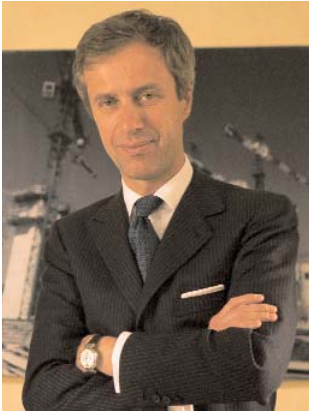


A Powerful Idea in My Mind

by Carlo Pesenti*

Working for a sustainable business, a sustainable society and a sustainable environment

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Carlo Pesenti

When we launched the new Group Corporate Identity Italcementi had an urgent need to create internal cohesion and to build one team worldwide, as well as to show the outside world the force that we had become. We identified a clear ambition, shared key values and introduced our now famous slogan. There is no doubt that our brand has served us well. Now, 10 years on our slogan is still our focus synthesising Italcementi vision and approach as Carlo Pesenti argues in the following article: "as a world class local business we are deeply aware of our commitment to a sustainable and long-lasting development".

Ten years ago Italcementi's growth and worldwide presence led to unify all of our international companies under one single corporate identity, Italcementi Group. For us, moving to a global identity has meant to reflect our standing as a world class company, to combine the strengths of our local company names with a consistent global Group identification, to become a truly modern group that works together, plays together and wins together. In other words, this process has meant for us to become one team worldwide. Since then, Italcementi Group has been pursuing its internationalisation strategy by acquiring new cement companies in Bulgaria, Kazakhstan, China, Kuwait, Thailand, India and Egypt, and by strengthening its presence in Morocco and in the United States. During these

ten years our ambition has been to become one of the most efficient cement manufacturers and distributor in the world. We have tried to achieve this through our professionalism and strong technical know-how which ensures that we can deliver consistently reliable and high quality products around the world. But also defining our goals: technological leadership through a strong innovation effort, efficiency and transparency based on an ethically inspired corporate governance, and economic development integrated with environmental protection and social responsibility. Change is our challenge. We are local and we think global. As a world class local business, we are deeply aware of our commitment to a sustainable and long-lasting development. Thus innovation, corporate

governance and sustainable development are today the key factors of our business strategy.

Innovation for our Group means dynamism and proactivity, as well as creativity. We strongly believe that the future will require us to be ever more innovative and dynamic in our approach, not only in the development of new products and services, but also in thinking and behaving proactively so that our company remains among the leaders in its industry. We must embrace change, be open to new ideas and work harder at attracting the best talents. Innovation can make the industrial efficiency of our existing operations stronger, and can support and lead our industrial growth through the capability of designing and providing a competitive offer to our customers with a wider range of products, services and applications in the framework of sustainable development.

This is also why our Group is presently applying the Innovation Rate as a new element to be market-oriented. It measures our capability to innovate and meet the market needs, being a number indicating how much of our yearly turnover is realised with products, applications and services launched in the last 5 years. It therefore implies that every year we are able to innovate more.

To support our innovation activity, we have built a strong **research network** based on the 2 Group's Research Centres of Bergamo (Italy) and Guerville (France), that work strictly connected with 6 further Research Centres, 30 materials and construction companies and 19 Universities. Through this network the following activities are carried out: collaboration projects on general items, specific bilateral



collaboration on industrial objectives, development of technical standards, basic and applied research, as well as skill improvement for internal projects.

Along its path to innovation, Italcementi Group has decided to create one of the greatest Research & Innovation Centre in Europe on construction materials: the **ITCLab Innovation and Technology Central Laboratory**.

The projects involves the creation of a 11,000 square metre facility, of which 7,500 square metres have been allotted exclusively for research laboratories that will take approximately two years to build. ITCLab was designed by architect Richard Meier and is set within the "Kilometro Rosso" Scientific Park just outside Bergamo, a new pole where a number of multidisciplinary research initiative will take place, operate by both private companies and public bodies and involving around 3,000 people over the next 10 years. The ITCLab building will have a low impact on the environment. The entire structure will be constructed using a concrete developed by Italcementi using a photocatalytic, self-cleaning and pollution-reducing cement.



ITCLab is set to be a reference for sustainable architecture. The objective is to achieve Leadership in Energy and Environmental Design (LEED), the strictest and most important American certification programme for energy and environment in the building sector. The new ITCLab is for us one of the flag of the present vision of our Group seeking a global leadership also on innovation. Our second strategic axis, as already said, is **corporate governance**. I firmly believe that the adoption of good rules of governance goes hand in hand with the dissemination of a business culture whose objectives are efficiency,

transparency, appropriate management and control efficacy. Our Group's corporate governance is firstly a system of shared values. Our recent **Charter of Values** is the most visible synthesis of all the values we have built together in our recent past. The Charter of Values reiterates the basic principles of our Codes of governance, and closely links them to our sustainability targets. The values included in the Charter have already been part of our corporate wealth and culture for a long time. With the Charter of Values one specific aspect of Italcementi Group's culture has been emphasised: the way to achieve successfully our corporate

mission is to consider the individual as the focal point of our way of thinking, even before our way of operating. This is why our Charter of Values is inspired by some fundamental international reference standards such as the UN Declaration of Human Rights. Placing the individual at the centre of our vision means, particularly in present times, integrating economic development with equal opportunities, participation, quality of life and dialogue with the stakeholders. The Charter of Values states the basic principles underlying the Group's governance model. It is the point where the personal ethics of each employee and those of the company come together in placing the individual as the basis of corporate development. The Charter of Values does not replace or overlap the Codes of Governance which have already been approved by Italcementi and which are now fully in effect. Indeed it summarises and strengthens the general principles contained in these Codes. It is the framework document outlining the commitments made by the company and by the women and men belonging to the Group. This document, including Italcementi Group's

general principles of ethics, is designed to guide staff in the behaviour with clients, institutions and public administrations, competitors, shareholders, suppliers, markets and non-governmental organisations representing the many interests generated by the Group's business. We place honesty, transparency and integrity at the heart of our business. We have earned the trust of our partners and our people by being transparent and accountable for our actions. We honour our commitments and take responsibility for our actions. We also believe in the value of diversity and work hard to combine our global expertise with local understanding. We respect the many different cultures that we work with and know from experience that we can learn from each other. Long term partnerships have been and will continue to be the foundation for our lasting growth. The strong sense of belonging that our people have is linked to the respect we have always demonstrated towards them and the respect they show each other. Moreover a strong sense of responsibility has been a defining value of our company since its foundation 140 years ago.



Responsibility towards our people for their safety and well-being, responsibility to our stakeholders for performance and results, and responsibility to our local communities for their prosperity. We believe that respect of diversity can lead to common growth. From this point of view the many players from different cultural and local identities that currently compose Italcementi Group, operating plants in 21 countries, are a great opportunity for us. Understanding specific local aspects and meeting the expectations and needs of the various territories and local communities helps our business to put down roots and to remain in countries and in markets as reliable, responsible player in the long term. Extending to local situations the common values of a great industrial group that bases its operations on guarantees of human rights allows us to play a part in raising general quality of life and therefore confirms the role of our presence as an engine of development and modernity. This integration between the values of local identity and culture and the general and common values of the Group today inspires our vision and allows us to glimpse new paths and new opportunities. To be a great industrial group that feeds its global strategy with specific local aspects: this is our challenge.

Italcementi Group's corporate governance is also the establishment of a well defined decision making structure, with all relevant bodies, leading to the listing of a series of ethical as well as more typically managerial rules, principles and behaviours that must be applied in all our affiliated companies. Finally corporate governance means the adoption of a consistent system of policies, codes, organised procedures and behaviours complying with local legislations and best practices. From this last point of view, I am proud to say that our management compliance attitude is today inspired by the idea that performing the right activities is the way to obtain a competitive advantage, rather than a compulsory way defined by legally binding obligations. In the last few months a Group **corporate governance action plan** was launched with relevant tools and deadlines to achieve the ambitious target of aligning organisations, processes, procedures and best practices of all operating subsidiaries within the Group. It is now time to focus on Italcementi Group's commitment to **sustainable development**. To this regard, I want to stress that our vision forces us to give great consideration to sustainability as the ideal framework for our long-term industrial growth. And I also want to express the pride of a company that is fully

aware of its social responsibility and its capacity to innovate in order to improve quality of life and environment at local and global level. Sustainability is an excellent framework for our commitment to economic prosperity in both the developed and the developing areas of the world. It actually includes commitment in both considerable reduction in our impact on ecosystems and social progress that promotes improved standard of living in local communities. We strongly believe that the long-term success of our business depends on our ability to meet the growing expectations of our stakeholders in terms of wealth creation, protection of ecosystems and assurance of healthy and productive lives for human beings. Integrating financial, economic, environmental and social performance is a great challenge for Italcementi Group, as well as an excellent opportunity for improving our innovation efforts. A vision of sustainable development, that seeks to integrate profitable economic performance with protecting the environment and improving the quality of life of present and future generations, is fully coherent with Italcementi Group's strategies. In the past Italcementi Group has developed a growing awareness of the need to focus on environment protection and to operate in a socially

responsible way. Therefore the Group has always sought to conduct its business throughout the world in accordance with environmental legislation, promoting environmental standards that meet and at times exceed local environmental legislation. Italcementi Group has also implemented a strategy for social responsibility with specific concern for health and safety. Constant attention to safety aspects, concerning both the environment and health in the workplace, has always been a characteristic of our Group. But we know that even the most advanced safety policy can only be a partial response to the wider social role that global market development has given to business. In this new scenario, we must be aware of the social impacts our activities have on stakeholders at local, national and global level. We must give strong priority to open dialogue with all those involved in our activities. For us this means that shareholders and stakeholders must be put on an equal standing and afforded the same degree of attention. We confirm our long-term commitment to sustainable development. Italcementi Group's co-chairmanship of the Cement Sustainable Initiative launched in 2000 by the World Business Council for Sustainable Development increases our awareness and responsibility.



Within this initiative, in 2002 we signed the "Agenda for Action", the first formal commitment binding cement companies to sustainable development. We are perfectly aware of our priorities and we intend to take concrete actions to put them into practice. First of all, we want to give our contribution to tackle climate change through a growing effort in the reduction and management of our greenhouse gases emissions. In 2001 we have formalised a specific Group Environment Policy. Moreover, in our sustainability strategy, environment protection must go hand in hand with the safeguard of our people. Employee health and safety are therefore a second priority of our Group. In 2000 we launched the "Zero Accidents" Project to strengthen our already strict and robust safety policy, demonstrating a strong commitment to safeguarding the health and therefore the quality of life of all people involved in our activities. Our third priority is to minimize the impact of our industrial activity, taking care of the needs of local communities. For us, the path to sustainability does not only mean a multi-stakeholder approach to be technically achieved through proper tools and procedures. It involves us as human beings with a strong will to create spread conditions of well being in respect of diversity, cultural identities and natural resources.

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