mainly concerned permits for the use of quarries and the introduction of alternative fuels, the streamlining and, where possible, the reduction of incoming and outgoing traffic transporting raw materials and fuel at the plants, dust levels and polluting emissions. The focus regarding members of the community was, in certain cases, to organize meetings with groups of residents to provide them with detailed information on the work and operations taking place at Group sites.

The proximity of the Elazığ and Izmir plants to residential areas involves a constant dialogue with the local communities, which are particularly sensitive to the plants' landscape and visual impacts. To face these specific aspects, Çimentas is adopting specific strategies of involvement and communication with stakeholders interested in the issue. Another aspect that is particularly felt in Turkey is the collection and recycling of waste, since there is no in-depth knowledge of waste management processes and the local community perceives some activities as risky. Precisely for this reason, the Group companies operating in this industry have decided to define a specific engagement and communication plan aimed at stakeholders. This plan entails the involvement of opinion leaders, experts and members of the community in regular meetings; the use of multimedia channels and digital media to provide information about the ways in which waste is managed and meetings and interaction with families living near the plants.

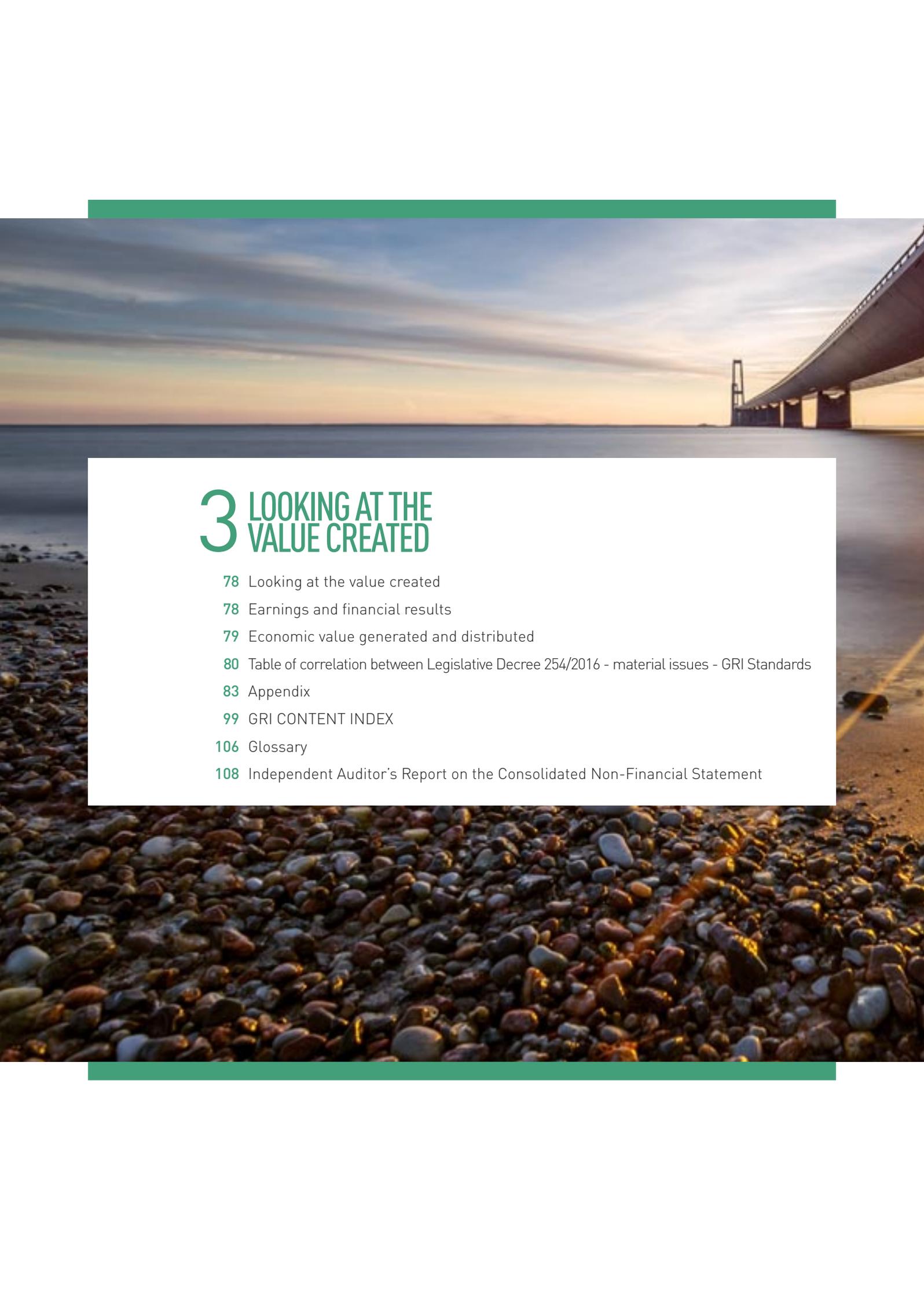
Çimentas Education and Health Foundation

In Turkey, the Cementir Group maintains close ties with the most vulnerable groups through the Çimentas Education and Health Foundation, **established in 1986 and committed to providing financial assistance and educational materials to families and schools**. Since its establishment, the Foundation has sponsored over **500 scholarships** for upper school and university students, and has contributed to the renovation of various school buildings near the plant in Elazığ, Turkey. Over the past three years, total donations have exceeded EUR 220,000 (net of those of the Group Companies). In 1998, thanks to the Foundation's financial support, the **Işıkkent High School** was founded. This upper school is recognized for its innovative approach to education and research, and can accommodate up to 765 students a year.

As described above, the Aalborg plant is able to recover part of its thermal energy so it can be used by the Aalborg community for domestic heating. In addition to this initiative, the Aalborg plant has decided to use the cold water from the lake where it gets the plaster used for cement production to provide a cooling system in the new town hospital as an energy-efficient alternative to conventional electric cooling systems. "District cooling" is a cooling system equivalent to district heating. Cold water is pumped through a closed loop to the buildings to be cooled. The water absorbs heat in the buildings and is pumped back for cooling, which in this case is performed by the lake's cold water.

Finally, some Group companies, particularly those whose plants are located in areas of greater social marginalization, have made donations to local communities. These were in the form of cash donations (approximately EUR 220,000 used to promote school activities) and goods, with over 1,300 tons of cement, mostly allocated for the restoration and renovation of schools and public infrastructure.





3 LOOKING AT THE VALUE CREATED

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LOOKING AT THE VALUE CREATED

EARNINGS AND FINANCIAL RESULTS⁴⁷

In 2018 the Group achieved **revenue for sales and services** for EUR **1,196.0 million**, up 4.9% compared to 2017. The increase is due to the change in the scope of consolidation: in 2018 the revenues of the US company Lehigh White Cement Company ("LWCC"), consolidated in full as of 1 April 2018 amounted to about EUR 104.3 million.

On a like-for-like basis, revenue dropped 4.2% due to the significant reduction in revenue in Turkey (caused by the unfavourable exchange rate with the euro), the contraction in sales in Egypt between February and May (caused by military operations in the Sinai peninsula which led to a temporary production stop), and the reduction in Norway (due to harsh weather conditions in the first quarter). However, the revenue performance in Malaysia, Belgium and China was positive.

Sales volumes of cement and clinker, for **9.8 million tons**, dropped by 4.4%. On a like-for-like basis, the sales of cement and clinker dropped 9% due to the negative performance in Turkey and Egypt.

Sales volumes of ready-mixed concrete, for 4.9 million cubic metres, dropped slightly (-0.6%) due to the drop recorded in Norway and, to a lesser extent, in Denmark and Belgium, only partially offset by growth recorded in Turkey and Sweden.

In the aggregates sector, sales volumes were **10 million tons**, up 7% thanks to the positive performance of sales in Belgium, France and Holland.

Net profit for the year totalled EUR 148.8 million against EUR 110.3 million in 2017, after taxes amounting to EUR 35.9 million compared to EUR 16.4 million in the previous year.

Group net profit, having deducted the result of non-controlling interest, totalled EUR 127.2 million (71.5 million in 2017). The increase in non-controlling interest profits (EUR 8.5 million compared to EUR 5.7 million in 2017) is essentially due to the minority share in LWCC, controlled 63.25%.

Financial highlights

(millions of euros)	2018	2017	% Change
Revenue from sales and services	1,196.2	1,140.0	4.9%
Total operating revenue	1,239.7	1,170.0	6.0%
EBITDA	238.5	222.7	7.1%
EBITDA/Revenue from sales and services %	19.9%	19.5%	-
EBIT	153.2	140.6	9.0%
Net financial income (expense)	31.4	(13.9)	325.9%
Profit (loss) before taxes	184.6	126.7	45.8%
Profit (loss) from continuing operations	148.8	110.3	34.9%
Profit (loss) from discontinued operations	(13.1)	(33.1)	-
Profit (loss) for the year	135.7	77.2	75.8%
Group net profit	127.2	71.5	78.0%

⁴⁷ Please note that the 2018 figure benefits from the contribution of *Lehigh White Cement Company*, consolidated in full as of 1 April 2018. Moreover, 2017 figures were restated following reclassification of the amounts related to the Italian companies sold in the caption "Profit (loss) from discontinued operations". The sale of the Cementir Italia Group was finalised on 2 January 2018.

ECONOMIC VALUE GENERATED AND DISTRIBUTED⁴⁸

Cementir Holding **redistributed part of the wealth generated to its shareholders and stakeholders**, including employees, suppliers, government and local communities.

The representation of this wealth is calculated through economic value generated and distributed, which takes account of the key factors for assessing the social role of a business in the area where it operates and for the people that are involved in its production processes.

For example, this calculation includes staff remuneration and costs; taxes paid in countries where the company operates (production excises, VAT, direct taxation) or payments to suppliers.

The analysis of the distribution of value-added is based on economic value generated, distributed and retained by the company, calculated by restating the items on the income statement of the Cementir Group's consolidated financial statements. This analysis produces a quantitative assessment of direct socio economic impact, by looking at the various items that comprise the wealth created and distributed in the form of costs.

(thousands of euro)	2018	2017 (with Cementir Italia group amongst discontinued operations)	2016 (with Cementir Italia group amongst discontinued operations)
Direct economic value generated ⁴⁹	1,299,237	1,183,048	999,402
Total operating revenue	1,239,670	1,170,044	958,847
Financial income	70,835	13,468	3,412
Foreign exchange rate gains (losses)	(12,318)	(5,249)	32,016
Share of net profits of equity-accounted investees	1,050	4,785	5,127
Economic value distributed	(1,092,585)	(1,030,300)	(821,057)
Operating costs	(813,759)	(763,567)	(605,429)
Raw materials costs	(479,283)	(444,161)	(369,611)
Other operating costs	(334,476)	(319,406)	(235,818)
Value distributed to employees	(176,326)	(174,748)	(139,619)
Personnel costs	(176,326)	(174,748)	(139,619)
Value distributed to capital providers	(49,115)	(44,072)	(33,564)
Financial expense	(28,145)	(26,916)	(16,289)
Dividends	(20,970)	(17,156)	(17,275)
Grants to local communities			
Value distributed to Government	(53,385)	(47,913)	(42,445)
Current taxes (income taxes)	(42,304)	(38,881)	(35,267)
Other non-income-related taxes	(11,081)	(9,032)	(7,178)
Economic value retained	214,385	153,023	174,584
Profit (loss) for the year, of which:	114,690	60,010	68,074
Profit (loss) from discontinued operations	(13,109)	(33,094)	(33,592)
Amortisation and depreciation	(78,093)	(72,590)	(62,094)
Provisions	(4,091)	(3,865)	(3,158)
Impairment losses	(3,107)	(5,677)	(7,684)
Deferred tax liabilities (assets)	(1,294)	22,213	18

⁴⁸Please note that the 2018 figure benefits from the contribution of *Lehigh White Cement Company*, consolidated in full as of 1 April 2018. The results of the Cementir Italia Group were recognised in 2017 as discontinued operations. The 2017 figures also include the contribution of the *Compagnie des Ciments Belges* group (CCB), acquired on 25 October 2016.

The 2016 figures were restated following the reclassification of amounts related to the Italian operating companies held for sale under the item "Profit (loss) from discontinued operations".

⁴⁹The economic value withheld is not exactly the difference between the economic value generated and distributed. That slight different is a cash effect, linked mainly to taxes.

TABLE OF CORRELATION BETWEEN LEGISLATIVE DECREE 254/2016 - MATERIAL ISSUES - GRI STANDARDS

Issue of Italian Legislative Decree 254/2016	Cementir material issue	Identified risks and managing methods	Policies adopted	Relevant GRI standards	Reported disclosure	Notes
Environmental	Use of alternative fuels and materials	Energy Risk of unavailability of raw materials	Chap. "In waste we see resources"	GRI 103: Management approach	302-1 302-3	
				GRI 302: Energy	301-1	
				GRI 301: Materials		
Climate Change	Risks connected to climate change	Chap. "We respect the environment in all our operations"	GRI 103: Management approach	305-1 305-2 305-4		
			GRI 305: Emissions			
Channelled emissions	Please see: Chap. "In waste, we see resources" "We respect the environment in all our operations"	Chap. "We respect the environment in all our operations"	GRI 103: Management approach	305-7		
			GRI 305: Emissions			
Water management		Chap. "We respect the environment in all our operations"	GRI 103: Management approach	303-1 303-3		
			GRI 303: Water			
Social	Community engagement	Risks related to licences and operating permits Please see: Chap. "We support our communities"	Chap. "We support our communities"	GRI 103: Management approach	413-2	
				GRI 413: Local Communities		
Fair competition	Compliance risks Please see: Chap. "Integrity and competition"	Chap. "Integrity and competition"	GRI 103: Management approach	206-1		
			GRI 206: Anti-competitive behavior			
Logistic and supply chain	Risk of unavailability of raw materials. Health and Safety Risks Some of the Group's environmental and social risks extend to the supply chain.	Chap. "How is cement made"	GRI 103: Management approach	-	The Group is implementing a series of indicators to monitor on this aspect. In this reporting cycle, data on accidents and injuries recorded in logistics activities (sensitive element of the activity) have already been monitored and presented. Additional indicators will be included in the next reporting cycles.	

follow

Issue of Italian Legislative Decree 254/2016	Cementir material issue	Identified risks and managing methods	Policies adopted	Relevant GRI standards	Reported disclosure	Notes
Staff-related	Health and Safety	Health and Safety Risks Please see: Chap. "We value our people"	Chap. "We value our people"	GRI 103: Management approach GRI 403: Occupational health & safety	403-2	It was not possible to collect data on absenteeism and the professional disease rate (because they are recorded differently in the countries where the Group operates, also taking into account the different regulations). The Group undertakes to adopt actions to be able to report information in a solid, uniform manner in the next reporting cycles. The section dedicated to the subject specifically indicates limits to scope. These limitations do not affect the understanding of the company's activities, its performance, its results and the impact produced.
	People management and development	Risks of loss of key personnel Please see: Chap. "We value our people"	Chap. "We value our people"	GRI 103: Management approach GRI 401: Employment GRI 404: Training and Education	401-1 404-1 404-2 404-3	The section dedicated to the subject specifically indicates limits to scope. These limitations do not affect the understanding of the company's activities, its performance, its results and the impact produced.
	Diversity management		Chap. "We value our people"	GRI 103: Management approach GRI 405: Diversity and Equal opportunities	405-1	The section dedicated to the subject specifically indicates limits to scope. These limitations do not affect the understanding of the company's activities, its performance, its results and the impact produced.

follow

Issue of Italian Legislative Decree 254/2016	Cementir material issue	Identified risks and managing methods	Policies adopted	Relevant GRI standards	Reported disclosure	Notes
	Industrial relations		Chap. "We value our people"	GRI 103: Management approach GRI 402: Labor/Management Relations	402-1	
Respect for human rights	Human rights	Compliance risks Please see: Chap. "We value our people"	Chap. "We value our people"	GRI 103: Management approach GRI 406: Non-discrimination	406-1	In 2018, no reports or complaints were received concerning possible discrimination in the workplace. The Group undertakes to improve reporting on that subject, expanding the set of information in the next reporting cycle.
The fight against corruption	Ethics, anti-corruption and compliance	Compliance risks Please see: Chap. "The commitment to fight corruption"	Chap. "The commitment to combating corruption"	GRI 103: Management approach GRI 205: Anti-corruption	205-3	

APPENDIX

Tables on the composition of personnel by country

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
TURKEY									
Employees	716	59	775	711	54	765	744	59	803
Contractors	216	2	218	225	4	229	158		158
Professional category									
Executive	8	1	9	9	1	10	11	-	11
Manager	35	6	41	35	5	40	37	5	42
Employees	138	48	186	138	43	181	149	48	197
Blue collars	535	4	539	529	5	534	547	6	553
Age range									
<30	71	9	80	62	4	66	68	5	73
30-50	599	48	647	597	48	645	634	50	684
>50	46	2	48	52	2	54	42	4	46
Type of contract									
Permanent	709	56	765	709	54	763	742	59	801
Temporary	7	3	10	2	-	2	2	-	2
Full-time	716	59	775	711	54	765	744	59	803
Part-time	-	-	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
TURKEY			
Executive Manager			
<30	-	-	-
30-50	2	1	3
>50	6	-	6
Manager			
<30	-	-	-
30-50	30	6	36
>50	5	-	5
Employees			
<30	18	9	27
30-50	108	38	146
>50	12	1	13
Blue collars			
<30	53	-	53
30-50	459	3	462
>50	23	1	24

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
EGYPT									
Employees	58	7	65	65	7	72	64	7	71
Contractors	282	-	282	326	-	326	384	-	384
Professional category									
Executive	1	-	1	8	-	8	8	-	8
Manager	21	-	21	19	-	19	19	-	19
Employees	21	7	28	21	7	28	19	7	26
Blue collars	15	-	15	17	-	17	18	-	18
Age range									
<30	-	-	-	-	-	-	-	-	-
30-50	52	7	59	58	7	65	57	7	64
>50	6	-	6	7	-	7	7	-	7
Type of contract									
Permanent	58	7	65	65	7	72	64	7	71
Temporary	-	-	-	-	-	-	-	-	-
Full-time	58	7	65	65	7	72	64	7	71
Part-time	-	-	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
EGYPT			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	1	-	1
Manager			
<30	-	-	-
30-50	17	-	17
>50	4	-	4
Employees			
<30	-	-	-
30-50	21	7	28
>50	-	-	-
Blue collars			
<30	-	-	-
30-50	14	-	14
>50	1	-	1

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
CHINA									
Employees	168	49	217	164	46	210	162	46	208
Contractors	-	-	-	-	-	-	-	-	-
Professional category									
Executive	1	-	1	1	-	1	2	-	2
Manager	15	1	16	14	1	15	13	1	14
Employees	46	26	72	44	24	68	45	24	69
Blue collars	106	22	128	105	21	126	102	21	123
Age range									
<30	22	12	34	20	6	26	19	7	26
30-50	95	36	131	112	39	151	111	38	149
>50	51	1	52	32	1	33	32	1	33
Type of contract									
Permanent	147	33	180	140	29	169	134	32	166
Temporary	21	16	37	24	17	41	28	14	42
Full-time	168	49	217	164	46	210	162	46	208
Part-time	-	-	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
CHINA			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	1	-	1
Manager			
<30	-	-	-
30-50	8	1	9
>50	7	-	7
Employees			
<30	5	7	12
30-50	30	18	48
>50	11	1	12
Blue collars			
<30	16	5	21
30-50	57	17	74
>50	33	-	33

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
MALAYSIA									
Employees	161	38	199	152	36	188	136	37	173
Contractors	37	-	37	35	-	35	43	-	43
Professional category									
Executive	2	-	2	2	-	2	2	-	2
Manager	12	3	15	9	2	11	8	4	12
Employees	44	35	79	44	34	78	38	33	71
Blue collars	103	-	103	97	-	97	88	-	88
Age range									
<30	30	5	35	30	4	34	28	5	33
30-50	94	26	120	85	26	111	71	27	98
>50	37	7	44	37	6	43	37	5	42
Type of contract									
Permanent	147	38	185	138	36	174	121	37	158
Temporary	14	-	14	14	-	14	15	-	15
Full-time	161	38	199	151	36	187	135	37	172
Part-time	-	-	-	1	-	1	1	-	1

	31-12-2018		
	Men	Women	Total
MALAYSIA			
Executive Manager			
<30	-	-	-
30-50	1	-	1
>50	1	-	1
Manager			
<30	-	-	-
30-50	9	3	12
>50	3	-	3
Employees			
<30	4	5	9
30-50	25	23	48
>50	15	7	22
Blue collars			
<30	26	-	26
30-50	59	-	59
>50	18	-	18

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
DENMARK									
Employees	645	75	720	655	81	736	645	76	721
Contractors	-	-	-	-	-	-	-	-	-
Professional category									
Executive	3	-	3	3	-	3	3	-	3
Manager	44	8	52	49	12	61	51	11	62
Employees	138	63	201	137	63	200	134	61	195
Blue collars	460	4	464	466	6	472	457	4	461
Age range									
<30	29	5	34	28	6	34	30	5	35
30-50	266	48	314	280	53	333	281	48	329
>50	350	22	372	347	22	369	334	23	357
Type of contract									
Permanent	645	75	720	651	81	732	642	75	717
Temporary	-	-	-	4	-	4	3	1	4
Full-time	642	74	716	650	77	727	641	71	712
Part-time	3	1	4	5	4	9	4	5	9

	31-12-2018		
	Men	Women	Total
DENMARK			
Executive Manager			
<30	-	-	-
30-50	1	-	1
>50	2	-	2
Manager			
<30	-	-	-
30-50	23	6	29
>50	21	2	23
Employees			
<30	6	5	11
30-50	71	39	110
>50	61	19	80
Blue collars			
<30	23	-	23
30-50	171	3	174
>50	266	1	267

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
NORWAY									
Employees	122	19	141	127	16	143	133	16	149
Contractors	-	-	-	-	-	-	-	-	-
Professional category									
Executive	-	-	-	-	-	-	-	-	-
Manager	15	4	19	18	3	21	18	2	20
Employees	32	13	45	29	13	42	31	13	44
Blue collars	75	2	77	80	-	80	84	1	85
Age range									
<30	7	1	8	5	2	7	7	3	10
30-50	64	13	77	72	9	81	76	11	87
>50	51	5	56	50	5	55	50	2	52
Type of contract									
Permanent	122	19	141	127	16	143	133	16	149
Temporary	-	-	-	-	-	-	-	-	-
Full-time	120	19	139	127	16	143	133	16	149
Part-time	2	-	2	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
NORWAY			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	-	-	-
Manager			
<30	-	-	-
30-50	5	2	7
>50	10	1	11
Employees			
<30	1	1	2
30-50	17	9	26
>50	14	4	18
Blue collars			
<30	6	-	6
30-50	42	2	44
>50	27	-	27

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
GREAT BRITAIN									
Employees	37	7	44	101	19	120	98	18	116
Contractors	-	-	-	-	-	-	-	-	-
Professional category									
Executive	1	-	1	1	-	1	1	-	1
Manager	3	1	4	7	2	9	4	1	5
Employees	5	6	11	16	11	27	17	13	30
Blue collars	28	-	28	77	6	83	76	4	80
Age range									
<30	5	-	5	22	1	23	24	2	26
30-50	13	3	16	41	9	50	45	8	53
>50	19	4	23	38	9	47	29	8	37
Type of contract									
Permanent	36	6	42	100	18	118	94	18	112
Temporary	1	1	2	1	1	2	4	-	4
Full-time	37	5	42	101	19	120	98	18	116
Part-time	-	2	2	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
GREAT BRITAIN			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	1	-	1
Manager			
<30	-	-	-
30-50	2	-	2
>50	1	1	2
Employees			
<30	1	-	1
30-50	1	3	4
>50	3	3	6
Blue collars			
<30	4	-	4
30-50	10	-	10
>50	14	-	14

	31-12-2018			31-12-2017		
	Men	Women	Total	Men	Women	Total
FRANCE						
Employees	27	2	29	25	1	26
Contractors	-	-	-	-	-	-
Professional category						
Executive	-	-	-	-	-	-
Manager	12	1	13	9	-	9
Employees	15	1	16	16	1	17
Blue collars	-	-	-	-	-	-
Age range						
<30	1	-	1	-	-	-
30-50	18	2	20	19	1	20
>50	8	-	8	6	-	6
Type of contract						
Permanent	27	2	29	25	1	26
Temporary	-	-	-	-	-	-
Full-time	27	2	29	25	1	26
Part-time	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
FRANCE			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	-	-	-
Manager			
<30	-	-	-
30-50	5	1	6
>50	7	-	7
Employees			
<30	1	-	1
30-50	13	1	14
>50	1	-	1
Blue collars			
<30	-	-	-
30-50	-	-	-
>50	-	-	-

	31-12-2018			31-12-2017		
	Men	Women	Total	Men	Women	Total
BELGIUM						
Employees	435	56	491	438	53	491
Contractors	2	1	3	-	-	-
Professional category						
Executive	1	-	1	1	-	1
Manager	54	10	64	51	10	61
Employees	84	45	129	79	42	121
Blue collars	296	1	297	307	1	308
Age range						
<30	34	2	36	36	3	39
30-50	235	43	278	240	40	280
>50	166	11	177	162	10	172
Type of contract						
Permanent	417	55	472	419	53	472
Temporary	18	1	19	19	-	19
Full-time	402	40	442	408	38	446
Part-time	33	16	49	30	15	45

	31-12-2018		
	Men	Women	Total
BELGIUM			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	1	-	1
Manager			
<30	7	-	7
30-50	16	9	25
>50	31	1	32
Employees			
<30	3	2	5
30-50	45	33	78
>50	36	10	46
Blue collars			
<30	24	-	24
30-50	174	1	175
>50	98	-	98

	31-12-2018			31-12-2017		
	Men	Women	Total	Men	Women	Total
USA⁵⁰						
Employees	192	15	207	68	3	71
Contractors	-	-	-	-	-	-
Professional category						
Executive	3	-	3	2	-	2
Manager	30	1	31	4	0	4
Employees	20	14	34	5	3	8
Blue collars	139	-	139	57	-	57
Age range						
<30	23	2	25	10	-	10
30-50	70	2	72	12	-	12
>50	99	11	110	46	3	49
Type of contract						
Permanent	192	15	207	-	-	-
Temporary	-	-	-	-	-	-
Full-time	189	15	204	67	3	70
Part-time	3	-	3	1	-	1

	31-12-2018		
	Men	Women	Total
USA			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	3	-	3
Manager			
<30	1	-	1
30-50	10	-	10
>50	19	1	20
Employees			
<30	1	2	3
30-50	4	2	6
>50	15	10	25
Blue collars			
<30	21	-	21
30-50	56	-	56
>50	62	-	62

⁵⁰For the United States, LWCC has also been included, but there are no data available for it in 2017, because joined the Group in 2018.

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
SWEDEN									
Employees	115	26	141	109	25	134	109	23	132
Contractors	-	-	-	-	-	-	-	-	-
Professional category									
Executive	2	-	2	1	-	1	1	-	1
Manager	6	3	9	6	2	8	7	1	8
Employees	26	17	43	25	16	41	23	16	39
Blue collars	81	6	87	77	7	84	78	6	84
Age range									
<30	13	3	16	13	2	15	14	1	15
30-50	46	16	62	44	18	62	49	18	67
>50	56	7	63	52	5	57	46	4	50
Type of contract									
Permanent	112	25	137	107	24	131	106	23	129
Temporary	3	1	4	2	1	3	3	-	3
Full-time	115	25	140	109	24	133	109	22	131
Part-time	-	1	1	-	1	1	-	1	1

	31-12-2018		
	Men	Women	Total
SWEDEN			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	2	-	2
Manager			
<30	1	-	1
30-50	3	2	5
>50	2	1	3
Employees			
<30	1	1	2
30-50	12	10	22
>50	13	6	20
Blue collars			
<30	11	2	13
30-50	31	4	35
>50	39	0	39

	31-12-2018			31-12-2017			31-12-2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
ITALY⁵¹									
Employees	54	18	72	58	24	82	57	27	84
Contractors	-	-	-	-	-	-	-	-	-
Professional category									
Executive	28	2	30	27	1	28	30	-	30
Manager	13	5	18	13	6	19	11	7	18
Employees	13	11	24	18	17	35	16	20	36
Blue collars	-	-	-	-	-	-	-	-	-
Age range									
<30	2	3	5	2	2	4	2	8	10
30-50	30	15	45	35	22	57	35	19	54
>50	22	-	22	21	-	21	20	-	20
Type of contract									
Permanent	54	17	71	58	20	78	57	26	83
Temporary	-	1	1	-	4	4	-	1	1
Full-time	54	18	72	58	24	82	57	27	84
Part-time	-	-	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
ITALY			
Executive Manager			
<30	-	-	-
30-50	12	2	14
>50	16	-	16
Manager			
<30	-	-	-
30-50	11	5	16
>50	2	-	2
Employees			
<30	2	3	5
30-50	7	8	15
>50	4	-	4
Blue collars			
<30	-	-	-
30-50	-	-	-
>50	-	-	-

⁵¹The data refer to Cementir Holding and Spartan Hive which, after the sale of the Cementir Italia Group, are the only ones with employees in Italy.

	31-12-2018			31-12-2017			31-12-2016
	Men	Women	Total	Men	Women	Total	Total
ICELAND⁵²							
Employees	10	-	10	10	1	11	9
Contractors	-	-	-	-	-	-	-
Professional category							
Executive	-	-	-	-	-	-	-
Manager	1	-	1	-	1	1	1
Employees	2	-	2	3	-	3	2
Blue collars	7	-	7	7	-	7	6
Age range							
<30	-	-	-	-	-	-	-
30-50	10	-	10	-	-	-	-
>50	-	-	-	-	-	-	-
Type of contract							
Permanent	10	-	10	9	-	9	-
Temporary	-	-	-	1	1	2	-
Full-time	10	-	10	10	1	11	-
Part-time	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
ICELAND			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	-	-	-
Manager			
<30	-	-	-
30-50	1	-	1
>50	-	-	-
Employees			
<30	-	-	-
30-50	2	-	2
>50	-	-	-
Blue collars			
<30	-	-	-
30-50	7	-	7
>50	-	-	-

⁵² For 2016 we only have the total number of employees and the division by professional category. For previous years, information on division by age bracket is not available.

	31-12-2018			31-12-2017			31-12-2016
	Men	Women	Total	Men	Women	Total	Total
POLAND⁵³							
Employees	5	3	8	5	3	8	7
Contractors	-	-	-	-	-	-	-
Professional category							
Executive	-	-	-	-	-	-	-
Manager	1	-	1	1	-	1	1
Employees	1	3	4	2	3	5	4
Blue collars	3	-	3	2	-	2	2
Age range							
<30	-	-	-	-	-	-	-
30-50	5	3	8	-	-	-	-
>50	-	-	-	-	-	-	-
Type of contract							
Permanent	5	3	8	-	-	-	-
Temporary	-	-	-	-	-	-	-
Full-time	5	3	-	-	-	-	-
Part-time	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
POLAND			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	-	-	-
Manager			
<30	-	-	-
30-50	1	-	1
>50	-	-	-
Employees			
<30	-	-	-
30-50	1	3	4
>50	-	-	-
Blue collars			
<30	-	-	-
30-50	3	-	3
>50	-	-	-

⁵³ Data on type of contract and division by age bracket is available as of this reporting year.

	31-12-2018			31-12-2017			31-12-2016
	Men	Women	Total	Men	Women	Total	Total
RUSSIA⁵⁴							
Employees	1	-	1	1	-	1	2
Contractors	-	-	-	-	-	-	-
Professional category							
Executive	-	-	-	-	-	-	-
Manager	1	-	1	1	-	1	2
Employees	-	-	-	-	-	-	-
Blue collars	-	-	-	-	-	-	-
Age range							
<30	-	-	-	-	-	-	-
30-50	1	-	1	-	-	-	-
>50	-	-	-	-	-	-	-
Type of contract							
Permanent	1	-	1	-	-	-	-
Temporary	-	-	-	-	-	-	-
Full-time	1	-	1	-	-	-	-
Part-time	-	-	-	-	-	-	-

	31-12-2018		
	Men	Women	Total
RUSSIA			
Executive Manager			
<30	-	-	-
30-50	-	-	-
>50	-	-	-
Manager			
<30	-	-	-
30-50	1	-	1
>50	-	-	-
Employees			
<30	-	-	-
30-50	-	-	-
>50	-	-	-
Blue collars			
<30	-	-	-
30-50	-	-	-
>50	-	-	-

⁵⁴Data on type of contract and division by age bracket is available as of this reporting year.

	31-12-2018			31-12-2017		
	Men	Women	Total	Men	Women	Total
AUSTRALIA⁵⁵						
Employees	3	-	3	3	-	3
Contractors	-	-	-	-	-	-
Professional category						
Executive	-	-	-	-	-	-
Manager	3	-	3	3	-	3
Employees	-	-	-	-	-	-
Blue collars	-	-	-	-	-	-
Age range						
<30	-	-	-	-	-	-
30-50	3	-	3	-	-	-
>50	-	-	-	-	-	-
Type of contract						
Permanent	3	-	3	-	-	-
Temporary	-	-	-	-	-	-
Full-time	3	-	3	-	-	-
Part-time	-	-	-	-	-	-

⁵⁵ In previous years, reporting was only available divided by professional category.

GRI CONTENT INDEX

GRI Standard	Disclosure	Number of page or link	Omissions
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1 Name of the organization	Cementir Holding	-
	102-2 Activities, brands, products, and services	"The Group's products"	-
	102-3 Location of headquarters	Roma - Corso di Francia 200	-
	102-4 Location of operations	"The Group's products"	-
	102-5 Ownership and legal form	"The Corporate Governance system"	-
	102-6 Markets served	"The Group's products"	-
	102-7 Scale of the organization	"The Cementir Group"	-
	102-8 Information on employees and other workers	"Workforce number and composition"	-
	102-9 Supply chain	"How cement is made"	-
	102-10 Significant changes to the organization and its supply chain	"The Cementir Group" "Methodological Note"	-
	102-11 Precautionary Principle or approach	"Internal control and risk management risk"	-
	102-12 External initiatives	"Our principles"	-
	102-13 Membership of associations	The Company is member of several national and international associations related to its business, in almost all the Countries where its market develops	-
	102-14 Statement from senior decision-maker	"Letter to the Stakeholder"	-
	102-16 Values, principles, standards, and norms of behavior	"Our principles"	-
	102-18 Governance structure	"The Cementir Group" and any reference to the Financial Report	-
	102-40 List of stakeholder groups	"Group's stakeholders"	-
	102-41 Collective bargaining agreements	"Industrial relations"	-
	102-42 Identifying and selecting stakeholders	"Group's stakeholders"	-
	102-43 Approach to stakeholder engagement	"Group's stakeholders" "We support our communities" "Customer management"	-
	102-44 Key topics and concerns raised	"Group's stakeholders" "We support our communities"	-
	102-45 Entities included in the consolidated financial statements	"Methodology note"	-
	102-46 Defining report content and topic Boundaries	"Methodology note"	-
	102-47 List of material topics	"Methodology note"	-
	102-48 Restatements of information	"Methodology note"	-
	102-49 Changes in reporting	"Methodology note"	-
	102-50 Reporting period	"Methodology note"	-
	102-51 Date of most recent report	"Methodology note"	-
	102-52 Reporting cycle	"Methodology note"	-
	102-53 Contact point for questions regarding the report	communication@cementirholding.it	-
	102-54 Claims of reporting in accordance with the GRI Standards	"Methodology note"	-
102-55 GRI content index	"GRI Content Index"	-	
102-56 External assurance	Independent auditor's report on the Consolidated Non-Financial Statement	-	

follow

GRI Standard	Disclosure	Number of page or link	Omissions
MATERIAL TOPICS			
Economic Performance (Business performances, expansion and consolidation)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "The economic-financial results" "The economic value generated and distributed"	-
	103-2 The management approach and its components	"The economic-financial results" "The economic value generated and distributed"	-
	103-3 Evaluation of the management approach	"The economic-financial results" "The economic value generated and distributed"	-
GRI 201: Economic Performances	201-1 Direct economic value generated and distributed	"The economic value generated and distributed"	-
Anti-corruption (Ethics, Anti-corruption and Compliance)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "Our principles" "The commitment to combating corruption"	-
	103-2 The management approach and its components	"Our principles" "The commitment to combating corruption"	-
	103-3 Evaluation of the management approach	"Our principles" "The commitment to combating corruption"	-
GRI 205: Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	"The commitment to combating corruption"	-
Anti-competitive behaviour (Fair Competition)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "Our principles" "Integrity and competition"	-
	103-2 The management approach and its components	"Our principles" "Integrity and competition"	-
	103-3 Evaluation of the management approach	"Our principles" "Integrity and competition"	-
GRI 206: Anti-competitive behaviour	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	"Our principles" "Integrity and competition"	-
Materials (Use of alternative fuels and materials)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "In waste we see resources"	-
	103-2 The management approach and its components	"In waste we see resources" "Use of alternative fuels" "Alternative raw materials"	-

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GRI Standard	Disclosure	Number of page or link	Omissions
MATERIAL TOPICS			
Materials (Use of alternative fuels and materials)			
	103-3 Evaluation of the management approach	"In waste we see resources" "Use of alternative fuels" "Alternative raw materials"	-
GRI 301: Materials	301-1 Materials used by weight or volume	"Alternative raw materials"	-
Energy (Use of alternative fuels and materials e Climate Change)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "In waste we see resources" "We respect the environment in all our operations"	-
	103-2 The management approach and its components	"In waste we see resources" "We respect the environment in all our operations"	-
	103-3 Evaluation of the management approach	"In waste we see resources" "We respect the environment in all our operations"	-
GRI 302: Energy	302-1 Energy consumption within the organization	"Energy consumption" "Use of alternative fuels"	-
	302-3 Energy intensity	"Energy consumption"	-
Water (Water management)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We respect the environment in all our operations"	-
	103-2 The management approach and its components	"We respect the environment in all our operations"	-
	103-3 Evaluation of the management approach	"We respect the environment in all our operations"	-
GRI 303: Water	303-1 Water withdrawal by source	"Water consumption"	-
	303-3 Water recycled and reused	"Water consumption"	These figures are reported for the cement production and ready mix concrete production (the most relevant production processes)
Emissions (Climate Change e Channeled emissions)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We respect the environment in all our operations" "Commitment against climate change"	-
	103-2 The management approach and its components	"We respect the environment in all our operations" "Commitment against climate change"	-
	103-3 Evaluation of the management approach	"We respect the environment in all our operations" "Commitment against climate change"	-

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GRI Standard	Disclosure	Number of page or link	Omissions
MATERIAL TOPICS			
Materials (Use of alternative fuels and materials)			
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	"CO ₂ emissions"	-
	305-2 Energy indirect (Scope 2) GHG emissions	"CO ₂ emissions"	-
	305-4 GHG emissions intensity	"CO ₂ emissions"	-
	305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	"Other air emissions"	-
Employment (People management and development)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We value our people"	-
	103-2 The management approach and its components	"We value our people"	-
	103-3 Evaluation of the management approach	"We value our people"	-
GRI 401: Employment	401-1 New employee hires and employee turnover	"Workforcenumber and consistency"	The text indicates the limits to the indicator scope
Labor/Management relations (Industrial Relations)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We value our people"	-
	103-2 The management approach and its components	"We value our people"	-
	103-3 Evaluation of the management approach	"We value our people"	-
GRI 402: Labor/Management relations	402-1 Minimum notice periods regarding operational changes	"Industrial relations"	-
Occupational Health & Safety (Health & Safety)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We value our people"	-
	103-2 The management approach and its components	"We value our people"	-
	103-3 Evaluation of the management approach	"We value our people"	-
GRI 403: Occupational Health & Safety	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	"Safety first"	The text indicates the limits to the indicator scope. For contractors just the numbers of injuries and lost days due to injuries are available (not the injury rate and the severity rate).

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GRI Standard	Disclosure	Number of page or link	Omissions
MATERIAL TOPICS			
Training and education (People management and development)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We value our people"	-
	103-2 The management approach and its components	"We value our people"	-
	103-3 Evaluation of the management approach	"We value our people"	-
GRI 404: Training and education	404-1 Average hours of training per year per employee	"We value our people"	The text indicates the limits to the indicator scope
	404-2 Programs for upgrading employee skills and transition assistance programs	"We value our people"	-
	404-3 Percentage of employees receiving regular performance and career development reviews	"We value our people"	The text indicates the limits to the indicator scope
Diversity and Equal Opportunity (Diversity Management)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We value our people"	-
	103-2 The management approach and its components	"We value our people"	-
	103-3 Evaluation of the management approach	"We value our people"	-
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	"Diversity e inclusione" "Appendix"	The text indicates the limits to the indicator scope
Non discrimination (Human Rights)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We value our people" "Diversity e inclusione"	-
	103-2 The management approach and its components	"We value our people" "Diversity e inclusione"	-
	103-3 Evaluation of the management approach	"We value our people"	-
GRI 406: Non discrimination	406-1 Incidents of discrimination and corrective actions taken	In 2018, no reports or complaints were received concerning possible discrimination in the workplace.	-

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GRI Standard	Disclosure	Number of page or link	Omissions
MATERIAL TOPICS			
Local Communities (Community Engagement)			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "We support our communities"	-
	103-2 The management approach and its components	"We support our communities"	-
	103-3 Evaluation of the management approach	"We support our communities"	-
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	"Dialogue and support for local communities"	Qualitative description of the involvement of local communities and of the programs developed
	413-2 Operations with significant actual and potential negative impacts on local communities	"Dialogue and support for local communities"	
Customer Management			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "Customer management"	-
	103-2 The management approach and its components	"Customer management"	-
	103-3 Evaluation of the management approach	"Customer management"	-
n.a.	No disclosure of the GRI applicable. The document presents a qualitative description of the subject and actions taken by the Group	"Customer management"	-
White Cement applications and quality			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note" "Leader in white cement"	-
	103-2 The management approach and its components	"Leader in white cement"	-
	103-3 Evaluation of the management approach	"Leader in white cement"	-
n.a.	No disclosure of the GRI applicable. The document presents a qualitative description of the subject and actions taken by the Group	"Leader in white cement"	-

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GRI Standard	Disclosure	Number of page or link	Omissions
MATERIAL TOPICS			
Logistic and Supply Chain			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	"Methodology note"	-
	103-2 The management approach and its components	"Methodology note" "Raw materials and product logistics"	-
	103-3 Evaluation of the management approach	"Methodology note" "Raw materials and product logistics"	-
n.a.	No specific disclosure of the GRI is associated to the topic. Nevertheless, the number of incidents and injuries occurred to the people involved in logistics are reported (please see the Disclosure 403-2)	"Safety first"	-

Rome, 7 March 2019

Francesco Caltagirone Jr.
Chairman of the Board of Directors

GLOSSARY

Cement equivalent (TCE - Total Cement Equivalent): an indicator related to the plant's production of clinker, calculated based on the clinker produced and the average clinker/cement ratio for the year.

CO₂: carbon dioxide is an oxide acid (anhydride) formed by a carbon atom bonded to two oxygen atoms. It is an essential substance in the vital processes of plants and animals, but is also responsible for the rise in global warming.

g/ tTCE: grams per ton of cement equivalent.

Joule: unit of measure of energy (one joule is the work required to exert a force of one newton for a distance of one metre). A gigajoule (Gj) is equal to 1*10⁹ joules, while a terajoule (TJ) is equal to 1*10¹² joules.

Frequency rate: the index used to calculate the scale of accidents. It is the number of accidents that have occurred in a year divided by the hours worked in the same year. The rate is multiplied by 200,000, a factor enabling presentation of the number of work accidents every 100 full time workers, workers over one year (with the assumption that a full time worker works about 2,000 hours per year).

Severity rate: the rate used to calculate the extent of injury (i.e. the severity of the consequences of accidents at work). This is the number of days of work lost due to accidents divided by the number of hours worked in the same year. The rate is multiplied by 200,000,

a factor enabling presentation of the severity of the number of work accidents every 100 full time workers, workers over one year (with the assumption that a full time worker works about 2,000 hours).

Accident⁵⁶: an accidental event that occurs during work and that has caused a temporary and/or permanent physical or psychological injury or the death of the worker.

RDF (Refuse-Derived Fuel): translation of the English acronym RDF (Refuse Derived Fuel) a solid dry shredded fuel obtained by processing solid urban waste, generally collected in cylindrical blocks known as eco-bales.

SRF (Solid Recovered Fuel): translation of the English acronym SRF (Solid Recovered Fuel) a solid dry shredded fuel obtained by processing solid urban waste compliant with European standard ER15359.

ISO 14001: a voluntary international standard, establishing the requirements that an efficient environmental management system must fulfil. ISO 14001 is a certifiable standard, meaning that certification of compliance with its requirements may be obtained from an accredited certification agency operating within given rules. ISO 14001 certification is not mandatory, but is the result of a voluntary choice by a company/organization that decides to establish/implement/maintain/improve its environmental management system. Adopting the ISO 14001 standard allows an organization to identify and monitor the impact of its activities on the environment and improve its environmental performance by implementing a systematic approach that involves the definition and achievement of specific environmental goals.

OHSAS 18001: the international standard that sets the requirements for developing a system for managing and protecting the health and safety of workers (OHSAS stands for Occupational Health and Safety Assessment Series). OHSAS certification verifies the voluntary application within an organization of a system that guarantees sufficient control of occupational health and safety, as well as compliance with mandatory regulations.

ISO 50001: a voluntary international standard that specifies the requirements for creating, implementing, maintaining and improving an energy management system. The aim of this system is to make it possible for an organization to use a systematic approach to continuously improve its energy performance, including energy efficiency as well as energy consumption and use.

(EMAS) Eco-Management and Audit Scheme: a voluntary scheme created by the European Community which can be joined voluntarily by organizations (companies, public bodies, etc.) to assess and improve their

⁵⁶Accidents during travel are excluded.

environmental performance and provide the public and other interested parties with information on their environmental management. The main aim of EMAS is to help create sustainable economic development, highlighting the role and responsibilities of businesses. To obtain (and maintain) the EMAS certification (registration), organizations must subject their environmental management system to a compliance assessment by an Accredited Auditor, and have the same auditor validate their Environmental Report (and its updates, which are usually annual).

ISO 9001: a voluntary international standard published in 1987 by the International Organization for Standardization, regarding the requirements of Quality Management Systems for organizations in any sector and of any size.

OSHA (Occupational Safety and Health Administration): agency of the US Department of Labor, which introduced standards for occupational safety.

l/t: Litres per tonne.

m³: Cubic metre.

NO: Nitrogen oxide.

NO₂: Nitrogen dioxide.

NO_x: Nitrogen oxides (NO and NO₂).

SO₂: Sulphur dioxide.

Emissions "Scope 1": are all the direct emissions from the company's own sources or those controlled by the company.

Emissions "Scope 2": are the indirect emissions of the company, that is those linked to the purchase of energy from sources controlled by another subject.

EMISSION FACTORS USED

To calculate the direct emissions of CO₂ equivalents (scope 1) were used the emission factors of the *2006 IPCC Guidelines for National Greenhouse Gas Inventories (2006 IPCC Guidelines)*.

To calculate the indirect emissions of CO₂ equivalents (scope 2) were used the emission factors provided by Ecoinvent 3.3. The Database Ecoinvent 3.3 is a database that has emission factors linked to the electricity production mix of several countries in the world.



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

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

To the Board of Directors of Cementir Holding S.p.A.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have performed a limited assurance engagement on the consolidated non-financial statement of Cementir Holding S.p.A. and its subsidiaries (hereafter the "Cementir Group" or the "Group") for the year ended 31 December 2018 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 07 March 2019 (hereafter the "NFS").

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

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

The Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or unintentional errors.

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

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

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

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

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

Auditor's responsibilities

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

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

In particular, we performed the following procedures:

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

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



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS. In particular, we held meetings and interviews with the management of Cementir Holding S.p.A. and with the personnel of its subsidiaries Cimentas A.S., Recydia Inc. e CCB – Compagnie de Ciments Belges we performed limited analysis of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

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

- at holding level
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the following subsidiaries and plants Cimentas A.S., Recydia Inc. e CCB – Compagnie de Ciments Belges, which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Cementir Group as of 31 December 2018 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Rome, 26 March 2019

PricewaterhouseCoopers SpA

Signed by

Massimiliano Loffredo
(Partner)

Signed by

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2018 translation.



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