



***“Organisation Management and Control
pursuant to Italian Legislative Decree 231 of 8 June 2001”***

Cementir Holding S.p.A.

Abstract

Rome, 26/07/2013

Approved by the Board of Directors of
Cementir Holding S.p.A. in the meeting of 26/07/2013

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DEFINITIONS

“NCLA”	The National Collective Labour Agreement.
“Consultants”	Persons acting in the name and/or on behalf of Cementir Holding S.p.A. pursuant to a mandate or other collaboration agreement.
“Decree”	Italian Legislative Decree 231 of 8 June 2001.
“Delegation of powers”	Internal document assigning functions and duties within the corporate organisation.
“Addressees”	All persons to whom the Model is addressed and in particular: corporate bodies and their members, employees and collaborators (including interim workers and project-based workers), the Company’s agents, Consultant’s, Contractors, Partners and members of the Supervisory Body, insofar as not members of the above categories.
“Group”	Cementir Group.
“Model”	The organisation, management and control model pursuant to the Decree, adopted by Cementir Holding S.p.A. and represented by this document and its Attachments, which constitute an integral part.
“S.B.”	The Supervisory Body prescribed by the Decree.
“Management Body”	The Company’s Board of Directors.
“Power of Attorney”	The unilateral legal instrument with which the Company assigns powers of representation with regard to third parties.

- “Sensitive Process”** All the corporate activities and operations organised in order to pursue a certain purpose or manage a certain corporate context within Cementir Holding S.p.A., in areas where there is a potential risk of perpetration of one or more offences provided for by the Decree, as listed in the Special Parts of the Model, indicated generally and collectively as area/s at risk.
- “Process Owner”** The person who, due to the organisational position held or due to the activities performed is more involved in or has greater visibility of the reference Sensitive Process.
- “Offences”** The forms of offences envisaged by the Decree.
- “Company”** Cementir Holding S.p.A (CH)

GENERAL PART

1. ITALIAN LEGISLATIVE DECREE 231/2001 AND RELEVANT LEGISLATION

1.1. THE SYSTEM OF ADMINISTRATIVE LIABILITY ESTABLISHED FOR LEGAL ENTITIES

Italian Legislative Decree 231 of 8 June 2001, containing the “Rules governing the administrative liability of legal entities, companies and associations including those without legal personality” (hereinafter also referred to as the “Decree” or “Italian Legislative Decree 231/2001”), which entered into force on 4 July 2001 in implementation of Article 11 of Italian Delegated Law 300 of 29 September 2000, introduced to the Italian legal system, in accordance with EU provisions, the administrative liability of entities, meaning commercial companies, joint-stock companies, partnerships and associations, including those without legal personality.

The Decree introduced to the Italian legal order a system of administrative liability (essentially equivalent to criminal liability) for companies and associations with or without legal personality (hereinafter termed as Entities), for a number of offences committed in their interest or to their advantage, by:

- Natural persons acting in a representative, administrative or management capacity for the Entities or for one of their organisational units with financial and functional independence, as well as natural persons who exercise, even on a de facto basis, management and control of the Entities;
- Natural persons subject to the direction and supervision of the aforesaid persons.

The administrative liability of the legal entity is additional to the (criminal) liability of the natural person who physically committed the offence and both are subject to assessment during the same proceedings before the criminal court. However the liability of the Entity remains even if the natural person who committed the offence has not been identified or does not prove punishable.

In addition to the requirements described above, the Decree also requires that the entity is found guilty, in order for its liability to be affirmed. This requirement is the result of a “failure of organisation”, meaning failure on the part of the entity to adopt suitable preventive measures to prevent perpetration of the offences set forth in the paragraph below, by the persons expressly identified by the Decree.

If the entity is able to prove that it adopted and effectively implemented an organisation capable of preventing perpetration of these offences, through adoption of the Organisation and Control Model provided for by the Decree, it shall not be subject to administrative liability.

The offences, of which the commission gives rise to administrative liability for the entity, are those expressly and mandatorily referred to in Italian Legislative Decree 231/2001 and subsequent amendments and supplements.

The liability established by the Decree also includes offences committed abroad, according to the conditions specified below, provided that prosecution is not brought by the State in which the offence was committed.

A list is provided below of the offences currently included within the Decree’s scope of application, specifying however that the list shall probably be extended in the near future:

- i) Offences committed to the detriment of Public Administration (undue receipt of funds, fraud against the State or a public body or to obtain public funds and computer fraud against the State or a public body; bribery and extortion);
- ii) Computer crimes and illegal data processing;
- iii) Organised crime;
- iv) Offences involving counterfeiting currencies, securities, revenue stamps, identification instruments and distinctive signs;
- v) Crimes against industry and commerce;
- vi) Corporate offences including the “private bribery” offense, introduced by Law 190/2012
- vii) Crimes for the purpose of terrorism or subversion of the democratic order;

- viii) Crimes against the person involving protection of minors and placing in slavery;
- ix) Crimes and administrative offences involving market abuse and conflict of interests;
- x) Transnational crimes;
- xi) Crimes against physical integrity, with particular regard to female sexual integrity (Article 583-bis Italian Criminal Code);
- xii) Crimes of causing death or serious or very serious injury through negligence with breach of the regulations governing accident prevention and the protection of industrial health and hygiene (Articles 589 and 590, paragraph 3, Italian Criminal Code);
- xiii) Crimes of receiving stolen goods, laundering and use of money, goods or chattels of unlawful origin (Articles 648, 648 bis, 648 ter Italian Criminal Code);
- xiv) Crimes involving breach of copyright;
- xv) Crime of inducement not to provide statements or to provide fraudulent statements to the judicial authorities;
- xvi) Environmental crimes;
- xvii) Crimes in connection with the employment of citizens of third countries who do not possess a regular work permit

(Omissis)

With regard to the other types of offences, the Company has adopted organisational and procedural oversight mechanisms designed to ensure correct performance of corporate activities, which are also theoretically capable of minimising the risk of perpetration of these offences, in this regard referring firstly to the principles set forth in the current Code of Ethics, and then to the provisions contained in the procedures laid down with specific regard to prevention of the offences indicated in the Special Parts of the Model.

A brief description is provided below of the other types of offences envisaged by the Decree.

In its original version (Articles 24 and 25), the Decree only envisaged a series of offences against Public Administration, and specifically:

- Undue receipt of grants, financing and other funds from the State or from another public body (Article 316-ter Italian Criminal Code);
- Fraud against the State or another Public Body (Article 640, paragraph 1, no. 1, Italian Criminal Code);
- Serious fraud to obtain public funds (Article 640-bis Italian Criminal Code);
- Computer fraud against the State or another Public Body (Article 640-ter Italian Criminal Code);
- Bribery to carry out an official act (Article 318 Italian Criminal Code);
- Bribery to carry out an act contrary to official duties (Article 319 Italian Criminal Code);
- Bribery in judicial proceedings (Article 319-ter Italian Criminal Code);
- Instigation to bribery (Article 322 Italian Criminal Code);
- Bribery of persons responsible for a public service (Article 320 Italian Criminal Code);
- Extortion (Article 317 Italian Criminal Code);
- Misappropriation of funds from the State or from Another Public body (Article 316-bis Italian Criminal Code);
- Embezzlement, extortion, bribery and instigation to bribery of members of the European Communities, officials of the European Communities and of foreign States (Article 322-bis Italian Criminal Code).

Later, Article 6 of Italian Law 409 of 23 November 2001, containing “Urgent provisions in view of the introduction of the euro”, added Article 25-bis to the Decree, which aims to punish offences involving the counterfeiting of currencies, securities and revenue stamps. Italian Law 99 of 23 July 2009, then amended this provision, introducing as a precondition for the entity’s liability, also the offences concerning identification instruments and distinctive signs referred to in Articles 473 (counterfeiting, alteration or use of distinctive signs of intellectual

works or of industrial products) and 474 (bringing into the State and trading products with counterfeit trademarks) Italian Criminal Code.

Thereafter, Article 3 of Italian Legislative Decree 61 of 11 April 2002, in force from 16 April 2002, as part of the new corporate law reform introduced the new Article 25-ter of the Decree, extending the system of administrative liability of Entities to also include corporate offences, as envisaged by said Decree 61/2002, and specifically:

- False corporate reporting (Article 2621 Italian Civil Code);
- • False corporate reporting to the detriment of shareholders or creditors (Article 2622 Italian Civil Code); False statements in a prospectus (now Article 173 bis of Italian Legislative Decree 58/1998)
- False statements in reports and disclosures of the independent auditors (Article 2624 Italian Civil Code);
- Impediment of control activities (Article 2625 Italian Civil Code);
- Undue return of contributions (Article 2626 Italian Civil Code);
- Illegal sharing of profits and reserves (Article 2627 Italian Civil Code);
- Unlawful transactions on shares or units of the company or of the parent company (Article 2628 Italian Civil Code);
- Transactions to the detriment of creditors (Article 2629 Italian Civil Code);
- Fictitious formation of capital (Article 2632 Italian Civil Code);
- Improper distribution of corporate assets on the part of liquidators (Article 2633 Italian Civil Code);
- Unlawful influence over the shareholders' meeting (Article 2636 Italian Civil Code);
- Rigging the market (Article 2637 Italian Civil Code);
- Obstructing the performance of public supervisory authority functions (Article 2638 Italian Civil Code);

- Failure to report conflict of interests (introduced by Italian Law 262/2005).

In reforming the entire matter of statutory audit, Italian Legislative Decree 39 of 27 January 2010 repealed Article 2624 (False statements in reports or disclosures of the independent auditors), an offence replaced by Article 27 of the same Decree, at the same time amending the provisions of Articles 2625 (Impediment of control activities) and 2635 (Breach of trust following the giving or promise of benefits) Italian Civil Code.

Italian Law 7/2003 (Ratification of the International Convention against terrorism financing) introduced Article 25-quater, which extended the administrative liability of Entities to include the perpetration of a number of crimes for the purpose of terrorism and subversion of the democratic order.

Italian Law 228 of 11 August 2003 introduced Article 25-quinquies, which extended the administrative liability of Entities to include the perpetration of crimes against the person, concerning the placing and holding in slavery and underage pornography:

- Placing or holding in slavery or servitude (Article 600 Italian Criminal Code);
- Underage prostitution (Article 600-bis Italian Criminal Code);
- Underage pornography (Article 600-ter Italian Criminal Code);
- Tourist initiatives for the exploitation of underage prostitution (Article 600-quinquies Italian Criminal Code);
- Human trafficking (Article 601 Italian Criminal Code);
- Purchase and sale of slaves (Article 602 Italian Criminal Code).

The recent Italian Laws 62 of 2005 (known as the 2004 Community Law) and 262 of 2005 (known as the Savings Law) furthered increased the range of offences of which the perpetration may give rise, if the objective and subjective conditions are met, to administrative liability for entities pursuant to the Decree. Specifically, the first introduced Article 25 sexies to the body of the Decree which provides for liability of the Entity in the interest or to the advantage of which the so-called

“market abuse” offences are committed, and namely the following offences:

- Abuse of privileged information (Article 184 Consolidated Finance Act);
- Market manipulation (Article 185 Consolidated Finance Act).

In Article 187-quinquies, Italian Law 62 of 2005 (Consolidated Finance Act) also established a new form of liability of the Entity as a result of the perpetration in its interest or to its advantage (not of offences but) of breaches of administrative duties involving:

- Abuse of privileged information (Article 185-bis Consolidated Finance Act);
- Market manipulation (Article 185-ter Consolidated Finance Act).

In addition to amending some of the regulations laid down by Article 25-ter on the matter of corporate offences and doubling the amount of the pecuniary penalties established by said Article 25-ter, Italian Law 262 of 2005 also provided for the administrative liability of entities with regard to the offence of:

- Failure to communicate conflict of interests (Article 2629-bis Italian Civil Code).

Italian Law 7 of 9 January 2006 then introduced to Article 25-quater.1 the new offence of Practising mutilation of female genital organs (Article 583-bis Italian Criminal Code) the perpetration of which in the interest or to the advantage of the Entity may give rise to administrative liability for the Entity. The law, which is obviously designed to deter the practising of mutilation, even in our country, for cultural or religious beliefs, punishes anyone who, in the absence of therapeutic necessity, causes mutilation of or injury to female sexual organs.

In ratifying the United Nations Convention and Protocols against transnational organised crime adopted by the General Assembly on 15 November 2000 and 31 May 2001 Italian Law 146 of 2006 established the liability of entities for the following transnational crimes:

- Criminal association (Article 416 Italian Criminal Code);
- Mafia-type criminal association (Article 416-bis Italian Criminal Code);

- Criminal association with the intent to engage in contraband of foreign processed tobacco (Article 291-quater of the Consolidated Law of the President of the Italian Republic 43 of 23 January 1973);
- Association with the intent to engage in unlawful trafficking of narcotic or psychotropic drugs (Article 74 of the Consolidated Law of the President of the Italian Republic 309 of 9 October 1990);
- Unlawful use of capital (Article 648-ter Italian Criminal Code);
- Trafficking of migrants (Article 12, paragraph 3, 3-bis, 3-ter and 5, of the Consolidated Law set forth in Italian Legislative Decree 286 of 25 July 1998);
- Diverting the course of justice in the form of inducement not to provide statements or to provide fraudulent statements to the judicial authority and aiding and abetting (Articles 377-bis and 378 Italian Criminal Code).

The Law in question also envisaged the liability of entities for offences concerning money-laundering, provided that they are committed at transnational level: in introducing Article 25 octies to the Decree, Article 64, Italian Legislative Decree 231 of 21 November 2007 repealed this provision.

In this regard, a transnational offence is considered to be an offence punished with imprisonment of no less than a maximum of four years, if an organised criminal group is involved, and if:

- It is committed in more than one State;
- It is committed in one state, but a substantial part of its preparation, planning, direction or control takes place in another State;
- It is committed in one State, but involves an organised criminal group engaged in criminal activities in more than one State;
- It is committed in one State but has considerable effects in another State.

Furthermore, Italian Law 123 of 3 August 2007 introduced Article 25 septies to the Decree, which was later reformulated by Article 300 of Italian Legislative Decree 81 of 9 April 2008; the aforesaid

Article 25 septies establishes a further extension of the administrative liability of Entities with regard to offences concerning industrial health and safety:

- Causing death by negligence with breach of Article 55, paragraph 2, of the legislative decree implementing the delegation set forth in Italian Law 123 of 3 August, on industrial health and safety;
- Causing death and serious or very serious injury by negligence with breach of the rules on protection of industrial health and safety.

Italian Legislative Decree 231 of 21 November 2007, published in ordinary supplement no. 268 of Official Journal no. 290 of 14 December 2007, assimilated Directive 2005/60/EC of the European Parliament and Council of 26 October 2005, concerning the prevention of use of the financial system for the purpose of laundering the proceeds of criminal activity and of terrorism financing (known as the Third Anti-Money Laundering Directive).

This decree extends the scope of application of Italian Legislative Decree 231/2001, introducing Article 25 octies which aims to punish the crimes of:

- Receiving stolen goods (Article 648 Italian Criminal Code);
- Money laundering (Article 648 bis Italian Criminal Code);
- Use of money, goods or chattels of unlawful origin (Article 648-ter Italian Criminal Code).

At the same time the decree repealed paragraphs 5 and 6 of Article 10 of Italian Law 146 of 10 March 2006, which punished, pursuant to the Decree, the crimes of money-laundering and use of money, goods or chattels of unlawful origin, only if they were of a “transnational” nature.

Italian Law 48 of 18 March 2008 introduced Article 24 bis to the body of Italian Legislative Decree 231/2001, thus extending the liability of entities to also include computer crimes and illegal data processing provided for by the following articles of the Italian Criminal Code:

- Computer documents (Article 491 bis Italian Criminal Code);
- 615 ter, (illegal access to a computer or electronic system);

- 615 quater (illegal holding and dissemination of access codes to computer or electronic systems);
- 615 quinquies (dissemination of computer equipment, devices or programmes designed to damage or interrupt a computer or electronic system);
- 617 quater (interception, obstruction or unlawful interruption of computer or electronic communications);
- 617 quinquies, (installation of equipment to intercept, obstruct or interrupt computer or electronic communications);
- 635 bis, (damaging of information, data and computer programmes); 635 ter, (damaging of information, data and computer programmes used by the State or by another public body or in any case of public utility);
- 635 quater (damaging of computer or electronic systems);
- 635 quinquies, (damaging of computer or electronic systems of public utility);
- 491 bis (false statements in a public computer document or one with evidential value);
- 640 quinquies (computer fraud of the electronic signature certifier).

Italian Law 94 of 15 July 2009 added Article 24 ter to the Decree, which establishes the liability of Entities in relation to organised crime, with particular regard to the following forms:

- Criminal association (Article 416 Italian Criminal Code);
- Criminal association for the purpose of placing and holding in slavery, human trafficking, purchase and sale of slaves and offences involving breach of provisions on illegal immigration set forth in Article 12 Italian Legislative Decree 286/1998 (Article 416, paragraph 6, Italian Criminal Code);
- Mafia-type association (Article 416 bis Italian Criminal Code);
- Trading vote for favours with the mafia (Article 416 ter Italian Criminal Code);

- Kidnapping for the purpose of robbery or extortion (Article 630 Italian Criminal Code);
- Crimes committed taking advantage of the conditions provided Article 416 Italian Criminal Code (known as the mafia method);
- Association with the intent to engage in unlawful trafficking of narcotic or psychotropic drugs (Article 74, Italian Presidential Decree 309/1990);
- Illegal manufacture, bringing into the State, putting on sale, transfer, holding and carrying in a public place or a place open to the public military weapons or military-type weapons or parts thereof, explosives, illegal weapons as well as common firearms (Article 407, paragraph 2, (a), no. 5, Italian Code of Criminal Procedure).

Italian Law 99/09 of 23 July 2009 "Provisions for the development and internationalisation of enterprises and on energy" introduced (Article 15, paragraph 7) to Italian Legislative Decree 231/01 the new Article 25 bis.1 on crimes against industry and commerce and namely:

- Disruption of the freedom of industry or commerce (Article 513 Italian Criminal Code);
- Fraudulent trading (Article 515 Italian Criminal Code);
- Sale of unwholesome food substances as wholesome (Article 516 Italian Criminal Code);
- Sale of industrial products with misleading signs (Article 517 Italian Criminal Code);
- Manufacture and trading of goods produced by usurping intellectual property rights (Article 517-ter Italian Criminal Code);
- Counterfeiting of geographic indications or designations of origin of agro-food products (Article 517-quater Italian Criminal Code);
- Unlawful competition with threat or violence (Article 513-bis Italian Criminal Code);
- Fraud against national industries (Article 514).

Italian Law 99/09 of 23 July 2009 also introduced to Italian Legislative Decree 231/01 Article 25 novies on crimes involving breach of copyright and namely:

- Placing at the disposal of the public, in an electronic network system, using any kind of connection, a protected intellectual work, or part thereof (Article 171, Italian Law 633/1941, paragraph 1 (a) bis);
- Offences referred to in the previous point committed on works of others not destined for publication if their honour or reputation is harmed (Article 171, Italian Law 633/1941, paragraph 3);
- Illegal duplication, for financial gain, of computer programmes; importation, distribution, sale or holding for commercial or business purposes or leasing of programmes contained in media that have not been marked by the SIAE (Italian association of authors and publishers); preparation of means to remove or circumvent computer programme protection devices (Article 171-bis Italian Law 633/1941, paragraph 1);
- Reproduction, transfer to another medium, distribution, communication, display or performance to the public, of the content of a database; extraction or reuse of the database; distribution, sale or leasing of databases (Article 171-bis Italian Law 633/1941, paragraph 2);
- Illegal duplication, reproduction, transmission or dissemination in public using any procedure, in all or in part, of intellectual works destined for television or cinemas, sale or rental of disks, tapes or similar media and any other medium containing phonograms or videograms of musical, cinema or similar audiovisual works or sequences of moving images; literary, dramatic, scientific or educational, musical or musical-dramatic, multimedia works, even if included in collective or composite works or databases; illegal reproduction, duplication, transmission or dissemination, sale or trading, transfer for any account or illegal importation of over fifty copies or samples of works protected by copyright and related rights; introduction to an electronic network system, using any kind of connection, of an intellectual work protected by copyright, or part thereof (Article 171-ter Italian Law 633/1941);

- Failure to provide SIAE with the identification data of media not subject to the distinctive sign or false statement (Article 171-septies Italian Law 633/1941);
- Fraudulent production, sale, importation, promotion, installation, amendment, public and private use of equipment or parts of equipment capable of decoding audiovisual programmes based on conditional access through terrestrial, satellite or cable broadcasting, both in analogical and digital form (Article 171-octies Italian Law 633/1941).

Italian Law 116 of 3 August 2009 introduced a new Article 25 novies which establishes the liability of Entities with regard to the crime of inducement not to provide statements or to provide fraudulent statements to the judicial authorities.

Lastly, Italian Legislative Decree 121 of 7 July 2011 led to the inclusion in Italian Legislative Decree 231/2001 of Article 25-undecies concerning environmental offences, which introduces a new catalogue of predicate offences involving liability of entities which includes:

- Killing, destruction, taking or holding of samples of protected wild animal or plant species (Article 727-bis, Italian Criminal Code)
- Destruction or deterioration of habitats within a protected site (Article 733-bis, Italian Criminal Code).
- Unauthorised discharge of industrial waste water containing hazardous substances and discharge of said substances in breach of the provisions imposed with the authorisation (respectively Article 137, paragraphs 2 and 3 Italian Legislative Decree 152 of 3 April 2006);
- Discharge of industrial waste water in breach of the legal limits (Article 137, paragraph 5, first and second sentences, Italian Legislative Decree 152 of 3 April 2006);
- Breach of bans on discharge into the ground, groundwater and subsoil (Article 137, paragraph 11, Italian Legislative Decree 152 of 3 April 2006);
- Discharge into the sea, by ships and aircrafts, of substances of which the spillage is prohibited (Article 137, paragraph 13, Italian Legislative Decree 152 of 3 April 2006);
- Collection, transport, recovery, disposal, trading and intermediation of waste without the required authorisation,

- registration or communication (Article 256, paragraph 1, (a) and (b), Italian Legislative Decree of 3 April 2006);
- Setting up and management of an unauthorised landfill (Article 256, paragraph 3, first and second sentences, Italian Legislative Decree 152 of 3 April 2006);
 - Failure to comply with the provisions contained in the authorisation to manage a landfill or other waste related activities (Article 256, paragraph 4, Italian Legislative Decree 152 of 3 April 2006);
 - Unpermitted mixing of waste (Article 256, paragraph 5, Italian Legislative Decree 152 of 3 April 2006);
 - Temporary deposit at the production site of hazardous medical waste (Article 256, paragraph 6, Italian Legislative Decree 152 of 3 April 2006);
 - Drawing up or use of a false waste analysis certificate (Article 258, paragraph 4 and Article 260-bis, paragraphs 6 and 7, Italian Legislative Decree 152 of 3 April 2006);
 - Illegal waste trafficking (Article 259, paragraph 1, Italian Legislative Decree 152 of 3 April 2006);
 - Organised illegal waste trafficking activities (Article 260, Italian Legislative Decree 152 of 3 April 2006);
 - Breach of the waste tracking system (Article 260-bis, paragraph 8, Italian Legislative Decree 152 of 3 April 2006);
 - Pollution of the soil, subsoil, surface and ground waters and failure to make the appropriate communication to the competent authorities (Article 257, paragraphs 1 and 2, Italian Legislative Decree 152 of 3 April 2006);
 - Exceeding air quality limits established by legislation in force (Article 279, paragraph 5, Italian Legislative Decree 152 of 3 April 2006);
 - Importation, exportation, transport and unlawful use of animal species and trading of artificially produced plants (Article 1, paragraphs 1 and 2, and Article 2, paragraphs 1 and 2, Italian Law 150 of 7 February 1992);
 - Falsification or alteration of certificates and licences and use of false or altered certificates and licences for importation of animals (Article 3-bis, Italian Law 150 of 7 February 1992);
 - Breach of the provisions on use of ozone-harmful substances (Article 3, paragraph 6, Italian Law 549 of 28 December 1993);

- Intentional spillage from ships of polluting substances into the sea (Article 8, paragraphs 1 and 2, Italian Legislative Decree 202 of 6 November 2007);
- Spillage from ships through negligence of polluting substances into the sea (Article 9, paragraphs 1 and 2, Italian Legislative Decree 202 of 6 November 2007).

Legislative Decree n.190 of 16 July 2012, published in the Official Journal no. 172 of 25 July 2012, was introduced to strengthen cooperation between Member States in the fight against illegal immigration.

This Decree introduces art. 22 of Legislative Decree no. 25.7.1998 n. 286 (paragraphs 12, 12-bis-12-quinquies) - "Employment subject to permanent and temporary" - for minimum standards on sanctions and measures against employers who employ third-country nationals whose stay is illegal, changing the system of offenses under the D.Lgs.231/2001 with the addition of Article 25-duodecies "Use of third-country nationals staying illegally" in effect from the 9th August 2013.

Finally, on November 13th 2012 it was published in the Official Journal the Law 190 of the 6th of November 2012, containing "Regulations for the prevention and combating of corruption and illegality in Public Administration" (so-called "Anti-Corruption Law").

This measure, which entered into force on 28th November 2012, represents for Italy the first step towards the design of a comprehensive system of rules against corruption that defines, at the same time, preventive and repressive measures, in line with the provisions of the "Criminal Law Convention of Strasbourg for corruption" of 1991.

The measure introduces changes to the legal system, relevant for individuals and legal entities, both private and public sector, and with reference to Legislative Decree no. 231/2001

- Integrates article 25 of Legislative Decree no. 231/2001 (Offences against the Public Administration) with the introduction of the offense of "improper induction to give or promise utilities" (art. 319-quater of the Penal Code) and the redefinition of the "extortion" crime (Article 317 of the Penal Code);

- Integrates art. 25-ter of Legislative Decree no. 231/2001 (corporate offences), by introducing the crime of "private bribery", relevant only for "active" corrupters (i.e. applicable to companies that, following a corruptive act, achieve a benefit or advantage); ☒ in this case it is foreseen the pecuniary penalties (from a minimum of € 50,000 to a maximum of € 600,000) and the confiscation of price and/or gain due to the unlawful conduct. The crime is prosecutable in case of lawsuit by the injured party, or ex officio if from the illegal action results a competition distortion (or in case the activities were put in place in order to "prevent, restrict or distort consistently the competition", art. 2 of Law 287/90).

In the future the legislator may introduce further forms of offence to the Decree, extending the Entity's liability to new types and the Company shall assess their potential impact with regard to the Decree.

1.2. PENALTIES

The penalties established for administrative offences entailed by criminal acts are:

- Pecuniary penalties;
- Debarment penalties;
- Confiscation;
- Publication of the judgment.

Specifically, pecuniary penalties, applicable to all offences, are always applied in the case of liability of the entity and are determined by the court through a system based on "quotas" of a number no lower than one hundred and no higher than one thousand and of an amount ranging between a minimum of EUR 516.44 and a maximum of EUR 3,098.74 (as amended by Italian Law 262 of 28 December 2005). The court in fact establishes the number of quotas by considering the seriousness of the fact, the degree of liability of the Entity, as well as the actions taken to eliminate or mitigate the consequences of the act and to prevent perpetration of further offences. The amount of the quota is established on the basis of the Entity's economic and financial conditions, in order to ensure the penalty is effective (Article 11 of the Decree).

Penalties may be reduced if:

- The perpetrator of the offence committed the act primarily in his interest or in the interest of a third party and the entity did not gain an advantage, or gained a minimum advantage, or if the damage caused is particularly slight;
- Before the first instance hearing was declared opened, the entity fully compensated the damage or eliminated the harmful or dangerous consequences of the offence, or took steps in that direction, or a suitable model to prevent the perpetration of further offences was adopted.

Debarment penalties, lasting no less than three months and no more than two years, concern the specific activity to which the Entity's offence refers and consist of:

- Debarment from exercising the activity;
- Prohibition on contracting with public administration;
- Suspension or revocation of authorisations, licences or concessions required to perpetrate the offence;
- Exclusion from benefits, financing, contributions and grants and revocation of those previously provided;
- Prohibition on publicising goods or services.

Debarment penalties are applied in the cases exhaustively set out by the Decree only if at least one of the following conditions is met:

a) The Entity gained a considerable profit from the offence and the offence was perpetrated by:

- Senior persons, or
- Persons acting under the direction and supervision of others if perpetration of the offence was determined or facilitated by serious organisational shortcomings;

b) In the case of reiteration of offences.

The nature and duration of debarment penalties are established by the court considering the seriousness of the fact, the degree of liability of the Entity as well as the actions taken by the Entity to eliminate or mitigate the consequences of the act and to prevent perpetration of further offences. Instead of applying the penalty, the court may order that the entity's activity is continued by a judicial administrator.

Debarment penalties can be applied to the Entity as a precautionary measure when there is serious evidence to suggest the existence of liability for the Entity in perpetration of the offence and there are founded and specific elements to suggest a real danger of perpetration of offences of the same kind as the one for which prosecution has been filed (Article 45). Even in this case, instead of applying the precautionary debarment measure, the court may appoint a judicial administrator.

Failure to observe debarment penalties constitutes an independent offence envisaged by the Decree as a source of possible administrative liability for the Entity (Article 23).

With regard to confiscation it is established that the price or the gain from the offence is always confiscated and that, if it is not possible to directly confiscate the price or the gain from the offence, sums of money, goods or other chattels of an equivalent value to the price or gain from the offence may be confiscated.

Publication of the judgment consist in publication of the judgment once only, either in an extract or in full at the entity's expense, in one or more newspapers indicated by the court in the judgment, and through posting in the municipality where the entity's head office is established.

1.3. CRIMES ATTEMPTED AND CRIMES COMMITTED ABROAD

The Entity shall also be liable for offences arising from crimes committed or attempted abroad.

In the event of commission in the form of attempt to perpetrate the crimes indicated in Chapter I of the Decree (Articles 24 to 25-quinquies), the pecuniary and debarment penalties are reduced by one third to a half, while the application of penalties is excluded if the Entity voluntarily prevents the action from being executed or the event from happening. In this case, exclusion of the penalties is justified by the interruption of any relationship of identification between the Entity and the persons claiming to act in its name and on its behalf. This is a particular case of "active withdrawal" provided for by Article 56, paragraph 4, Italian Criminal Code

According to the provisions of Article 4 of the Decree, an Entity with head office in Italy may be liable for offences, envisaged by the Decree,

that have been committed abroad, so as to ensure that frequently occurring criminal conduct does not go unpunished, and to avoid easy avoidance of the entire legislation system under review.

The conditions on which the Entity's liability for crimes committed abroad is based are the following:

- a) The crime must be committed abroad by a person functionally linked to the Entity, pursuant to Article 5, paragraph 1, of the Decree;
- b) The Entity must have its head office in the territory of the Italian State;
- c) The Entity may be liable only in the cases and at the conditions established by Articles 7, 8, 9 and 10 Italian Criminal Code

If the circumstances and the conditions set forth in the aforesaid articles of the Italian Criminal Code exist, the Entity shall be liable provided that the State in which the act was committed does not prosecute.

1.4. PROCEEDINGS TO ASCERTAIN THE OFFENCE AND COURT REVIEW OF SUITABILITY

The liability for an administrative offence arising from a criminal act is ascertained in criminal proceedings.

Another rule established by the Decree, based on grounds of effectiveness, uniformity and procedural economy, is the rule according to which proceedings must be joined. The proceedings against the Entity must be joined, as far as possible, to the criminal proceedings brought against the natural person who perpetrated the predicate offence giving rise to the Entity's liability.

Ascertainment of the company's liability, which is assigned to the criminal court, occurs through:

- Verification of the existence of the predicate offence giving rise to the company's liability;
- Ascertainment of existence of an interest or advantage for the Entity in perpetration of the offence by its employee or senior manager;
- Review of suitability of the organisational models adopted.

The court's review of the theoretical suitability of the organisational model for preventing the offences set forth in the Decree is conducted according to a "posthumous prognosis" principle. The review of suitability is therefore formulated on an essentially ex ante basis, by which the court ideally places itself in the situation of the company at the time the offence occurred in order to test the coherence of the model adopted.

1.5. ACTIONS PROVIDING EXEMPTION FROM ADMINISTRATIVE LIABILITY

Having introduced administrative liability for the entity, Article 6 of Italian Legislative Decree 231/2001 establishes that it shall not be liable for administrative action if it proves that:

- The management body adopted and effectively applied, before the offence was committed, Organisation and Control Models capable of preventing offences of the kind that occurred;
- The duty of overseeing the functioning, effectiveness and observance of the Models and ensuring their update was entrusted to a body within the entity with independent powers of initiative and supervision;
- The persons committed the offence by fraudulently evading the Organisation, Management and Control Models;
- The body did not fail to discharge or inadequately discharge its duty.

Adoption of the Organisation and Control Model (hereinafter referred to as the "Model") therefore allows the entity to avoid the charge of administrative liability. However the mere adoption of this document by the entity's management body, to be identified in the Board of Directors, does appear sufficient to exclude this liability outright, as it is necessary that the model is both efficient and effective.

With regard to the model's efficiency, the Decree requires that it:

- Identifies the activities where the offences may be committed;
- Sets out specific protocols aimed to plan the formation and implementation of the entity's decisions concerning the offences to be prevented;

- Identifies procedures for managing financial resources capable of preventing perpetration of the offences;
- Establishes reporting obligations towards the body entrusted with overseeing the functioning and observance of the model.

With regard to the model's effectiveness, the Decree requires:

- Periodic review and, if significant breaches of the model's provisions are found, or if changes occur in the entity's organisation or activity, or in legislation, amendment of the model;
- Adoption of a suitable disciplinary system to punish failure to observe the model's provisions.

2. CONFINDUSTRIA GUIDELINES

This Model was drawn up on the basis of the Confindustria Guidelines approved by the Ministry of Justice with Italian Ministerial Decree of 4 December 2003. Subsequent updates, published on 24 May 2004 and 31 March 2008, were approved by the Ministry of Justice which considered those Guidelines to be suitable for achieving the purposes set forth in the Decree.

The method indicated by the Guidelines for drawing up the Model can be summarised in the following essential points:

- Identification of the areas at risk, in order to establish the corporate areas/sectors in which offences may be committed;
- Preparation of a control system capable of reducing the risks through adoption of special protocols.

The most important components of the preventive control system conceived by Confindustria, which must be implemented at corporate level to guarantee the model's effectiveness, are:

- Adoption of a Code of Ethics;
- An organisation system that is sufficiently formal and clear with specific regard to assignment of responsibilities, hierarchical reporting lines and description of duties;
- Manual and/or computer procedures that regulate performance of activities, establishing appropriate controls;

- Authorisation and signature powers assigned in accordance with the organisational and management responsibilities defined, providing where required, indication of thresholds of approval of expenditure;
- Management control systems capable of providing timely warning of emergence of general and/or specific problem areas;
- Personnel information and training;

In its Guidelines, Confindustria also specifies that the components of the control system must be based on the following principles:

- Each transaction must be verifiable, documented, logical and congruous;
- Application of the principle of separation of functions and segregation of duties (no-one may autonomously manage an entire process)
- Documentation of controls;
- Identification of the Supervisory Body (S.B.) of which the main requirements are:
 - Autonomy and independence;
 - Professionalism;
 - Continuity of action.
- Obligation for corporate functions, and especially for those identified as being more “at risk”, to provide information to the S.B., even on a structured basis, and to report irregularities or atypical circumstances found in the information available (in this case the obligation extends to all employees without following hierarchical lines);
- Possibility of setting up within the groups, organisational solutions that centralise under the parent company operating resources to be dedicated to supervision also in group companies provided that:
 - A S.B. is set up in each subsidiary;
 - When performing its duty of monitoring the functioning of the Model, the subsidiary’s S.B. may avail of the resources allocated to the same Body of the parent company, on the basis of a predetermined contractual relationship with the parent company;

- In carrying out controls at other group companies, the persons used by the parent company's S.B. to conduct the controls act in the capacity of external professionals performing their activity in the interest of the subsidiary, reporting directly to the subsidiary's S.B., with the same confidentiality obligations of an external consultant.

In drawing up its Organisation and Control Model, Cementir Holding S.p.A. therefore takes the recommendations contained in the Guidelines provide by Confindustria into account.

3. ADOPTION OF AN ORGANISATION, MANAGEMENT AND CONTROL MODEL BY CEMENTIR HOLDING S.P.A.

3.1. CORPORATE OBJECTIVES AND MISSION

Cementir Holding S.p.A. is the parent company of a group which is one of the leading operators in the grey cement, white cement and ready-mixed concrete sector.

The Group manufactures and distributes grey and white cement, aggregates, ready-mixed concrete and cement and concrete products in many countries worldwide. With factories situated in 14 countries and a workforce of over 3,190 employees, Cementir Holding is a world leader in the manufacture of white cement. It is also the only cement manufacturer in Denmark, the third in Turkey and the fourth in Italy, as well as being Scandinavia's leading manufacturer of ready-mixed concrete.

3.2. LEGAL AND GOVERNANCE STRUCTURE

The corporate governance of Cementir Holding S.p.A., based on the traditional model, complies with the provisions of legislation concerning listed issuers and is structured as follows:

- Board of Directors, vested with the widest powers for administering the Company, with the power to take all the appropriate actions to achieve the corporate purposes, with the

exclusion of actions reserved, by the law and by the Articles of Association, to the Shareholders' Meeting. The Board elects a Chairman from its members and may also elect a Deputy Chairman to replace the Chairman in the event of his absence or incapacity. The Board set up three internal committees to provide advice and make suggestions: the Executive Committee, the Internal Control Committee and the Remuneration Committee;

- Board of Auditors, in the additional role of "Internal Control and Audit Committee", is required not only to monitor compliance with the law and with the memorandum of constitution and observance of the principles of sound administration in performance of company activities, but also to monitor the effectiveness of the internal control, internal audit and risk management system, as well as the financial reporting and statutory audit processes and the independence of the external auditing company or auditor;
- Auditing company, appointed by the Shareholders' Meeting to conduct the audit. The audit is performed, as provided by applicable legislation, by an auditing company enrolled in the CONSOB register.

The Company also set up an Internal Auditing Function which reports directly to the Chairman, with the duty of verifying effective compliance with the internal procedures, both operating and administrative, adopted in order to guarantee sound management and to identify, prevent and manage, as far as possible, financial and operational risks, as well as risks of fraud to the detriment of the company. The head of the function must report on his activities to the Internal Control Committee, the Chairman and the Auditors.

3.3.ORGANISATIONAL STRUCTURE

(Omissis)

3.4.PURPOSE OF THE MODEL

Cementir Holding S.p.A. is aware of the need to ensure conditions of fairness and transparency in the conduct of business and related corporate activities, to protect its image and reputation, its shareholders' expectations and the work of its employees, and is also conscious of the importance of having an Organisation and Control Model capable of preventing the commission of unlawful conduct on the part of its directors, employees and collaborators.

Although adoption of the Model does not constitute an obligation enforced by the Decree, but rather a matter of choice for each individual entity, for the reasons mentioned above, Cementir decided to comply with the Decree's provisions. Hence a project was commenced to analyse its organisation, management and control tools, to establish whether the rules of conduct and procedures already adopted complied with the purposes set forth in the Decree and, if necessary, to integrate the existing system.

This initiative, together with adoption of the Code of Ethics, was undertaken in the belief that, over and above the provisions of the Decree, which specify that the Model is optional rather than mandatory, the adoption of this Model can constitute a valid tool for raising the awareness of all the Company's employees and all its other stakeholders (directors, customers, suppliers, partners, collaborators in various capacities), to ensure that in carrying out their activities, they engage in correct and consistent conduct capable of preventing the risk of perpetration of the offences envisaged in the Decree.

The Model's provisions are addressed to the corporate bodies and their members, employees and collaborators (including interim workers and project-based workers) of Cementir Holding S.p.A., the Company's agents, consultants, contractors, partners, third parties with which the Company has various forms of relationships and all persons who operate in the name and on behalf of the Company.

The persons to whom the Model is addressed are obliged to ensure precise compliance with all its provisions, also in fulfilment of the duties of loyalty, fairness and diligence arising from the legal relations established with the Company. The Company condemns any conduct that is not consistent, not only with the law, but also with the Model's provisions, even if the conduct has been implemented in the interest of the Company or with the intention of producing an advantage for it.

The Model drawn up by Cementir Holding S.p.A. is based on a structured and functional system of procedures and control activities which:

- Identify the areas/processes of possible risk in corporate activity, that is, those activities where there is believed to be the highest possibility of perpetration of offences;
- Define the internal regulatory system, designed to prevent offences, which includes:
 - The Code of Ethics, which states the commitments and ethical responsibilities in the conduct of business and corporate activities undertaken by the Company's employees, directors and various types of collaborators and applicable to the other addressees specified in the Code of Ethics;
 - The system of delegations, signature powers and powers of attorney for the signing of corporate deeds which ensures clear and transparent representation of the process of formation and implementation of decisions;
 - Formal procedures to govern the operating procedures in the areas at risk;
- Are based on an organisational structure that is consistent with the corporate activities, designed to encourage and monitor the integrity of conduct, guaranteeing a clear and systematic assignment of duties, applying appropriate segregation of functions, ensuring the order prescribed by the organisational structure is effectively implemented, through:
 - An organisation chart that is formally defined, clear and appropriate to the activity to be performed;
 - A system of delegations of internal activities and powers of attorney to represent the Company to the outside world which ensures clear and consistent segregation of functions;
- Identify the processes for managing and controlling financial resources in the activities at risk;
- Assign the S.B. the duty of monitoring the functioning and observance of the Model and proposing its update.

Hence the objectives of the Model are to:

- Improve the Corporate Governance system;
- Prepare a structured and functional prevention and control system designed to reduce the risk of perpetration of offences associated with corporate activity with particular regard to the reduction of any unlawful conduct;
- Raise, in all those operating in the name and on behalf of Cementir in the “areas of activity at risk”, the awareness that, in the event of breach of the provisions set forth therein, they may commit an offence punishable by penalties, at criminal and administrative level, inflicted not only on themselves, but also on the company;
- Inform all those operating in any capacity in the name, on behalf or in the interest of Cementir Holding S.p.A. that breach of the provisions contained in the Model shall lead to application of appropriate penalties;
- Repeat that Cementir Holding S.p.A. shall not tolerate unlawful conduct, and that the purpose pursued or the erroneous belief of acting in the interest or to the benefit of the Company shall be of no relevance, as such conduct is in any case contrary to the ethical principles with which Cementir Holding S.p.A. intends to comply and therefore in contrast with its interest;
- Effectively reprimand conduct implemented in breach of the Model through application of disciplinary and/or contractual penalties;
- Allow the Company, thanks to the monitoring of the areas of activity at risk, to take timely action to prevent or hinder perpetration of the offences.

3.5.MODEL PREPARATION PROCESS

Considering the requirements imposed by the Decree, Cementir Holding S.p.A. commenced a project, in which the S.B. plays an active and proactive role, to guarantee constant update of this Model.

Accordingly, the preparation of this Model was preceded by a series of activities, divided into different phases, for the construction of a system of risk prevention and management, which are described below.

- 1) Mapping of activities at risk

The aim of this phase was to analyse the corporate context, in order to map all the Company's activities and, among these, identify the processes and activities in which the offences envisaged by the Decree could theoretically be perpetrated.

The corporate activities and the processes/activities at risk were identified through the prior examination of the corporate documentation (organisation charts, main processes, powers of attorney, organisation provisions, etc.), the dispatch of a questionnaire and a subsequent series of interviews with key persons in the corporate structure.

The result of this activity was set forth in a document containing the map of all the corporate activities, with indication of those at risk.

An analysis of the possible ways of committing the offences of death and injury caused by negligence with breach of the industrial health and safety protection obligations, was conducted also taking into account the assessment of industrial risks carried out according to the criteria established by Italian Legislative Decree 81/80, also consider the UNI-INAIL Guidelines for an industrial health and safety management system dated 28 September 2001.

2) Analysis of potential risks

With regard to the mapping of the activities, conducted on the basis of the specific context in which the Company operates and to the related representation of the sensitive or at-risk processes/activities, the offences that could potentially be perpetrated within the scope of corporate activity were identified and for each offence the possible opportunities, objectives and methods of committing the unlawful conduct were identified.

3) "As-is analysis"

After having identified the potential risks, an analysis was conducted on the system of preventive controls existing in the processes/activities at risk, in order to assess whether it is suitable for the purpose of preventing the risks of offence.

This phase therefore entailed observing the internal control mechanisms currently in place (formal procedures and/or practices adopted, verifiability, documentability or "traceability" of the transactions and controls, separation or segregation of functions, etc.) based on the

information provided by the corporate structures and analysis of the documentation supplied.

With regard to the risk of possible breaches of industrial health and safety legislation, the analysis in question must take into account the current preventive legislation and specifically Italian Legislative Decree 81/08 and the UNI-INAIL Guidelines for an industrial health and safety management system dated 28 September 2001.

Accident prevention regulations not only outline the potentially relevant risks, but also lay down a set of formalities with the employer is obliged to comply. The effective adoption and implementation of said oversight system was integrated, for the purposes of this Model, in order to minimise the risk of engagement in conduct constituting offences of causing death or injury through negligence committed through breach of preventive regulations.

4) "Gap analysis"

On the basis of the results obtained in the previous phase and of comparison with a theoretical reference model (consistent with the Decree, the Confindustria Guidelines and with national and international best practices), the Company identified a series of areas for integrating and/or improving the control system, in the light of which the appropriate actions to be taken were defined.

The output of the risk assessment process, the details of the types of controls investigated and the results of the gap analysis can be found in the appropriate fact sheets, in their most updated version, included in the Company's archives.

5) Preparation of the Model

Following issue of the Decree, Cementir Holding S.p.A. adopted a Model pursuant to Italian Legislative Decree 231/01 in order to align with the legislative and organisational amendments.

Lastly, following further amendments to the Decree and the recent organisational restructuring operations, the Company conducted an assessment of risk profiles and prepared appropriate oversight mechanisms, not only for existing offences, but also with regard to the offences considered to have a "remote" impact when the first edition of the Model was drawn up and to recently introduced offences.

Among the areas of activity at risk, consideration was also given to those which, in addition to having direct significance as activities which could constitute criminal acts, could also have indirect significance for the commission of other offences, by proving instrumental to their perpetration. Specifically, instrumental activities are considered to be those which can provide the factual conditions which enable the perpetration of offences within the context of areas directly entrusted with performing activities specifically entailed in the offences.

With regard to all the areas at risk, as well as to instrumental areas, an examination was also conducted on indirect relations, that is, those which Cementir Holding S.p.A. maintains, or could maintain, through third parties.

It is also appropriate to specify that when assessing the risk profiles associated with the activities performed by Cementir Holding S.p.A. account was also taken of the circumstances in which corporate representatives are party to an offence with persons outside the Company, whether on an occasional and temporary basis (complicity), or in an organised form aimed at the perpetration of an indeterminate series of offences (participation in criminal organisation).

With regard to the areas at risk identified above, interviews were then conducted with the heads of the structures concerned and transcribed in formal reports, with the twofold objective of substantiating and providing a clearer definition of the activities at risk and analysing the existing preventive control system, in order to identify, if necessary, the appropriate improvements to be taken.

As part of the Risk Assessment activity, the following components of the preventive control system were analysed:

- Organisational system;
- Operating procedures;
- Authorisation system;
- Management control system;
- Documentation monitoring and management system;
- Formal ethical principles;
- Disciplinary system;
- Personnel communication and training.

The analysis and assessment of these components was conducted as follows:

1) Organisational system

The adequacy the organisational system was assessed on the basis of the following criteria:

- Formalisation of the system;
- Clear definition of the responsibilities assigned and of the hierarchical reporting lines;
- Existence of segregation and juxtaposition of functions;
- Correspondence between the activities actually performed and the statement of the missions and responsibilities described in the Company's organisation chart;
- Existence of behavioural guidelines (for example, the Code of Ethics);
- Training and information activities provided;
- Procedures for managing relations with external parties;
- Procedures for managing relations with other Group companies.

2) Operating procedures

In this context attention focused on verifying the existence of formal procedures for regulating the activities performed by the structures in the areas at risk, taking into account not only the contracting phases, but also those concerning the formation of corporate decisions.

3) Authorisation system

The analysis concerned the existence of authorisation and signature powers consistent with the organisational and management responsibilities assigned and/or actually performed. Assessment was conducted on the basis of an examination of the powers of attorney issued and of the internal delegations of management powers, in light of the company organisation chart.

4) Management control system

This area concerned analysis of the management control system currently in place in Cementir Holding S.p.A., the persons involved in the process and the system's capacity to provide timely notice of the existence and emergence of general and/or specific problem areas.

5) Documentation monitoring and management system

The analysis concerned the existence of a suitable system for constant monitoring of the processes for verifying results and non-conformities, as well as the existence of a suitable documentation management system to allow traceability of transactions.

6) Formal ethical principles

With regard to the additional activities at risk of offence envisaged in the Decree by the legislator, a check was conducted on the content of the Code of Ethics, updated with resolution of the Board of Directors on 07/03/2013.

7) Disciplinary system

The analysis conducted aimed to check the adequacy of the disciplinary system currently in force (described later), designed to punish any breach of the principles and provisions for preventing the perpetration of offences, both by employees of the company – executives and non-executives – and by Directors, Auditors and external collaborators.

8) Personnel communication and training

The checks aimed to ascertain the existence of forms of communication and training for personnel. Considering the need for initiatives designed to enforce the Decree, a specific plan was implemented to provide information on the Code of Ethics and the Model and consequent ad hoc personnel training.

9) Activities performed through external companies

The checks performed on the control system also concerned the activities performed by external companies.

These checks were conducted on the basis of the following criteria:

- Formalisation of services provided in specific service contracts;
- Provision of suitable mechanisms to check the activity actually performed by the appointed companies on the basis of contractually defined services;
- Existence of formal procedures / corporate guidelines for definition of service contracts and implementation of control mechanisms, also with regard to the criteria for determining considerations and the procedures for authorising payments.

3.6.STRUCTURE OF THE DOCUMENT

(Omissis)

3.7.COMPONENTS OF THE MODEL

With regard to the requirements identified in the Decree, the essential points developed by Cementir in defining the Model, can be summarised as follows:

- Ethical principles in relation to conduct that may constitute the forms of offence envisaged in the Decree, which are reflected in the Code of Ethics adopted by Cementir, and in greater detail, in this Model;
- Map of the activities at risk;
- Procedures and protocols relating to the processes where there is considered to a higher risk of offence;
- Segregation of duties between the person who performs an activity at operating level, the person who checks it, the person who authorises it and the person who records it;
- Ex-post traceability and documentability;
- Supervisory Body (hereinafter also "Body") and assignment of specific duties to monitor the effectiveness and proper functioning of the Model;
- Formal organisational system;
- Authorisation system: authorisation and signature powers consistent with the organisational and management responsibilities defined;
- Internal control system;
- Suitable system of penalties to guarantee effective implementation of the Model, containing the disciplinary provisions applicable to the Addressees in the event of failure to comply with the measures set forth in the Model;
- Activity of informing, raising awareness and disseminating the Model to its Addressees;

- Rules and responsibilities for adoption, implementation and subsequent amendments or integrations of the Model (Model update), and for checking its functioning and effectiveness.

System of ethical principles and rules of conduct

The Addressees observe the ethical principles and general rules of conduct in performing their activities and managing relations with colleagues, business partners, customers, suppliers and Public Administration. These rules are set forth in various corporate documents as listed below:

- Code of Ethics;
- Principles and rules of conduct, contained in this Model;
- Corporate policies (limited to the addressees defined in the policies themselves).

The provisions contained in this Model are integrated with those listed above and are founded on the Model's principles, even though, for the purposes that it intends to pursue pursuant to the provisions of the Decree, the Model has a different scope. The general principles and general rules of conduct contained in this Model therefore complete the previously existing ethical principles with the specific requirements needed for prevention of perpetration of the relevant offences.

The Code of Ethics, in particular, represents a tool that has been adopted independently and can be applied by the Company on a general level for the purpose of setting forth "ethical business" principles which the Company acknowledges as its own and which it urges all the Addressees to observe. The Model instead satisfies the specific requirements laid down by the Decree, and aims to prevent perpetration of specific types of offences which, as supposedly committed in the interest or to the advantage of the Company, may give rise to administrative liability pursuant to the provisions of the Decree.

The documents listed above, which contain the Company's ethical principles, must be promptly updated and completed if new areas of activities or possible problems linked to their effectiveness should arise. The aforesaid documents must be appropriately disseminated

to the Addressees, who must also be provided with suitable training aimed to present an expedient illustration of the content, significance and scope of application of the ethical principles and rules of conduct.

In its Special Parts this Model indicates, with regard to the Sensitive Processes and with regard to the various types of offences, the specific ethical principles and the documents which contain further applicable rules.

Organisational System

The Company's Organisational system (organisational structures/positions, missions and areas of responsibility) is defined through the issuing of Organisational Provisions.

On the basis of the Organisational Provisions issued, a document is formally drawn up to illustrate the company organisation chart and the missions and responsibilities of each organisational structure, which reflects the contents of the Organisational Provisions and which is disseminated to all the corporate personnel through publication on the company intranet and the company notice board, as well as by email.

The Internal Regulation is the document which defines the organisational structure and communicates nominations, appointments and assignments of responsibilities. In specific cases it may contain the assignment and/or description of duties.

Authorisation System

The Company's Authorisation System has been set up in compliance with the following requirements:

- Delegations of powers and powers of attorney combine the power with the related area of responsibility;
- Each delegation of powers and power of attorney provides unambiguous definition of the powers of the delegate, specifying limits;
- Managements powers assigned with the delegations of powers/powers of attorney are consistent with corporate objectives;
- All those whose actions commit the Company towards third parties, and in particular towards Public Administration, must

hold a specific delegation of powers and/or formal power of attorney to represent the Company.

Internal control system:

The control system is characterised by the following principles and tools, designed to ensure that the corporate activities, especially those entailed in Sensitive Processes, are carried out in compliance with this Model:

- Segregation of duties: separation, as far as possible, within each process, between the person taking the decision (decision-making input), the person authorising it, the person executing said decision and the person entrusted with monitoring the process (known as segregation of functions).
- Operating procedures: the Company's activity is governed by Directives, Procedures and Policies.
- Management control system and specific controls (preventive and ex-post), manual or automatic, capable of preventing the perpetration of offences or detecting and reporting ex-post irregularities that could run counter to the purposes of this Model. These controls are more frequent, comprehensive and sophisticated within Sensitive Processes featuring a higher risk profile of perpetration of the offences. According to this reasoning, the management of financial resources is heavily safeguarded.
- Ex-post traceability and documentability: the activities carried out within the context of Sensitive Processes, as well as the controls conducted, must be suitably formalised, with particular regard to the documentation drawn up when creating the processes. The documentation produced and/or available on paper or electronic media, is filed in an orderly and systematic manner by the functions/persons involved.

The individual components of the management and control system are formalised in various corporate documents and/or in the Special Part of this Model. In this section, a detailed explanation and description is provided, for each Sensitive Process, of the specific controls applicable to the Process, as well as the procedures for execution/application.

Information on the disciplinary system and the personnel training system, of a more general nature and applicable throughout the individual processes, can be found in subsequent chapters of the Model and in the specifically dedicated attachments.

3.8.AMENDMENTS AND SUPPLEMENTS TO THE MODEL

As this Model is a “document issued by the management body” (in compliance with the provisions of Article 6, paragraph 1, letter (a) of the Decree) its adoption, and its subsequent amendments and integrations fall under the authority of the Board of Directors of Cementir Holding S.p.A..

Specifically, amendments or integrations, of a non-substantive nature, to be made to this Model, following resolutions that have been passed by the Board of Directors, are transferred from the Legal and Internal Auditing functions to the competent internal bodies so that they are actually made to the Model.

The Supervisory Body proposes the amendments and integrations of the aforesaid provisions and the appropriate procedures for implementation.

4. SUPERVISORY BODY

4.1.IDENTIFICATION OF THE SUPERVISORY BODY

Article 6, paragraph 1, of the Decree provides that the function of monitoring and ensuring update of the Model is entrusted to a Supervisory Body within the entity which, having autonomous powers of initiative and supervision, performs the duties assigned on a continuous basis.

In this regard, the Confindustria Guidelines point out that, although the Decree allows the entity to opt for a single-member or multi-member composition, the choice of one or the other must take into account the purposes pursued by the law and therefore ensure the effectiveness of the controls with regard to the entity’s size and organisational complexity.

The Confindustria Guidelines also specify that this control body may be made up of personnel from both within or outside the entity, so that its autonomy and independence is guaranteed to the best possible extent.

In accordance with the provisions of the Decree and the recommendations provided by Confindustria, Cementir Holding chose to set up a multi-member body appointed by the Board of Directors which, given the chosen composition, is able to guarantee knowledge of the corporate activities and, at the same, have sufficient authority and independence to be able to ensure the creditability of the related functions.

When formally adopting this model, the Board of Directors approves special Supervisory Body Regulations through which to regulate the main aspects of the Body's functioning (e.g. appointment and revocation procedures, term of office) and the subjective requirements of its members (e.g. requirements of professional experience and integrity).

According to the recommendations of the Confindustria Guidelines, in order to ensure that it can perform its activities as indicated in Articles 6 and 7 of the Decree, the S.B. must have the following characteristics:

- Autonomy and independence;
- Professionalism;
- Continuity of action.

Autonomy and independence

The requirements of autonomy and independence are fundamental to ensure that the S.B. is not directly involved in the management activities that form the subject of its supervisory activity and is free from any form of interference and/or influence by any member of the Company.

These requirements are met by ensuring that the members of the S.B. include external persons and by guaranteeing the S.B. the highest possible hierarchical level and establishing that it reports to the company's top management and therefore to the Board of Directors.

Professionalism

Through its members, the S.B. must have technical-professional expertise appropriate to the functions it is required to perform and specific experience in the matter of inspection and consulting activity. Combined with independence, these characteristics guarantee objective assessment.

Continuity of action

The S.B. must:

- Work constantly on monitoring the Model with the necessary investigative powers;
- Therefore be an internal structure, so as to guarantee continuity of the monitoring activity;
- Ensure implementation of the Model and its constant update;
- Not perform operating duties which could influence the overall vision of the corporate activities that it is required to have.

(Omissis)

The requirement of professionalism is guaranteed by the wealth of technical and practical professional experience gained by the members of the Supervisory Body in corporate, accounting and management matters and in particular in analysis of control systems and inspection activity.

(Omissis)

Without prejudice to a possible review of the position of the Supervisory Body, also on the basis of the experience of implementation of the Model, the body's powers may only be revoked for just cause and subject to resolution of the Board of Directors.

4.2.FUNCTIONS AND POWERS OF THE SUPERVISORY BODY

The S.B. performs its duties in full autonomy and its decisions are unchallengeable. Specifically, the S.B. must:

- Monitor observance of the Model by the Addressees;
- Monitor the effectiveness and adequacy of the Model with regard to the corporate structure and to its effective capacity to prevent perpetration of the Offences;
- Propose update of the Model if adjustment is required with regard to changes in corporate conditions, legislation or the external context.

(Omissis)

The S.B. must also operate:

- Ex-ante (for example endeavouring to provide personnel with information and training);
- Continuously (through monitoring, supervision, review and update);
- Ex-post (analysing causes and circumstances which led to breach of the Model's provisions or to perpetration of the offence).

In performing these activities, the Body shall fulfil the following requirements:

- Draw up a periodic training plan to facilitate knowledge of the provisions of Cementir's Model, differentiated according to the Addressees' role and responsibility;
- Set up specific "dedicated" information channels, to facilitate the flow of reports and information to the Body;
- Collect, process, store and update all information of relevance for the purpose of verifying observance of the Model;
- Periodically check and control the areas/transactions at risk identified in the Model.

In order to allow Cementir's Supervisory Body to have the best possible knowledge on implementation of the Model and its efficient and effective functioning, as well as on the need for possible updates, this body works in close collaboration with the corporate departments.

For the purpose of performing the aforesaid requirements, the Body is assigned the following powers:

- Freely access, without preventive authorisations, any corporate document of relevance to performance of the functions assigned to it under Italian Legislative Decree 231/2001;
- Order the heads of the corporate divisions, and in any case all the Addressees, to promptly provide the information, data and/or knowledge requested of them in order to identify aspects associated with the various corporate activities of relevance pursuant to the Model and to verify its effective implementation by the corporate organisational structures;
- Have autonomous expenditure powers based on an annual budget, proposed by the Body for approval by the Board of Directors, for performance of its control and monitoring activity

or update of the Model; any extraordinary expenses not envisaged in the budget forecast, must still be submitted to the prior approval of the Board of Directors.

To improve performance of its activities, the Body may delegate one or more specific duties to its individual members, who shall perform them in the name and on behalf of the Body or may be assisted by all the Company's structures or by external consultants. The responsibility arising from the duties delegated by the Body to its individual members lies with the Body as a whole.

The internal regulations of the Supervisory Body shall govern its methods of operation, for example, the scheduling of activities, the drawing up of minutes of meetings, the regulation of reporting flows from the corporate structures to the Body, plan of action, etc.

4.3.REPORTING FROM THE SUPERVISORY BODY TO THE CORPORATE BODIES AND TOP MANAGEMENT

As mentioned above, in order to guarantee full autonomy and independence in performance of its functions, the Supervisory Body reports directly to the Chairman of the Board of Directors (hereinafter the "Chairman"), who reports to the Board of Directors, to the Company's Board of Directors and to the Board of Auditors.

Reporting to these corporate offices, which have the authority to call the Shareholders' Meeting, also provides the best guarantee of the ultimate control on the work of Directors entrusted – pursuant to the law and to the articles of association – to the Shareholders.

(Omissis)

The Supervisory Body may be convened at any time and may in turn submit request, to the Chairman or directly to the Company's Board of Directors, to be convened whenever it deems appropriate or necessary to examine matters or actions regarding the Model's functioning and effective implementation, or with regard to specific situations.

To guarantee proper and effective reporting and to allow full and proper exercise of its activities, the Body also has the possibility of requesting explanation or information directly from persons with the main operating responsibilities.

4.4. INFORMATION FLOWS TO THE SUPERVISORY BODY

4.4.1. REPORTS FROM CORPORATE REPRESENTATIVES OR THIRD PARTIES

Article 6, paragraph 2, (d) of the Decree requires that the “Organisation Model” provides for disclosure obligations towards the Body responsible for monitoring the Model’s functioning and observance.

The obligation of a structured information flow is conceived as a tool to guarantee monitoring of the Model’s efficiency and effectiveness and to establish, after the event, how commission of offences envisaged by the Decree was possible. It also has the purpose of giving extra authority to the requests for documentation that the Body is obliged to make during its inspections. These flows concern all the information and documents that must be brought to the attention of the Supervisory Body, in accordance with the provisions of the protocols and of each document making up the Model.

Within the company, the S.B. must be provided not only with the documentation set forth in each Special Part of the Model according to the procedures established, but also with any other information, of any kind, even from third parties and pertaining to implementation of the Model in the areas of activity at risk.

(Omissis)

In carrying out its monitoring and inspection duties, the Supervisory Body may freely access all Cementir’s information sources, inspect documents and consult data concerning the Company.

The Body may also ask the independent auditors for information of relevance for the purpose of implementation of the Model pursuant to Italian Legislative Decree 231/01 gathered during their activity;

The S.B. shall assess reports received and any consequent actions at its own discretion and responsibility, possibly interviewing the person who submitted the report and/or the person responsible for the alleged breach and providing a written statement of reasons for refusals to proceed with an internal investigation.

4.4.2. FACT SHEETS OF TRANSACTIONS POTENTIALLY AT RISK

In order to appropriately record the transactions performed in the areas where there is a risk of perpetration of the offences set forth in the Special Part, the first levels become Internal Heads of each individual transaction at risk directly performed by them or implemented as part of the function with which they are entrusted. Specifically, these persons are responsible for bringing the activities potentially at risk to the attention of the S.B. by filling in a Fact Sheet (hereinafter the "Sheet") to be periodically updated.

The contents and procedures of this disclosure to the S.B. as well as the additional obligations and areas of responsibility of the Internal Heads are defined in specific paragraphs of the Special Part in which further details can be found.

4.4.3. DISCLOSURE OBLIGATIONS FOR OFFICIAL ACTS

(Omissis)

4.4.4. COLLECTION, PRESERVATION AND ACCESS TO THE S.B.'S ARCHIVE

All the information, documentation and reports gathered in performance of institutional duties must be filed and stored by the Supervisory Body, which ensures that the documents and information acquired are treated with the strictest confidentiality, also in compliance with privacy legislation.

(Omissis)

5. PERSONNEL TRAINING AND DISSEMINATION OF THE MODEL BOTH INSIDE AND OUTSIDE THE COMPANY

5.1. PERSONNEL TRAINING

In accordance with the provisions of the Decree, Cementir undertakes to define a plan of communication and training aimed at guaranteeing proper dissemination and knowledge of the Model and of the rules of conduct it contains, addressed to resources already employed in the company and those to be recruited, with a different of detail according to the varying degree of their involvement in activities at risk.

(Omissis)

The periodic communication and training activities provided to personnel are documented by the Supervisory Body.

5.2. DISSEMINATION OF THE MODEL BOTH INSIDE AND OUTSIDE THE COMPANY

Cementir Holding S.p.A. also encourages the knowledge and observance of the Model and of the Code of Ethics on the part its consultants, agents, partners and collaborators (including interim and project workers). Information is provided, to the aforesaid persons, through circulation of an official communication on the existence and adoption of the Model and of the Code of Ethics by Cementir Holding S.p.A. and through their permanent availability for consultation on the Company's website.

Cementir Holding S.p.A. also inserts, on the basis of this Model, special contractual clauses which provide for termination of contractual obligations in the event of inobservance of the ethical principles established.

6. DISCIPLINARY SYSTEM AND MEASURES IN THE CASE OF FAILURE TO OBSERVE THE MODEL

6.1. GENERAL PRINCIPLES

The provision of a suitable system of penalties for breach of the regulations contained in the Model is an essential condition to ensuring the Model's effectiveness.

In this regard, Article 6, paragraph 2, of the Decree includes, among the components making up the Organisation and Control Model, the adoption by the entity of a suitable disciplinary system to punish failure to comply with the measures set forth in the Model. Accordingly, in order to prevent the perpetration of the offences envisaged by the Decree, the Model must identify and punish conduct which could facilitate commission of such offences.

(Omissis)

The following constitute breaches of the Model:

1. Conduct which directly or indirectly constitutes the offences envisaged in the Decree;
2. Conduct which, while not constituting one of the offences, is unmistakably aimed at committing an offence;
3. Conduct which does not comply with the procedures or the provisions set forth in the Model or cited in the Model (special part);
4. Non-cooperative conduct towards the S.B. consisting for example, but not limited to, in refusal to supply the information and documentation requested, failure to comply with general and specific directives provided by the S.B. for the purpose of obtaining information considered necessary to fulfilment of its duties, failure to participate with justified reason in the inspections scheduled by the S.B., failure to participate in training meetings;

(Omissis)

6.2.PENALTIES FOR SUBORDINATE EMPLOYEES

6.2.1. OFFICE WORKERS AND MANAGERS

(Omissis)

The disciplinary system is constantly monitored by the S.B. and by the Human Resources function.

6.2.2. EXECUTIVES

(Omissis)

6.3.MEASURES AGAINST DIRECTORS, AUDITORS AND MEMBERS OF THE SB

(Omissis)

**6.4.MEASURES AGAINST COLLABORATORS, AUDITORS, CONSULTANTS,
PARTNERS, COUNTERPARTIES AND OTHER EXTERNAL PARTIES**

(Omissis)

6.5.PENALTY APPLICATION PROCEDURE

(Omissis)

6.5.1. DISCIPLINARY PROCEDURE FOR DIRECTORS AND AUDITORS

(Omissis)

6.5.2. DISCIPLINARY PROCEDURE FOR EXECUTIVES

(Omissis)

6.5.3. DISCIPLINARY PROCEDURE FOR EMPLOYEES

(Omissis)

6.5.4. PROCEDURE FOR THIRD PARTY ADDRESSEES OF THE MODEL

(Omissis)

**7. ACTIVITY TO MONITOR APPLICATION AND ADEQUACY OF THE
MODEL**

(Omissis)

8. APPLICATION OF THE MODEL TO GROUP COMPANIES

In adopting this Model the Parent Company intends to lay down the organisational principles which must also be observed by the subsidiary companies, as defined by Article 2359 of the Italian Civil Code, for the purpose of standardising the preventive processes and the supervisory processes regarding “sensitive” activities.

(Omissis)