THE

“ANTITRUST COMPLIANCE PROGRAMME”

OF THE ITALCEMENTI GROUP
This document is intended to provide you with the presentation of the Antitrust Compliance Programme (“A.C.P.”) devised and organised, with the involvement and endorsement of the C.E.O. of the Italcementi Group, by the Legal and Tax Affairs Department – Legal Compliance and Antitrust Function, for the entire Group, as well as the operative actions, initiatives and tools to implement it;

We will send you in a short time a proposal of action plan to organise and implement, over the period of time 2010-2012, the A.C.P. at the national level within the Subsidiary under your management, in accordance with the directives and guidelines set forth herein.

The A.C.P. for the Italcementi Group is organized in two different stages:

a) the first one, to be implemented in the period of time 2010-2012, is aimed at establishing homogeneous initiatives and compliance activities within all Subsidiaries, aligning and raising the level of efficacy of the current practices within the Group.

At the end of this period, according to developed activities and initiatives, we intend to evaluate whether an organizational improvement or adaptation of the Legal Functions is advisable for the better achievement of the goals of the Programme.

b) The second stage concerns the maintenance, monitoring and evaluation, on an ongoing basis, of the A.C.P. within each Subsidiary.

The Legal Compliance and Antitrust Function of Italcementi also intends to evaluate the experiences and activities already achieved and performed at Country level and, whether suitable for the purposes of the compliance programme, to expand them at Group level.

We would therefore like to discuss with you the said plan and receive your opinion, comments and suggestions in order to make both the programme and the action plan binding, as well as start performing the activities as soon as possible.

* * * * *

A. The Antitrust Policy

1. The Italcementi Group strongly believes that a fair competitive market is a value for consumers.

As a fundamental part of its corporate and ethical values, and in accordance with the OECD Guidelines for Multinational Enterprises, Italcementi competes effectively in
the markets while always complying with all applicable laws and regulations for the protection of free and fair competition in the Countries where it operates. This means that the Italcementi Group is committed to act independently from the other competitors, to compete on the merits and to create its own competitive advantages by leveraging on its own capabilities and competencies that distinguish it from its competitors.

2. For this purpose, the Italcementi Group has defined and adopted a Code of Ethics that encompasses the principles of its Antitrust Compliance Policy. The Code states that (emphasis added):

“The Group, in its activities and in the conduct of business assumes as motivating principles the observance of both the laws of the relevant countries and the Group policies, in a framework of integrity, fairness and confidentiality. It also seeks to reconcile the pursuit of market competitiveness in compliance with competition legislation and to promote the correct and efficient use of resources.”

3. All employees, officers and/or directors within the Group are responsible for carrying out their duties in strict compliance with the principles of the Policy. It is the individual obligation and responsibility of each of them to comply with and to refrain from engaging in any actions that may have, as their object or effect, the restriction or distortion of the competition in any market.

The Policy not only applies to the relationship with competitors, but also to those with customers, suppliers, contractors and other business parties.

B. The context.

4. It has become increasingly common over the years for companies to implement antitrust compliance programmes or review and update the existing ones. The impetus behind this development has been a number of high-profile enforcement cases that have highlighted the importance of implementing an effective antitrust compliance programme as a mean to reduce the risk of infringement or of heavy fines (often up to 10% of the achieved turnover).

Antitrust Authorities throughout the World have, with an increasing success, targeted both national and international “cartels” as an enforcement priority.

Over 100 Countries around the World have antitrust laws and the number is constantly growing. National Antitrust Authorities are becoming more established, better resourced and proactive in enforcing their antitrust laws.

5. This global trend has been supported by legislative developments.

In Europe, for example, the Council Regulation (EC) No. 1/2003 has (i) lead to the increasing involvement of the Antitrust Authorities of the Member States in the
investigation of anti-competitive behaviours, and (ii) established the European Competition Network (“ECN”), which is a forum for discussion and cooperation among the European Competition Authorities.

The objective of the ECN is to build an effective legal framework to enforce EC competition law against companies who engage in cross-border business practices which restrict competition, allowing more National Authorities to investigate and jointly enforce the suspected infringements to the antitrust laws.

6. Another aspect is the increase in the level of the fines imposed on the companies for antitrust infringements; in some Countries infringement of antitrust laws may also lead to a criminal offence.

7. Furthermore, a large number of Countries, including in Europe many of the new Member States, have adopted leniency programmes. These programmes enable companies and individuals that provide information to the relevant Competition Authorities to receive immunity from fines or criminal sanctions, or a reduction in fines.

8. In addition, the use of private enforcement actions for breaches of antitrust laws is largely developing and becoming an important complement to the large fines imposed by the Antitrust Authorities. Private enforcement is likely to be a significant area of development over the coming years, given its potential to help achieving the goals of the antitrust law compliance, without imposing additional costs on the enforcement agencies, by using the civil compensation to stimulate actions by customers and consumers and thus provide a further incentive for compliance.

9. Furthermore, it is increasingly the case that companies are sensitive to the investor community’s interest in corporate governance: the current trend is to include antitrust compliance programmes under the ethics codes because the corporate ethics community is including antitrust compliance in its portfolio of interest to further highlight its values.

This development places an additional pressure on antitrust compliance since if a company infringes antitrust laws, this might seriously impact its ethical reputation, which is largely important to investors.

C. The importance of an effective antitrust compliance programme.

10. All companies have a duty to act lawfully, but there are more practical and relevant reasons why compliance with antitrust laws is important. The non compliance with the antitrust laws can be very costly and have serious consequences for companies (and sometimes for individuals), and ultimately for the their shareholders, such as:
• Heavy financial fines (in many jurisdictions the amount of the monetary fines can be up to 10% of the achieved turnover);
• Costs for the legal defense (costs that can increase due to potential overlapping investigations and civil actions in various jurisdictions);
• Criminal fines and imprisonment for individuals (in some Countries);
• Adverse publicity and damage to reputation of the company;
• Third party’s lawsuits;
• Agreement being unenforceable;
• Drain of resources in handling antitrust law infringement cases (i.e., indirect but large costs, because an investigation will require significant time and resources in the form of distracted managers and employees from their activities).

11. It should be clear from the above that:
   a) an effective antitrust compliance programme is now more important than ever and that it can only become more imperative over the time, and
   b) companies have to periodically assess their antitrust law risks and implement or update a compliance programme as a way of managing these risks on an ongoing basis.

12. Of course a compliance programme cannot guarantee that a business will be free from risks and that it can prevent every possible kind of infringements. It may be very difficult to detect an employee who is deliberating engaging in unlawful practices; nonetheless, with a well thought-out programme in place, it should be possible to limit non-deliberate infringements or greatly reduce the said risks. In addition, as in other areas of corporate compliance a degree of advanced preparation and an ongoing commitment to promote a compliance culture are likely to reap significant dividends in the longer term.

D. The Italcementi Group’s Antitrust Compliance Programme.

13. Italcementi has recently updated and improved its compliance practices on antitrust law matters, organizing a comprehensive Antitrust Compliance Programme (“A.C.P.”) to be developed over the next three years throughout the entire Group.

    The A.C.P. has been approved by the Chief Executive Officer of the Italcementi Group and its implementation by the Subsidiaries is mandatory.

14. The A.C.P. for the Italcementi Group has been organized in order to provide a formal framework for ensuring that the business as a whole, as well as individuals and directors, complies with antitrust law: it is expected to play an important role in order to minimize the risks of infringements by helping the companies of the Group to
identify potential areas of risk of infringements at an early stage enabling them to take appropriate remedial actions.

15. The objective is to create and implement equivalent compliance practices and activities within the Group (in terms of strategies, procedures, guidelines, tools, training and audit programmes), under the supervision and coordination of the Legal and Tax Department of Italcementi – Legal Compliance and Antitrust Function, as better explained in paragraph 18 below.

E. What are the expected advantages of the Group’s Antitrust Compliance Programme?

16. Italcementi expects that its Antitrust Compliance Programme achieves the following benefits:

a) to encourage innovative and pro-competitive behaviours;
b) to provide competitive advantage by enabling the Company to detect any infringement at an early stage and take corrective measures;
c) to assist the Company to identify situations in which it may wish to take action against anti-competitive behaviour performed by third parties, such as suppliers and competitors;
d) to reduce the risk of fines;
e) to mitigate the level of the fines: in some jurisdictions, an effective compliance programme can be useful in mitigating or reducing the consequences of the infringements.¹

¹ For example in the US, the existence of a compliance programme can be considered as a mitigating factor at sentencing and a significant factor in calculating the culpability of a convicted company. The UK’s Office of Fair Trading (OFT) has also expressed the same approach, pointing out as follows: “Occasionally infringements of the law may occur despite the existence of a compliance programme. However, the fact that a compliance programme is in place may be taken into account as a mitigating factor when we calculate the level of financial penalty. We will give careful consideration to the precise circumstances of the infringement and in particular the efforts made by management to ensure that the programme has been properly implemented. We will also take account of the seniority of the person or persons involved in the infringement. We will view very seriously the involvement of directors or senior management in any infringement and may treat such involvement as an aggravating factors when setting the level of financial penalty. For example, the mitigation in having a compliance programme in place may be offset where it was blatantly ignored at a very senior level”.

Finally, the European Commission, which is the European Antitrust Authority, in decision Case IV/32.879 – Viho/Toshiba - decision of 5 June 1991 - has taken the adoption of a compliance programme into account as a mitigating factor when fixing a fine, while acting in a manner contrary to an adopted compliance programme has been held to be an aggravating factor increasing the fine. In the said Decision the European
f) to avoid potential private actions, i.e. third parties that suffered damages as a result of an infringement of the antitrust laws;

g) to avoid potential civil and criminal liability for the employees;

h) to avoid rendering agreements null and void (and thus unenforceable);

i) to reduce the costs related to litigation, including the direct cost of fines and legal fees, as well as the indirect costs of distracted managers, demoralized work forces and lost time in complying with investigations or participating in legal proceedings;

j) to reduce the risk of adverse publicity.

F. **What are the essential features of the Group’s Antitrust Compliance Programme**

17. There is no standard programme that can be applied in all cases: the content of a compliance programme should be tailored to suit the needs of every particular business and the specific requirements of each company; however there are certain general features and key elements that Italcementi consider as a minimum requirement:

- involvement and support of the senior Management (at Group and Country levels);
- compliance strategy, procedures and guidelines;
- ongoing training programmes;
- regular evaluation (auditing and monitoring activities).
- reporting

G. **The “Antitrust risk governance”: roles and responsibilities at Group and Subsidiary level.**

18. At Group level, the Legal and Tax Affairs Department of Italcementi – Legal Compliance and Antitrust Function - will have role of supporting, coordinating and

Commission stated: “The Commission considers that management has the responsibility to establish effective internal rules for compliance with EEC competition law”.

www.italcementigroup.com
orienting the compliance activities throughout the Group, as well as monitoring overall risk exposure.

In particular, it will be therefore responsible for:

- updating and spreading out throughout the Group the principles of the Antitrust Policy set forth in the Code of Ethic;

- developing the Group Antitrust Compliance Programme and drafting policies, procedures and guidelines - to be customised at Country level if not already developed - in order to address areas and fields of activities that may raise antitrust issues;

- monitoring the effectiveness and the status of implementation of the Compliance Programmes that each Country is requested to perform;

- developing a reporting system allowing the proper monitoring of investigations and proceedings started by the Antitrust Authorities;

- supporting the Subsidiary in developing training activities and participating in the delivery.

At Country level, each Subsidiary will be responsible for managing at local level the “antitrust risk” in accordance with the directives provided for by Group Level and, in particular:

- performing risk assessment activities on a regular basis in order to properly identify risk areas to be addressed.

- implementing and performing at National level an Antitrust Compliance Programme customizing the Group Antitrust Compliance Programme, also in accordance with the specific needs and priorities of the Country;

- identifying the employee(s) in charge of managing the antitrust issues at local level, specifying roles and responsibilities;

- providing on a regular basis the Legal and Tax Affairs Department of Italcementi – Legal Compliance and Antitrust Function - with the information as better detailed in paragraph 23 below;

- developing, supported by the Group level, training plans (3 years oriented) in order to improve awareness on antitrust matters among the employees.
H. The analysis of the essential features of the Antitrust Compliance Programme and the proposed guidelines (operative actions and initiatives) to perform it throughout the Group.

19. Involvement and support of the senior Management (at Group and Subsidiary levels).

Embedding a culture of antitrust compliance is not something that can be delegated down the line. The message that compliance with the laws is a fundamental part of the company policy must be promoted clearly: it is essential for it to "come from the top".

The support of the Management must be visible, active and regularly reinforced: it amounts to an indicator of the commitment of the company to comply with the antitrust laws.

Employees must be aware that the compliance programme has been approved and is supported at the senior level of the Management, that is not only expected to be knowledgeable about and to conduct themselves in accordance with the compliance programme, but that should also promote an organizational culture that encourages ethical conduct and a commitment to comply with the laws.

20. Compliance strategies, guidelines and procedures.

(i) Adoption by the Subsidiaries of a National Antitrust Compliance Programme.

Because each Subsidiary of the Group will have the role of managing at local level the risk of the “non compliance” with the antitrust laws in force in the Country where it operates, each Subsidiary is requested to implement a National Antitrust Compliance Programme, also in accordance with its specific needs and priorities, customizing the key features of the Group’s Antitrust Compliance Programme.

(ii) Antitrust law compliance Handbook (i.e., Manual or Do’s and Don’ts check list).

A good tool to implement the Antitrust Policy would be an Handbook to be distributed to the employees (or only to employees appropriately selected). This document, which would be aimed at raising the level of awareness and knowledge about the risks associated with infringement to the antitrust laws, would meet the different needs of the Company and should face the following topics:

- references to the Group Antitrust Policy;
- description of the penalties provided for by the antitrust laws applicable to the Company and the other risks of incurring in the non compliance (i.e: high
financial risks, third party lawsuits, damage to the image of the company, personal liabilities, etc);

- description of the basic principles and main provisions of the antitrust laws applicable to the Company;

- description of the prohibited anticompetitive behaviours, making references to the particular circumstances and areas of the business where particular attention should be exercised, possibly with the help of a check list of do’s and don’ts and practical examples and suggestions (making it clear which acts are prohibited, which require clearance and which are generally safe).

The Handbook should take into account the industry in which the Company operates (i.e. appropriately tailored to ensure that it is relevant to the specific areas of the business in which it is involved), its position within that industry, the Company’s commercial practices and the types of the employees to be addressed, the specificities of the antitrust law existing in the Country where the Company operates.

It needs to be short, focussed and practical, utilising real examples to illustrate the fundamental concepts and principles.

The Handbook should also contain practical tips on how to deal with difficult competition challenges, such as when a competitor proposes some type of cartel activity.

It also should encourage the employees to be ever-vigilant in their day-to-day activities and to contact their Legal Department in case of doubt.

The Handbook should be accepted in writing by the employees, who should also sign a written undertaking ensuring that they will adhere to it and conduct their business dealings within the compliance framework, and that they are not aware of any existing compliance breaches.

(iii) Written Procedures/Guidelines.

Written procedures will have to be established in the event that the Company:

- intends entering into, or is in the process of negotiating, specific cooperation agreements especially with competitors (such as joint production activities, research and development activities, joint commercial activity, transfer of technology, specialisation activities, standardisation activities);

- is member of industry/trade associations and/or organizations. In this event a company should have a clear policy regarding its participation in association
meetings and exchange of information in this very “sensitive” context (for example it could be very useful a proper recording system for all documents, minutes of meeting and other events that may provide evidence of non-participation in anti-trust practices by the company or its employees);

- deals with an investigation carried out by an Antitrust Authority.

Some other fields that may be covered by guidelines and procedures are:

- types of external discussion that will always be prohibited and types of information that can be legitimately exchanged or that, on the contrary, constitutes confidential or commercially sensitive information (in this context it could be useful the implementation of guidelines about the use of language, and the special care to be taken, while communicating, whether it be verbal or written);

- how to deal with complaints from customers and/or suppliers alleging infringement with antitrust rules;

- guidance for dominant companies on the care to be taken while dealing with the other competitors and customers/suppliers.

21. On-going Training of Management and Employees

The Company is responsible for implementing the diffusion of its Antitrust Policy among the employees and for providing them with the resources to understand it: an effective training program is therefore at the heart of any antitrust compliance system.

The training programs are a critical component of the compliance activity because aimed at:

- creating a common antitrust compliance culture within the Group, explaining the basic principles of antitrust law and the consequences of violations;

- increasing the awareness of the impact of antitrust laws on the conduct of the business operations and the performance of the duties of all the employees;

- increasing the responsibility of each employee of the Company to comply with the antitrust laws and refrain from engaging in any actions that may have, as their purpose or effect, the restriction or distortion of the competition;

- giving guidance to employees to ensure that they understand the antitrust laws principles and act in compliance with them, avoiding prohibited activities.
The training programs should target:

- the top managerial functions of the company, including the Companies Affiliates (who are responsible for ensuring that employees under their responsibilities are aware and comply with this policy);

- those employee who may potentially be exposed to antitrust risks because of frequent contacts with competitors in the exercise of their ordinary duties (i.e.: marketing and purchasing activities), or who can deal with antitrust issues;

- new recruits and those employees who are most likely, in their career developments, to have management responsibilities, in which compliance with antitrust law can assume a crucial relevance.

The training programs should also be specifically tailored to meet the specific requirements of the Company’s business units, and in particular:

- the different needs of the targeted employees;

- the specific characteristics of the market (i.e.: cement, ready mix concrete, admixtures, etc), as well as the market positioning of the company within the industry sector, and the level of the antitrust risk associated with the industry sector;

- the types of activities performed by the employees involved in the training programmes;

The training programmes should place great emphasis on the relationships with competitors and should be mainly focused on those antitrust law principles that raise the greatest risks: price fixing, market sharing and customer allocation, exchange of commercial information, bid rigging.

A special attention should be dedicated to the participation of employees in the context of the trade associations (or other forms of industry organisation) because these organizations, if used improperly, can provide an opportunity for competitors to discuss matters that might be considered competitively sensitive.

In this regard, the training programs should be as practical as possible and therefore be developed focussing on examples and cases typical in the each single units business.
Finally, it should be pointed out as follows:

- to be effective, an antitrust compliance training should not be a once only event. Advanced and refresher courses are needed, taking also into account the level of compliance risk that the company faces;

- the Company should regularly review the training programmes rather than repeating the same year after year, keeping into account, for example, any changes occurred in the competitive market (including its competitive positioning and market share), or in the national legislations.

22. Regular evaluation

A compliance programme is unlikely to be successful unless its effectiveness is regularly evaluated. Evaluation is essential not only as a mean of ensuring that the programme is working properly but also to enable areas of risk to be identified and addressed.

The evaluation could be conducted through the following activities:

a) auditing, and

b) monitoring

(i) Auditing

An antitrust audit activity is aimed at identifying the major areas of risk and assist in determining whether an infringement to the antitrust laws has occurred or is likely to occur in the future.

A compliance audit provides, first of all, an opportunity to carry out a comprehensive examination of the files and documents that officials of the National Antitrust Authorities could find and gather during the inspections within the premises of the Company.

The review of the said types of document may reveal potential antitrust law issues and give the audit team the necessary background, information and data to determine whether to conduct interviews of employees who deal with competitors and ask them for the supply of further explanation about questionable documents.

The Legal Compliance and Antitrust Function of Italcementi has already formulated a “Manual on Antitrust Audit” for the Group Audit Department aimed at:

- achieving the (general) objective to monitor and assess the effectiveness of the programmes on antitrust compliance;
achieving the (specific) objective to identify, within the different business Functions and Departments affected by the activities of the auditors, the areas and the levels of the risks of infringements of antitrust laws;

- describing the sources of direct and indirect evidence of potential anticompetitive behaviours;

- identifying the documents and other materials suitable to constitute the aforesaid evidence.

Each Subsidiary will be requested to evaluate whether the said initiative and tool are suitable to be adopted, customizing the “Manual on Antitrust Audit” according to its own specificities and needs (such as specificities of the local antitrust law and the types of documents that constitute evidence of infringements resulting from case law, interpretations and enforcement by the National Antitrust Authorities and the national Courts).

(ii) Monitoring.

It is essential to periodically evaluate and review the Antitrust Compliance Programme, also implementing actions aimed at ensuring that the programme performs the current best practices and remains relevant and effective over the time.

In this regard, example of envisaged actions could be:

- On going formulation of "awareness tests", designed especially to managers and employees who may potentially be exposed to antitrust risks because of frequent contacts with competitors in the exercise of their ordinary duties (i.e.: marketing and purchasing activities), which would include the testing of the employees' knowledge of antitrust law, policy and procedures. These tests are useful to monitor the knowledge of the fundamental principles of antitrust law and the degree of awareness of the obligations arising from this. They are also a useful tool for estimating the capacity to address concretely the risk of unlawful conduct relating to the business activities.

- Implementation of a “Help-Line” system, dedicated exclusively to the employees involved in training activities and awareness tests, with the aim of providing them a flexible instrument to quickly obtain clarifications in case of doubts or even to report (possibly anonymously) situations of potential infringement to the antitrust rules.

23. Reporting System.

Each Subsidiary will be requested to supply on a regular basis the following information to the Legal Compliance and Antitrust Function of Italcementi:

(i) changes of the national legislation and the related impact on the Company’s business activities,
any investigation and/or proceedings started by the National Antitrust Authorities,

the status of the implementation of Antitrust Compliance Programmes at Country level.

The said Function of Italcementi will arrange a standard reporting document to receive the aforesaid information on a regular basis from each Subsidiary.

I) **Summary of the proposed activities that each Subsidiary will be requested to implement and perform over next three years:**

(i) to organize and formally adopt a National Antitrust Compliance Programme;

(ii) to set out an Antitrust law compliance Handbook (Manual, or do’s and don’ts check list or other similar initiative);

(iii) to adopt written procedures and guidelines, whether not already developed, on the matters set forth in paragraph 20 (ii) above, according to its needs, market positioning and priorities;

(iv) to plan an on-going training programme of activities and deliver at least one training seminar over the next three years;

(v) to organize and perform activities of evaluation and monitoring of the efficacy of the National Antitrust Compliance Programme;

(vi) to regularly report the information set forth in paragraph 23 above to the Legal Compliance and Antitrust Function of Italcementi.

The Legal Compliance and Antitrust Function of Italcementi will encourage and strengthen the implementation of the aforesaid initiatives and actions, also providing the necessary or required assistance to the Subsidiaries (as well as guidance to adopt the said procedures and guidelines in order to achieve homogeneous relevant practices for “good behaviours”) and participating in the organization and delivery of training seminars.

***

I wish to thank you in advance for your attention and I look forward to receiving your comments and suggestion on the foregoing.

[Signature]

www.italcementigroup.com