

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to Art. 123-*bis* of the Consolidated Law on Financial Intermediation

Issuer: Cementir Holding S.p.A.
Website: www.cementirholding.it

Financial year to which the report refers: 2009
Date report approved: 18 March 2010

The following document contains disclosures on the corporate governance system and ownership structure of Cementir Holding S.p.A. prepared in accordance with the guidelines and recommendations of Borsa Italiana S.p.A., as well as with the document *Format per la relazione sul governo societario e gli assetti proprietari* (2nd Edition, February 2010) issued by Borsa Italiana with the support of Assonime.

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GLOSSARY

Board: the Board of Directors of the Issuer.

Civil Code: the Italian Civil Code.

Code: the Corporate Governance Code approved in March 2006 by the Corporate Governance Committee and endorsed by Borsa Italiana S.p.A.

Consob Issuers Regulation: the rules for issuers established by Consob in Resolution no. 11971 of 1999 (as amended).

Consob Market Rules: the market rules established by Consob in Resolution no. 16191 of 2007 (as amended).

Consolidated Law: Legislative Decree 58 of 24 February 1998 (the Consolidated Law on Financial Intermediation).

Financial year: the financial year to which this report refers.

Instructions to the Stock Market Rules: the instructions accompanying the rules of the markets organized and managed by Borsa Italiana S.p.A.

Issuer: the company issuing listed shares as referred to in this report.

Report: the corporate governance and ownership structure report that companies are required to prepare in compliance with Art. 123-*bis* of the Consolidated Law on Financial Intermediation.

Stock Market Rules: the rules of the market organized and managed by Borsa Italiana S.p.A.

1. Issuer profile

1.1. Introduction

Cementir Holding S.p.A. (hereinafter also “Cementir” or “the Company” or “the Issuer”) is the head of a group that is one of the world’s leading players in the white and grey cement and ready-mix concrete industry.

The Company produces and distributes white and grey cement, aggregates, ready-mix concrete, and cement products in many countries around the world. With offices in 14 countries and a workforce of more than 3.400 employees, Cementir Holding is a world leader in the production of white cement. The Company is also the sole producer of cement in Denmark, the number three producer in Turkey, and number four in Italy, as well as being a leader in the production of ready-mix concrete in Scandinavia.

Cementir stock has been traded in Star segment of Borsa Italiana’s *Mercato Telematico Azionario* since 21 May 2009.

It should be noted that the Company’s stock had been traded in the Star segment from 2001 to 2007, but in 2007 the Company left the Star segment and entered the blue chip segment when the capitalization limit was exceeded. The Company then entered the Standard segment on 22 September 2008.

As will be explained below, in 2009 the Company continued to adapt its system of corporate governance to the prevailing Corporate Governance Code, thereby formally complying with such Code.

This report describes the Company’s system of corporate governance (hereinafter simply “Corporate Governance”) and ownership structure at 31 December 2009.

1.2 Organizational structure

The Company has adopted the traditional model of administration and control, characterized by a board of directors and a board of statutory auditors. The system of corporate governance is based on the essential role played by the board of directors (as the highest body responsible for managing the Company in the interests of the shareholders), as well as on transparency in the Company’s decision-making process and an effective system of internal controls.

The Company implemented this system by preparing and adopting codes, principles, rules and procedures that govern the performance of its business by all of the Company’s various administrative and operational units.

The Board of Directors is vested with all powers of ordinary and extraordinary administration, with the exception of those that, by law or the Company’s bylaws, are reserved for the shareholders.

The Board appoints a Chairman from among its members and may also appoint a Deputy Chairman to replace the Chairman as and when it may be necessary.

Refer to Section 4.4 of this report on the duties of the Board of Directors.

The Board of Statutory Auditors monitors compliance with the law and the Company’s articles of association, as well as compliance with the principles of sound administration in carrying out the Company’s business and verifies the adequacy of the Company’s organization, its system of internal controls, and its system of administration and accounting.

Account auditing is entrusted to a specialized auditing firm registered with Consob and specifically engaged by the shareholders.

2. Ownership structure at 31 December 2009 (pursuant to Art. 123-bis of the Consolidated Law)

a. Share capital structure (pursuant to Art. 123-bis,(1)(a) of the Consolidated Law)

Cementir share capital at 31 December 2009, wholly subscribed and paid in, totaled €159,120,000 (one hundred fifty-nine million one hundred twenty thousand euros) for 159,120,000 ordinary shares with a par value of €1.00 each, except as specified below regarding capital approved but not yet subscribed in relation to the stock incentive plan that the Company approved on 15 January 2008.

For the structure of share capital, see **Table 1** of this report.

The shares are indivisible and freely transferable, and each share entitles the shareholder to one vote. Shareholders may exercise their rights on the Company and its capital as defined by and within the limits of the law. Cementir Holding has not issued any other categories of shares or financial instruments that may be converted into or exchanged for shares.

With regard to stock incentive plans, it should be noted that in 2008 the Company’s shareholders approved a stock incentive plan (hereinafter the “Plan”) for directors with particular powers and managers to the Company and/or its subsidiaries, authorizing the Board of Directors (in accordance with Art. 2443 of Civil Code) to increase the share capital to service the Plan in an amount of up to €162,302,400 through the issue of up to 3,182,400 ordinary shares with standard rights, with the exception of pre-emption rights, in accordance with Art. 2441(8) of the Civil Code. Therefore, on 11 February 2008, in execution of the powers assigned, the Company’s Board resolved to: (i) increase the share capital through cash payment, even for just a portion of the shares, in an amount of up to €1,225,000 by issuing up to 1,225,000 shares with a par value of

€1.00 each in accordance with Art. 2441(8) of the Civil Code and, therefore, excluding pre-emption rights (in that regard, it should be specified that share capital is to be increased by an amount equal to the value of the ordinary shares actually subscribed); (ii) approve the rules for the Plan (hereinafter “the Rules”); and (iii) assign the options of the Plan (hereinafter “the Options”) to certain Beneficiaries identified above. It should be noted that the options assigned may not be exercised prior to vesting (i.e. 11 February 2011) and must be exercised within two years of said vesting date.

For more information on the Plan, see the disclosure document published in accordance with Art. 84-*bis* of the Consob Issuers Regulation, which can be found on the Company’s website (www.cementirholding.it) in the “Annual information statements” section, as well as obtainable from Borsa Italiana S.p.A.

b. Restrictions on the transfer of shares (pursuant to Art. 123-bis,(1)(b) of the Consolidated Law)

There are no restrictions on the transfer of shares.

c. Material holdings (pursuant to Art. 123-bis,(1)(c) of the Consolidated Law)

Shareholders with interests of greater than 2%, as indicated by the Company’s shareholder register, by notifications received in accordance with Art. 120 of the Consolidated Law and other information available at 31 December 2009, are indicated in **Table 1** of this report.

For events subsequent to the close of financial year 2009 and prior to approval of this report, see the information published on Consob’s website in the “Issuers/Listed companies/Ownership section”.

d) Shares with special rights (pursuant to Art. 123-bis,(1)(d) of the Consolidated Law)

No shares have been issued that grant special control rights.

e) Employee shareholdings: mechanism for exercising voting rights (pursuant to Art. 123-bis,(1)(e) of the Consolidated Law)

There is no system for employee shareholdings in place, therefore, there is no special mechanism for the exercise of voting rights by employees.

f) Restrictions on voting rights (pursuant to Art. 123-bis,(1)(f) of the Consolidated Law)

There are no restrictions on voting rights.

g) Shareholder agreements (pursuant to Art. 123-bis,(1)(g) of the Consolidated Law)

We are aware of no shareholder agreements in accordance with Art. 122 of the Consolidated Law concerning the exercise of related rights or the transfer of shares, nor have any such agreements been reported.

h) Change-of-control clauses (pursuant to Art. 123-bis,(1)(h) of the Consolidated Law)

The Issuer and its subsidiaries have not entered into material agreements that either come into effect or terminate in the event of a change of control of the contracting company.

i) Authorizations to increase share capital and purchase treasury shares (pursuant to Art. 123-bis,(1)(m) of the Consolidated Law)

For information on the mandates granted by the shareholders concerning share capital increases, see Section 2(a) of this report.

The shareholders have not authorized the purchase of treasury shares pursuant to Arts. 2375 *et seq.* of the Civil Code.

l) Direction and coordination (pursuant to Art. 2497 *et seq.* of the Civil Code)

Cementir is not subject to the direction and coordination of other companies, given that the Company defines its operating and general guidelines in full autonomy. In particular, examination and approval of strategy and of business and financial plans, as well as of the adequacy of organization, administration and accounting are reserved exclusively to the Cementir Board of Directors.

Therefore, the conditions specified under Art. 37 of Consob Market Regulation no. 16191/2007 do not apply.

m) Appointment and replacement of directors (pursuant to Art. 123-bis,(1)(l) of the Consolidated Law)

The information required by Art. 123-*bis*(1)(l) is provided in the section of this report on the Board of Directors (Section 4).

n) Compensation of directors in the event of resignation, dismissal or other termination of their appointment following a public tender offer

The information required by Art. 123-bis(1)(l) is provided in the section of this report related to the remuneration of directors (Section 9).

3. Compliance (pursuant to Art. 123-bis,(2)(a) of the Consolidated Law)

The Issuer has formally complied with the Corporate Governance Code, which is available to the public on the website of Borsa Italiana (www.borsaitaliana.it).

As concerns any failure to comply with one or more recommendations of said Code, see the specific explanations in the various sections of this report.

The Issuer and its strategic subsidiaries are not subject to any provisions of foreign laws that would affect the Issuer's corporate governance structure.

4. Board of Directors

Introduction

In conjunction with shareholder approval of the 2008 annual report on 21 April 2009, the Board of Directors appointed by the shareholders on 20 April 2006 (as subsequently modified by the shareholders on 15 January 2008) reached the end of its term, as did its internal committees, as discussed under Section 6 below.

On 21 April 2009, the shareholders then appointed the new Board for the 2009-2011 term, as described under Section 4.2 below.

See **Table 2** for the composition of the Board of Directors and the Committees through the date of approval of the 2008 annual report (i.e. 21 April 2009).

4.1. Appointment and replacement of directors (pursuant to Art. 123-bis (1)(l) of the Consolidated Law)

On 21 June 2007, the Company's shareholders met to amend the bylaws in order to implement the changes required by Italian Law 262 of 28 December 2005 (the "Savings Law") as amended.

Directors are appointed by the shareholders in accordance with applicable law and the Company's bylaws.

Members of the Board of Directors are elected on the basis of slates submitted by shareholders with voting rights representing at least 2% of share capital or any different threshold that shall be set in accordance with applicable law. The slates shall be filed at the Company's registered office at least 15 days prior to the date set for the Shareholders' Meeting at first calling.

The slates shall identify the candidates meeting statutory independence requirements and shall be accompanied by the curriculum vitae of the candidates demonstrating their professional and personal qualifications and their acceptance of the candidacy.

Each shareholder may submit or take part in the submission of only one slate containing a maximum of 15 candidates, numbered in numerical order. Each candidate may only appear on one slate else be subject to disqualification. Persons submitting slates shall demonstrate that they are shareholders by filing accompanying documentation at the same time showing that they hold the number of shares required to submit the slate.

The first candidate on the minority slate receiving the largest number of votes and who is not connected in any way, directly or indirectly, with the slate that received the most votes is elected a director. The other members of the Board of Directors are selected in numerical order from the slate that received the largest number of votes.

In the event only one slate is submitted or where only one slate receives votes, all the candidates from that slate shall be deemed elected on the basis of ordinary statutory majorities.

As to the allocation of directors to be elected, slates that fail to receive a percentage vote that is at least half the percentage required to present a slate are disregarded.

At any time other than when the entire Board of Directors is being elected, the Shareholders' Meeting shall elect directors on the basis of statutory majorities without following the above procedures.

If one or more Directors should leave the Board during the year, the provisions of Art. 2386 of the Civil Code shall apply.

The Shareholders' Meeting may elect an Honorary Chairman who need not be chosen from among the members of the Board of Directors and who shall be selected from among those persons who have distinguished themselves for the commitment made to and the results achieved on behalf of the Company, as well as for achievements over the course of their professional careers. The Honorary Chairman may attend Board meetings in an advisory role and shall not have the right to cast a vote. The Honorary Chairman shall be entitled to receive the same remuneration as the members of the Board of Directors as determined by the bylaws and by the Shareholders' Meeting.

It should be specified that the bylaws do not call for requirements of independence beyond those established for statutory auditors by Art. 148 of the Consolidated Law and/or requirements of reputation and/or professionalism for the appointment of directors, including in reference to the requirements in that regard established by the Corporate Governance Code. It should further be noted that, in addition to the provisions of the Consolidated Law, the Issuer is not subject to additional requirements regarding the composition of the board of directors, except as defined by the Corporate Governance Code and by the stock market regulations for companies listed in the Star segment.

4.2 Composition (pursuant to Art. 123-bis(2)(d) of the Consolidated Law)

Under the bylaws, the Company is administered by a Board of Directors consisting of between five and fifteen members elected by the shareholders. Directors shall be appointed for a term of three years, which shall expire on the date of the Shareholders' Meeting called to approve the financial statements for the final year in which they are in office. Directors may be reappointed in accordance with Art. 2383 of the Civil Code.

The Company is currently administered by a Board of Directors with fifteen members, who were appointed by 98.43% majority vote based on the sole slate presented by the majority shareholder Calt 2004 S.r.l. during the ordinary Shareholders' Meeting of 21 April 2009. The directors will remain in office for three years, i.e. until approval of the financial statements for the year ending 31 December 2011.

Regarding the personal and professional qualifications and background of each director in office, see the CVs published, together with the aforementioned slate, on the Company's web site (www.cementirholding.it) in the "Investor Relations/Corporate Governance/2009 Shareholders' Meeting" section. For the composition of the Board at the close of financial year 2009, see **Table 3**, as no changes have occurred since that date.

Maximum number of positions held in other companies

The Board of Directors has preferred not to express a position on the maximum number of positions that may be held in order to be able to fulfill the duties of a member of the Board of the Issuer effectively, since the Board feels that the decision is to be made, first of all, by the shareholders when appointing directors and, subsequently, by the individual director when accepting the position.

Therefore, the Issuer's Board of Directors has not set strict, generalized standards concerning the maximum number of positions on the boards of directors or statutory auditors of other companies that may be considered compatible with fulfilling the role of director effectively. In any event, the Board annually verifies that the number of positions held by the directors in other companies is appropriate to carrying out their duties effectively, taking account of the different level of commitment of the given director based on the role held (e.g. executive or non-executive, independent, member of one or more committees, etc.), the nature and size of the companies in which other positions are held, and whether such companies are a part of the Issuer's group.

4.3. Role of the Board of Directors (pursuant to Art. 123-bis(2)(d) of the Consolidated Law)

The Board of Directors meets at least four times per year. Meetings are also called in a timely manner whenever the need should arise.

During 2009, the Board of Directors met four times, and the directors and members of the Board of Statutory Auditors were regularly in attendance, as was the manager responsible for the Company's financial reports and, in certain cases, the head of internal controls, who provided additional information concerning the items on the agenda.

The average Board meeting in 2009 lasted about an hour.

For 2010, at least five meetings are expected to be held, the first of which has already been held (on 11 February 2010) in order to approve the interim report on operations regarding the fourth quarter of 2009.

No minimum meeting frequency for the Board is specified in the Company's bylaws.

Within the limits of the Company's corporate purpose, the Board has full power to pass resolutions and carry out all acts of ordinary and extraordinary administration, with the sole exception of those resolutions that are reserved for the shareholders either by law or by the Company's bylaws.

As such, the Board may authorize: the purchase and sale of real estate, investments in other businesses or companies incorporated or being incorporated, including by way of transfer of assets; any transactions involving the public debt, Cassa Depositi e Prestiti, banks, issuing institutions, and all other public or private entities; the creation, subrogation, postponement, cancellation or waiver of mortgages; any kind of registration or recordation, legal actions, including those involving quashing or reversal, and preliminary agreements or settlements.

The Board of Directors may also decide, in accordance with Art. 2365(2) of the Civil Code, on the following matters:

- mergers in the cases envisaged by Arts. 2505 and 2505-bis of the Civil Code;
- the opening, relocation and closing of secondary offices;

- the reduction of share capital in the case of withdrawal by shareholders.

The Board of Directors also:

- examines and approves the Issuer's system of corporate governance and the structure of the Group;
- assesses the adequacy of the Issuer's organization, administration and general accounting system, with particular reference to the system of internal controls and the management of conflicts of interest;
- assigns and revokes powers for directors and sets limitations and the methods of exercising them;
- determines, in the event the shareholders have not done so, the remuneration of the chief executive officers and other directors with specific responsibilities;
- assesses the general performance of operations, taking particular account of the information received from the various administrative bodies;
- examines and grants prior approval of the Issuer's transactions when such transactions are of strategic or financial importance to the Issuer, paying particular attention to situations in which one or more directors may be acting in their own interests or in the interests of third parties, as well as to transactions with related parties generally.

Transactions of financial significance, including transactions with related parties when the transaction is significant and relevant as defined by the Company's procedures for related party transactions (Section 12), are subject to prior examination and approval by the Board of Directors, which is to be provided with the information it needs to pass resolutions on the various topics to be discussed.

Before each of its meetings, the Board is provided with sufficient documentation to enable directors to make informed, effective decisions.

At least once per year, the Board of Directors assesses the adequacy of the Issuer's organization, administration and general accounting system, as well as the efficiency and effectiveness of the internal controls systems and the handling of conflicts of interest. In that regard, it should be noted that in 2009 the Board of Directors: i) updated the procedures for related party transactions (see Section 12) in order to balance the Company's operational needs (particularly with regard to transactions with subsidiaries) with recent legislative changes; ii) assessed the functioning of internal controls based on the report prepared by the Internal Controls Committee.

As recommended by the Remunerations Committee, the Board, in consultation with the Board of Statutory Auditors, established the remuneration for the Chairman of the Board and for other directors with special responsibilities. For more information, see Section 9 of regarding the remuneration of directors.

In 2009, the Board also periodically evaluated the general performance of operations, taking account of the information received by the Chairman of the Board in conjunction with approval of the interim reports on operations.

Finally, concerning the size, composition and function of the Board of Directors, in 2009, during meetings called by the lead independent director, the independent directors approved of the shareholders' decision to set the number of directors at the maximum allowed by the bylaws (i.e. 15).

Furthermore, the Board did not feel it was necessary to establish, in advance, the general criteria for identifying significant transactions, but decided it would be preferable to make such an assessment on a case-by-case basis based on the information received from the executive directors.

In order to meet organizational needs, the Company's shareholders did not provide prior general authorization for exceptions to the competition prohibition (in accordance with Art. 2390 of the Civil Code), but gave the Board responsibility for assessing any problematic cases as they arise and notifying the shareholders of any critical issues at the next Shareholders' Meeting.

In 2009, the Board did not examine any such cases.

4.4. Delegated Bodies

Chief Executive Officers

Following its appointment by the shareholders on 21 April 2009 (see Section 4.2), the Board of Directors chose the Chairman and Deputy Chairman and granted the Chairman, or the Deputy Chairman in his stead, the broadest powers for carrying out all acts of ordinary and extraordinary administration (for detail on such powers, see the section below) – with the sole exception of those reserved to the shareholders by law and by the bylaws.

Therefore, given the lack of appointment of a Chief Executive Officer, the Chairman is the primary party responsible for the Issuer's operations.

The decision to grant executive powers to the Chairman of the Board is essentially due to the Company's current, particularly streamlined organizational structure as a holding company of industrial investments.

Chairman

The Board of Directors granted the Chairman, Francesco Caltagirone Jr., and – in the event of his absence or other impediment – the Deputy Chairman, Carlo Carlevaris, independent of the powers granted them by law and by the Company's bylaws, all powers necessary to carry out all acts of ordinary and extraordinary administration, with the sole exception of those powers reserved to the shareholders and the Board of Directors.

By way of example, and in no way limiting the general powers as granted above, the Chairman and – in the event of his absence or other impediment – the Deputy Chairman have individual signatory powers for:

- A.1 coordinating and controlling the activities of the Company and relations with subsidiaries, and ensuring that the resolutions of the Board of Directors are implemented.
- A.2 signing correspondence and representing the Company in Italy and abroad in relations with national, regional, provincial and local governments, with private and public bodies, institutions, agencies, autonomous and municipalized government companies, and any other ordinary or special administrative, legal or fiscal authority and in arbitration.
- A.3 recommending and signing, in any and all proceedings at any level and before all administrative, fiscal or legal authority, of all appeals, inquiries, defenses, claims or other suits and proceedings of any kind; settling disputes; appointing and revoking legal counsel and powers of attorney; designating and appointing consultants and arbiters.
- A.4 purchasing, selling, and transferring moveable and immovable property; establishing the price; making payment and granting payment extensions, with or without mortgage security; issuing and accepting, as appropriate, liquidation by way of bills of exchange, with or without mortgage security; establishing any interest and the repayment of taxes and duties; assume or approve the assumption of liabilities of the seller, accepting and requiring, in such cases, the same obligations assumed by the borrower; requesting and signing guarantees related to ownership and availability of assets and to the absence of prejudicial mortgages, privileges or other encumbrances; requesting and authorizing the vesting of possession; accepting and agreeing obligations, reserves, easements and community of property; waiving of mortgages resulting from sales and exonerating the competent property registrars from all related liability; requesting the benefits allowed by tax laws and undertaking to fulfill all obligations established by law, as well as doing anything else necessary to complete the transaction, with all powers necessary without limitation such that a lack of powers cannot be claimed and with the right to grant power of attorney for others to act in the name and on behalf of the Company, with all or a portion of the powers as granted above in order to execute individual purchases, sales, and transfers of moveable and immovable property.
- A.5 establishing, transferring and closing secondary offices and/or other local facilities, such as production sites, sales offices, distribution centers, agencies, and storage facilities for the Company's products, and handling any formalities that should be necessary or appropriate.
- A.6 signing, modifying and terminating, including by granting power of attorney to others, contracts and agreements – with all appropriate clauses, including the arbitration clause – with government departments and other public or private entities concerning:
 - a) the purchase, sale, or transfer of machinery, equipment, materials in general, related maintenance, provisions and works, and the sale of Company products or other products handled by the Company;
 - b) the purchase, sale, or transfer of machinery, equipment, materials in general, related maintenance, provisions and works, and the sale of Company products or other products handled by the Company;
 - c) the purchase, sale or transfer of transport equipment in general and exonerating the public registrars from all obligations and liabilities;
 - d) insurance contracts;
 - e) granting and opening lines of credit for current account overdrafts in the name of the Company.
- A.7 authorizing the establishment, subrogation, postponement or cancellation of mortgages, including without payment, as well as any kind of registration or recordation on mortgage records, all with the exoneration of the competent public registrars from all related liability.
- A.8 establishing consortia and enterprises in accordance with the provisions of Arts. 2602 and 2612 *et seq.* and Art. 2615 of the Civil Code, including temporary business groupings in accordance with Laws 584/77, 1/1978 and 687/1984 and joint ventures with other general or specialized enterprises, both foreign and domestic, in order to participate in the acquisition and execution of contracts compatible with the Company's corporate purpose.
- A.9 acquiring and disposing of equity investments in other companies and establishing or participating in the establishment of companies with the same, similar, or directly or indirectly related purpose as that of the Company; subscribing related capital or capital increases; providing financing, including capital financing, with all consequent rights, including in relation to the sale or liquidation of said investments.
- A.10 signing communications with legal authorities, the chambers of commerce, financial markets, and other public and private bodies concerning the Company's statutory or regulatory obligations, including signing the annual communications to the *Schedario Generale dei Titoli Azionari*; signing communications with the Commissione Nazionale per le Società e la Borsa (Consob) in accordance with applicable laws and regulations.
- A.11 taking out and granting loans; assigning receivables and expired mandates; granting and accepting guarantees, counter-guarantees and endorsements; negotiating and taking out lines of credit; signing and endorsing checks, money orders and similar instruments; signing and endorsing other bills and notes; issuing checks, including in

- relation to the opening of lines of credit.
- A.12 signing lease and rental agreements – including those with a duration of more than nine years – and establishing the related payments and other general and specific terms and conditions; delivering and accepting lease and rental termination notices.
- A.13 demanding and freely collecting all sums in cash or securities, including both principal and interest accrued or to be accrued, from any person or entity, public or private, including national, regional, provincial or local government bodies, institutions, ministries, post offices, Treasury offices, Cassa Depositi e Prestiti, Civil Engineering Offices, the Bank of Italy, banks and other financial institutions in general, businesses, consortia, non-profit entities, regional, provincial and local autonomous or municipalized government companies, and the Agency for the Development of Southern Italy and its various concession holders and agents; receiving deposits; and issuing receipts in the forms required and exonerating the payers from all liability.
- A.14 participating in public auctions, private negotiations, tenders and similar procedures for the acquisition of concessions, contracts, and supply agreements, with the power to sign and present requests for prequalification, bids, projects and cost estimates, set prices and payment terms, and all other conditions, both general and specific; signing the related contracts and additional deeds, with all powers necessary for their execution, including through contracts, sub-contracts, and other supplies and works.
- A.15 hiring, suspending and terminating the employment of senior and middle managers, office staff and workers; establishing and granting salary increases and bonuses; assessing disciplinary penalties; hiring consultants, including on long-term contracts.
- A.16 granting special powers of attorney to Company employees and other parties for specific acts or categories of acts in the name and on behalf of the Company, with company signature powers for such acts, as well as appointing agents to represent the Company in individual ordinary or extraordinary meetings of the shareholders of other companies or consortia, as shareholders in the Company.

In 2009, the Deputy Chairman, Mr. Carlevaris, was not required to employ his powers of Company management and representation in lieu of the Chairman.

Executive Committee (pursuant to Art. 123-bis,(2)(d) of the Consolidated Law)

The Board of Directors has appointed an executive committee, effective until the first meeting following that of the Shareholders' Meeting held to approve the 2011 annual report, and determined that said committee is to be composed of three members:

- Francesco Caltagirone Jr., Chairman
- Riccardo Nicolini, director
- Mario Ciliberto, director

and that the Board would therefore confer upon them all powers exercised by the Board of Directors, except those exclusively attributed to the Board itself by law or the Company bylaws pursuant to Arts. 2423, 2443, 2446 and 2447 of the Civil Code.

Reporting to the Board

At every meeting of the Board of Directors, the delegated bodies report on their activities carried out in the performance of their assigned duties, either by introducing specific items on the agenda or by addressing them under the item "any other business".

4.5. Other executive directors

By virtue of the offices they hold within the subsidiaries of the Issuer, other executive directors include: Mario Ciliberto, chairman of the subsidiary Aalborg Portland A/S; Walter Montevercchi, chairman of the subsidiary Cimentas A/S; and Riccardo Nicolini, chairman of the subsidiary Cementir S.r.l.

It should be noted that in 2009 the Deputy Chairman, Mr. Carlevaris, was not required to execute his powers of Company management and representation in lieu of the Chairman. As such, he is not considered to be an executive director.

During Board of Directors meetings, directors are continuously kept abreast of developments within the Company, including in relation to the applicable regulatory framework, so that they may perform their duties effectively.

4.6. Independent Directors

The Board of Directors includes four independent directors (i.e. Flavio Cattaneo, Massimo Confortini, Alfio Marchini and Enrico Vitali) in accordance with both the Consolidated Law and the Corporate Governance Code.

Carlo Carlevaris also meets the requirements of independence as defined solely by the Consolidated Law.

The Board of Directors, during the first meeting following its appointment, verified the requirements of independence of the aforementioned directors, pursuant to the Consolidated Law and the Corporate Governance Code and based on their signed declarations, while also verifying their qualifications and professionalism.

For these reasons, the Board did not deem it necessary to conduct a new assessment of compliance with the independence requirements established by the Code for each of the other non-executive directors for 2009, partly in consideration of the fact that the Board of Statutory Auditors has continuously verified ongoing compliance with these independence requirements.

The independent directors met once independently of the other directors during the course of 2009.

4.7. Lead Independent Director

The Board has appointed Prof. Confortini to be lead independent director, responsible for representing the non-executive and, in particular, the independent directors and for coordinating their activities and contributions.

During 2009, the Lead Independent Director called one meeting of independent directors in order to evaluate: i) the size, composition and functioning of the Board; ii) the adequacy of the information provided to the directors prior to the meetings of the Board in relation to the meeting's agenda, as well as the timeliness with which the supporting documentation for the meetings was made available.

5. Handling Corporate information

The Company adopted, in compliance with the Code, the procedure relating to the "Handling of information, particularly confidential information", the full text of which is available in the Corporate Governance section of the Company's website: www.cementirholding.it.

In accordance with Art. 114 of the Consolidated Law, the Company has also adopted an Internal Dealing Code governing disclosure obligations regarding internal dealing, as specified under Arts. 152-*sexies et seq.* of Consob Regulation no. 11971 of 14 May 1999 as amended.

The Code, in effect as of 1 April 2006, governs the conduct and disclosure requirements with which "relevant persons" (directors, standing members of the Board of Statutory Auditors, CFOs, etc.) are required to comply in their relations with Consob and the Company, so that the Company can disclose transactions involving listed financial instruments or other related financial instruments issued by the Company or its subsidiaries to the market in accordance with the methods and deadlines established by Consob's Issuers Regulation.

In 2009, as provided by the Market Rules for Issuers listed in the Star segment, the Company updated its Internal Dealing Code, providing for a black-out period on the selling of Company shares during the 15 calendar days (rather than 5) preceding Board meetings.

As from 1 April 2006, the Company has also established a register of persons having access to inside information, in accordance with the provisions of Art. 115-*bis* of the Consolidated Law and in compliance with the procedures specified by Arts. 152-*bis et seq.* of Consob's Issuers Regulation.

6. Internal Board committees (pursuant to Art. 123-bis,(2)(d) of the Consolidated Law)

The Board did not deem it necessary to establish an Appointments Committee from among its members during the year, reserving the normal functions of this Committee for the Board as a whole.

Since 2001, in addition to the Executive Committee as discussed under Section 4.5 above, the Company's Board of Directors has also had both an Internal Control Committee and a Remuneration Committee.

In its first meeting following the expiration of the term of the Board and its Committees at the time of approval of the 2008 financial statements, the Board of Directors reappointed said Committees for the 2009-2011 term until the meeting of the Board following the Shareholders' Meeting to approve the financial statements for 2011.

For more information, see Sections 8 and 10 of this report.

The Company did not allocate a budget for Committee activities, as the Committees themselves judged it unnecessary since they can rely on the assistance of Company structures in performing their duties.

7. The Appointments Committee (pursuant to Art. 123-bis,(2)(d) of the Consolidated Law)

Without prejudice to the indications provided in the previous section, it should be noted that directors are appointed in accordance with the provisions of the Company bylaws, which specify that appointments shall be made on the basis of slates presented by shareholders, in compliance with the provisions of Art. 147-*ter* of the Consolidated Law (see Section 4.1).

In light of the above, considering that shareholders have never encountered any difficulties in appointing directors, and given the non-mandatory nature of the Appointments Committee under the Corporate Governance Code, the Board did not deem it necessary to establish said Committee from among its members.

8. The Remuneration Committee (pursuant to Art. 123-bis,(2)(d) of the Consolidated Law)

The current Remuneration Committee is composed of three non-executive directors, the majority of whom are independent. Specifically, in compliance with the provisions of Art. 7 of the Code, the Company's Board of Directors appointed the following members from among its ranks to the Remuneration Committee:

- Massimo Confortini (Committee chairman, non-executive, independent under the Consolidated Law and the Code);
- Mario Delfini;
- Enrico Vitali (non-executive, independent under the Consolidated Law and the Code).

The Remuneration Committee, which submits proposals and offers advice to the Board of Directors, performs the following functions:

- evaluating and formulating proposals for the Board of Directors regarding Company remuneration policies for management;
- evaluating and formulating proposals for the Board of Directors regarding stock incentive plans (including stock options), employee shareholding plans and similar incentive and loyalty plans for management and employees of Group companies;
- formulating proposals for the Board of Directors, with the abstention of any parties involved, regarding the remuneration of executive directors. The Committee may also formulate proposals regarding the portion of the remuneration of executive directors indicated by the Board of Directors that is tied to the performance of the Company;
- formulating proposals for the Board of Directors, with the abstention of any parties involved, regarding the remuneration of non-executive directors, which shall be commensurate with the commitment required of each, taking account of their possible membership on one or more of the Company's internal committees. This remuneration is not tied to Company performance. The non-executive directors may be included among the beneficiaries of stock incentive plans only based on a reasoned decision of the Shareholders' Meeting.

In 2009, the Committee met once in order to:

- approve the new rules for the Committee;
- examine and evaluate the proposed remuneration for the Chairman of the Board pursuant to Art. 2389 of the Civil Code;
- examine and evaluate the proposed remuneration for the chairman and other members of the Remuneration and Internal Control Committees.

This meeting lasted approximately one hour and was attended by all members of the Committee and, upon invitation of the Committee, by the Chairman of the Board of Statutory Auditors. All items on the agenda were discussed, with the specific member of the Committee concerned abstaining from the discussion of their own remuneration.

For 2010, at least one Committee meeting is expected to be held.

Minutes were duly kept during the meetings of the Remuneration Committee. In performing its functions, the Remuneration Committee had access to the Company information and resources, and - where appropriate - external consultants, necessary for it to perform its duties.

In 2009, the Committee did not evaluate the criteria applied in relation to the remuneration of managers given that the sole remuneration for said managers concerns the options related to the stock incentive plan approved in 2008 (see Section 2(a) above for more information).

9. Remuneration of directors

The Shareholders' Meeting determines the remuneration of the directors.

The resolution of the shareholders, once adopted, is valid until otherwise decided by the Shareholders' Meeting.

The shareholders, in their meeting of 21 April 2009, granted the directors a remuneration of €1,000.00 for each meeting of the Board of Directors that they attend.

In accordance with Art. 2389 of the Civil Code and as recommended by the Remuneration Committee, taking account of the opinion of the Board of Statutory Auditors, the Board granted the Chairman of the Board an additional incentive, given the role and responsibilities assigned, linked to the financial performance achieved by the Group.

Specifically, as in the past, the Board set the remuneration for the Chairman by tying it to the operating cash flows generated by the Group, without prejudice to the decision of the shareholders, in their meeting of 21 April 2009, concerning the total remuneration payable to each member of the Board.

Finally, the Board set a remuneration in line with the commitment required to carry out their respective functions for the non-executive directors on the Remuneration and Internal Control Committees.

Managers are not granted remuneration linked to the Issuer's financial performance, but rather a portion of their remuneration is tied to achieving specific objectives set by the Chairman. This is in addition to the fact that said managers

are also beneficiaries of the stock incentive plan approved in 2008 (see Section 2(a) of this report, as well as the section below, for more information).

The remuneration for non-executive directors is not linked to the Issuer's financial performance, nor are said directors beneficiaries of stock incentive plans.

Stock incentive plans

On 21 December 2007, the Company's Board of Directors approved the general guidelines for a stock incentive plan (the "Plan") for directors with specific duties and managers within the Company and/or its subsidiaries (the "Beneficiaries").

Also on 21 December 2007, the Company published information concerning the Plan (the "Disclosure Document") in accordance with Arts. 84-*bis*(1) and 66 of the Issuers Regulation.

On 15 January 2008, the Company's shareholders approved the aforementioned Plan and authorized a capital increase to service the Plan, delegating this task to the Board pursuant to Art. 2443 of the Civil Code, in an amount of up to €162,302,400 through the issue of up to 3,182,400 ordinary shares with standard rights with the exception of pre-emption rights in accordance with Art. 2441(8) of the Civil Code.

On 11 February 2008, in execution of the powers assigned, the Company's Board resolved to: (i) increase the share capital through cash payment, even for just a portion of the shares, in an amount of up to €1,225,000 by issuing up to 1,225,000 shares with a par value of €1.00 each in accordance with Art. 2441(8) of the Civil Code and, therefore, excluding pre-emption rights; (ii) approve the rules for the Plan (hereinafter "the Rules"); and (iii) assign the options of the Plan (hereinafter "the Options") to certain Beneficiaries.

For more information on the Plan, see the financial statements and disclosure document published in accordance with Art. 84-*bis* of the Consob Issuers Regulation, which can be found on the Company's website (www.cementirholding.it) in the "Annual information statements" section, as well as obtainable from Borsa Italiana S.p.A.

The following table summarizes director remuneration at 31 December 2009:

(in thousands of euros)

(A)	(B)	(D)	(1)	(2)	(3)	(4)
Name	Position held	Term expires	Non-monetary benefits	Remuneration for the position in the reporting company	Bonuses and other incentives	Other remuneration
Francesco Caltagirone	Chairman of the Board of Directors	2011		3,000		60
Carlo Carlevaris	Deputy Chairman	2011		4		
Alessandro Caltagirone	Director	2011		1		
Azzurra Caltagirone	Director	2011		3		
Edoardo Caltagirone	Director	2011				
Saverio Caltagirone	Director	2011		4		53
Flavio Cattaneo	Director	2011		12		
Mario Ciliberto	Director	2011		4		1.208
Massimo Confortini	Director	2011		49		
Fabio Corsico	Director	2011		2		
Mario Delfini	Director	2011		14		
Alfio Marchini	Director	2011		3		
Walter Montevecchi	Director	2011				151
Riccardo Nicolini	Director	2011		3		726
Enrico Vitali	Director	2011		22		
Claudio Bianchi	Chairman of Statutory Auditors	2011		62		15
Gianpiero Tasco	Standing Auditor	2011		41		10
Carlo Schiavone	Standing Auditor	2011		41		34

Note: This table does not include former board member Pasquale Alcini, whose term in office came to an end with the approval of the 2008 financial statements, given that he received no remuneration for attendance in 2009 as he attended no meetings of the Board.

The Issuer has entered into no agreements with directors that call for compensation in the event of resignation, revocation without cause, or other termination of their appointment following a public tender offer (pursuant to Art. 123-bis(1)(i) of the Consolidated Law).

10. The Internal Control Committee (pursuant to Art. 123-bis,(2)(d) of the Consolidated Law)

In accordance with the Consolidated Law and Art. 8 of the Code, the Internal Control Committee is composed of three independent directors, one of whom (Mr. Vitali) has a level of experience in accounting and finance that the Board deems to be sufficient::

- Massimo Confortini (Committee chairman)
- Flavio Cattaneo
- Enrico Vitali

Functions of the Internal Control Committee

The Internal Control Committee is responsible for:

- assisting the Board in carrying out its assigned duties regarding internal controls;
- evaluating, in conjunction with the manager responsible for the Company's financial reports and with the independent auditors, the correct application of accounting standards and their uniformity for the purposes of preparing the consolidated financial statements;
- formulating, at the request of the Board, opinions on specific aspects regarding the identification of the principle risks facing the Company and the planning, implementation and management of the internal control system;
- examining the work plan prepared by those responsible for internal controls as well as the periodic reports they prepare;
- evaluating the work plan prepared for the audit and the findings stated in the report and in any recommendation letter;
- supervising the effectiveness of the audit process;
- reporting to the Board at least every six months, on the occasion of the approval of the annual and half-year financial statements, regarding activities performed and the adequacy of the internal control system.

In 2009, the committee met four times in order to:

- ✓ approve the rules for the Committee;
- ✓ approve the draft guidelines for the internal control system;
- ✓ examine the audit report for 2009 prepared by the head of internal controls;
- ✓ examine the summary report on the main activities planned for 2010 by the head of internal controls (Audit Plan 2010 Holding Guidelines v1.0);
- ✓ approve the new procedures for related party transactions (see Section 12);
- ✓ verify the proper adoption of accounting standards in preparing the consolidated financial statements;
- ✓ approve the report on Committee activities for the year;
- ✓ examine the document regarding the relationships between the bodies and the departments responsible for internal controls.

These meetings had an average duration of roughly one hour and thirty minutes.

Also in attendance at these meetings were the chairman of the Board of Statutory Auditors, the head of internal controls, the manager responsible for the Company's financial reports, and the independent auditor, who all contributed regarding items on the agenda that concerned them.

For more information about these meetings (e.g. participation of Committee members, etc.), see **Table 3**.

At least four meetings are expected to be held in 2010, one of which was held on 10 March 2010.

Minutes were duly kept during Internal Control Committee meetings. In the performance of its functions, the Internal Control Committee may access the Company information and resources necessary for carrying out its duties and may also enlist the assistance of external consultants within the limits established by the Board.

11. Internal Control System

The Company's internal control system is the collection of rules, procedures and organizational structures established to ensure the sound management of the Company in a manner consistent with its objectives by way of the appropriate identification, measurement and management of major risks.

For information on the primary characteristics of the internal control and risk management systems related to separate and consolidated financial reporting, see **Annex 1**.

11.1. Executive director in charge of the internal control system

The Board of Directors did not deem it necessary to designate an executive director in charge of overseeing the operation of the internal control system, given the existence of a variety of bodies nominated and functioning for that (Internal Control Committee, Supervisory Body pursuant to Legislative Decree 231/01, Internal Audit Department appointed directly by the Board of Directors), all coordinated with the duties of the Board of Statutory Auditors.

11.2. Head of internal controls

The Board appointed Francesco Paolucci as head of the Internal Audit Department, the person responsible for verifying that the internal control system is always appropriate, fully operational and functional (head of internal controls).

The appointment was made upon a proposal by the Chairman of the Board of Directors, after consultation with the Internal Control Committee.

No specific remuneration was proposed for the head of internal controls.

The head of internal controls reports to the Chairman, and as such is not responsible for any operational areas or the subordinate of any head of an operational area. On a quarterly basis, the head of internal controls presents a report to the Internal Control Committee and the Board of Statutory Auditors on risk management and compliance with plans to contain risks, and an evaluation of the suitability of the internal control system.

The head of internal controls:

- is responsible for verifying that the internal control system is always adequate, fully operational and functional
- has direct access to any information useful for performing the duties of the position
- has adequate resources (an annual budget) and structures to carry out the duties of the position.

Audit activities are carried out following an annual plan prepared by the head of the Internal Audit Department and examined by the Internal Control Committee and approved by the Chairman. They may also be ordered by corporate management based on specific facts or following specific events.

In carrying out its duties, the Board of Statutory Auditors may ask the Internal Audit Department to conduct audits of specific areas of operation or corporate transactions.

11.3. Compliance Model pursuant to Legislative Degree 231/2001

By a resolution of the Board of Directors (8 May 2008), the Issuer adopted the Compliance Model and a Code of Ethics pursuant to Legislative Decree 231/2001, which were prepared based on the instructions contained in the Confindustria guidelines and on existing best practices in this field in Italy

The Model was developed by analyzing the risks connected with the Company's role as a holding company in the cement and cement derivatives industry and its basic organizational structure. Based on the analysis of the risks and the resulting assessment of the existing internal control system, procedures were developed to reduce the risks of criminal conduct relating to sensitive, crucial activities covered by the legislative decree.

In 2009, the mandate granted in 2008 to the Supervisory body – comprising one external, independent member, Mario Venezia, acting as chairman and one member from within the company, Francesco Paolucci, head of internal auditing – was renewed for three years (i.e. until approval of the 2011 annual report).

In addition to those duties provided by the law, the Supervisory Body is responsible for the following:

1. making sure that the Model is implemented;
2. updating and modifying the Model and Code of Ethics so that they always reflect the Company's activities and procedures and comply with the law;
3. monitoring violations of the model, including violations of the Code.

The Body is governed by its own rules. It meets at least quarterly and minutes are kept of these meetings, attended also by the Chairman of the Board of Statutory Auditors. The Body has its own budget, set by the Board of Directors, which is adequate for its operations. For further information on the Compliance Model and the Code of Ethics adopted by the Company, refer to the Corporate Governance section of the Company's website: www.cementirholding.it.

11.4. Independent auditors

The auditing of the Company accounts has been entrusted pursuant to law to an auditing firm registered with Consob. The engagement was conferred by the Shareholders' Meeting on the basis of a reasoned proposal from the Board of Statutory Auditors.

PricewaterhouseCoopers S.p.A. is the auditing firm engaged by the Shareholders' Meeting of 20 April 2006 with carrying out the auditing activities for the Company's separate financial statements and the consolidated financial statements for the 2006-2011 period. The appointment will expire upon approval of the financial statements at 31 December 2011.

11.5. Manager responsible for the Company's financial reports

Pursuant to Art. 16 of the Company bylaws, the Board of Directors appoints the manager responsible for the Company's financial reports, subject to obtaining the opinion of the Board of Statutory Auditors. The manager is chosen from among those persons who have accumulated adequate experience in administration, finance and control in a large company or in the exercise of their professional activity, and who meet the integrity requirements for directors.

Should the manager no longer satisfy such integrity requirements during the term of office, he/she will forfeit the position. In such case, the manager will be promptly replaced.

The manager responsible for the Company's financial reports remains in office for a term of one year, until the Board of Directors meeting subsequent to the Shareholders' Meeting that approves the financial statements for the year.

The Company's Board of Directors renewed the appointment of Oprandino Arrivabene – the Company's Chief Financial Officer since 2005 – as the manager responsible for the Company's financial reporting (first appointed on 10 September 2007) in accordance with Art. 16 of the bylaws and Art. 154-*bis* of the Consolidated Law concerning the procedures for appointment of and prerequisites for the position of manager responsible for the Company's financial reports. As proposed by the Chairman and having received the favorable opinion of the Board of Statutory Auditors, the Board assessed the background and experience of Mr. Arrivabene and appointed him to the position until the subsequent meeting of shareholders to approve the 2009 financial statements, while assigning the Chairman the task of formalizing this appointment and granting him all powers needed to carry out said task.

In execution of the aforementioned resolution, the manager has been granted the powers needed to carry out his duties as specified under Art. 154-*bis*, points 2 and 3, of the Consolidated Law, including the following:

- to issue the declaration certifying the conformity of documents and communications published by the Company concerning financial reporting, including interim reports, with its accounting documentation, books and records, pursuant to paragraph 2 of Art. 154-*bis* of the Consolidated Law;
- to put appropriate administrative and accounting procedures in place for the preparation of the annual separate and consolidated financial statements and any other communication of a performance or financial nature, with particular reference to the processes for gathering, processing and distributing performance and financial information, to the computer systems involved in the acquisition and processing of accounting data, to the measurement of assets and liabilities, to activities capable of affecting the accuracy of the data and thereby impact the preparation of the financial statements and other instruments and communications;
- to review existing procedures and, where appropriate, establish new procedures to ensure, within the scope of internal organizational processes, the traceability of information flows, the assignment of duties and responsibilities and their timing, the security of information systems with regard to information flows and the existence of an adequate control system;
- to certify, in the manner prescribed by law, pursuant to paragraph 5 of Art. 154-*bis* of the Consolidated Law, in conjunction with the delegated administrative bodies, in a special report to be attached to the annual and half-year separate and consolidated financial statements, the adequacy and effective application of the procedures referred to above and the conformity of these documents with the accounting documentation, books and records and their suitability to provide a truthful and fair representation of the financial position and performance of the Company and the group of companies included in the scope of consolidation;
- to report to the Board, on at least a quarterly basis and in any case whenever the annual and interim financial statements are approved, on the activities performed, in particular with regard to the procedures for managing and controlling the process of preparing accounting documentation and disclosures to the market;
- to report any problems that emerge during the course of the year and any actions taken to address those problems;
- to inform the Board of Directors regarding the use of the resources placed at the disposal of the manager;
- to request any organizational modifications necessary or advisable for the discharge of duties assigned by law, the Company bylaws or the Board of Directors as well as any consulting and/or professional service engagements and/or purchases of goods or services strictly instrumental to or necessary for the discharge of duties of the manager;
- to immediately inform the Board of whatsoever impediment which could jeopardize the proper performance of the above duties.

12. Directors' interests and transactions with related parties

On 8 May 2008, the Board of Directors adopted a procedure for handling transactions entered into by the Company and/or its subsidiaries with related parties in order to standardize their approval and implementation. For each of such transactions, in compliance with the general principles established by Consob, the Board adopted rules and procedures that guarantee the transparency and the substantive and formal propriety of the transactions themselves.

In particular, when establishing the procedures for approving and executing transactions with related parties, the Board also defined the specific transactions and established the criteria for identifying the transactions that need to be approved by the Board, in consultation with the Internal Control Committee.

In 2009, the Board also updated these procedures in order to balance the Company's operational needs (particularly with regard to transactions with subsidiaries) with recent legislative changes. The same procedures govern situations in which directors are stakeholders on their own behalf or on behalf of others and provide solutions for the appropriate management of such situations.

For more information on the procedure adopted by the Company, refer to the Corporate Governance section of its website: www.cementirholding.it.

13. The appointment of the Board of Statutory Auditors

Art. 15 of the Company bylaws establishes that the Board of Statutory Auditors shall consist of three standing auditors and three alternate auditors whose remuneration shall be determined by the Shareholders' Meeting.

The Board of Statutory Auditors shall be elected on the basis of slates submitted by shareholders with voting rights representing at least 2% of the share capital or any different threshold that shall be set in accordance with applicable law.

The slate shall be filed at the Company's registered office at least 15 days prior to the date set for the Shareholders' Meeting at first calling.

Persons submitting slates shall demonstrate that they are shareholders by filing accompanying documentation at the same time showing that they hold the number of shares required to submit the slate.

In the event only one slate is submitted by the deadline for presenting slates or only slates by shareholders belonging to the same group or party to a shareholders' agreement concerning the Company's shares have been submitted, shareholders may continue to submit slates for up to five days following such deadline, without prejudice to compliance with statutory notice requirements. In this case, the percentage threshold for presenting slates shall be reduced by half.

Slates shall be accompanied by information on the shareholders presenting them, indicating the total percentage of shares held, the curriculum vitae of each person on the slate and a statement from each candidate affirming, under their personal responsibility, that he or she meets the requirements established by law and agrees to be a candidate.

Slates for the election of the members of the Board of Statutory Auditors shall contain the names of one or more candidates numbered in numerical order. In no case, however, may the number of candidates on the slate exceed the number of auditors to be elected. The slates may be divided into two sections, each of up to three candidates (in numerical order) for the position of standing auditor and alternate auditor.

No shareholder may submit or vote, either directly or through another person or a trust company, for more than one slate, and each candidate may appear on only one slate or be subject to disqualification.

Once the votes are counted, the standing auditors shall be the top two candidates on the slate that has received the largest number of votes (the "majority slate") and the top candidate of the slate – submitted and voted by shareholders who are not connected, directly or indirectly, with the majority shareholders – with the second-largest number of votes (the "minority slate"), who will act as chairman of the Board of Statutory Auditors.

Also elected shall be:

- two alternate auditors from among the candidates in the "alternate auditors" section of the slate that obtained the most votes;

- one alternate auditor from among the candidates in the "alternate auditors" section of the slate that obtained the second-largest number of votes.

In the event only one slate is submitted or where only one slate receives votes, all the candidates from that slate shall be deemed elected on the basis of ordinary statutory majorities.

In the event a standing auditor fails to take up or resigns from the position, an alternate auditor from the same slate shall take his or her place.

The Shareholders' Meeting called to replace members of the Board of Statutory Auditors in accordance with the law shall do so in compliance with the principle for the representation of minority shareholders.

Candidates may not be included in slates if they are already members of the board of auditors of three other listed companies, excluding Group companies. Members of the Board of Statutory Auditors shall serve a term of three years, which shall expire on the date of the Shareholders' Meeting called to approve the financial statements for their third year of office.

Outgoing members of the Board of Statutory Auditors may be re-elected.

14. Statutory auditors (pursuant to Art. 123-bis,(2)(d) of the Consolidated Law)

The current Board of Statutory Auditors was appointed by the shareholders (in accordance with the bylaws and applicable laws and regulations) on 16 April 2008 for the 2008-2010 term. This appointment was based on the sole slate presented by the majority shareholder Calt 2004 S.r.l.

For information on the personal and professional qualifications of each statutory auditor, see their CVs and the slate by which the shareholders appointed the auditors on 16 April 2008, which are available on the Company's website (www.cementirholding.it), in the section Corporate Governance / Shareholders' Meetings / Archive 2008.

For more information regarding the Board of Statutory Auditors, see **Table 4**.

The Board of Statutory Auditors met five times in 2009.

For 2010, five meetings are expected to be held, one of which has already taken place.

The Board of Statutory Auditors verified that its members met and continued to meet the independence requirements.

As part of this process, the Board applied all of the criteria called for in the Code regarding the independence of directors.

For situations in which auditors are stakeholders on their own behalf or on behalf of others, the procedures for related party transactions (see Section 12) are to be applied. These procedures state that an auditor in such a situation must report it in a timely, thorough manner to the Board of Directors and to the other auditors, including the nature, origin, terms and extent of this relationship.

The Board of Statutory Auditors monitored the independence of the auditing firm and verified compliance with the applicable provisions of law as well as to the nature and amount of any services provided to the Company.

In performing its duties, the Board of Statutory Auditors coordinated its activities with the Internal Audit Department, the Internal Control Committee and the CFO.

15. Shareholder Relations

The Company has established a specific section on its Internet site (www.cementirholding.it) to give shareholders access to the information they require to exercise their rights in an informed manner.

The Company has designated Marco Maria Bianconi as head of investor relations.

An investor relations office and a communications office have also been established.

16. Shareholders' Meetings (pursuant to Art. 123-bis,(2)(c) of the Consolidated Law)

Shareholders' meetings are to be convened in accordance with the procedures established by applicable laws and regulations.

There are no special quorums for convening meetings or passing resolutions, so prevailing laws and regulations are to be applied.

Pursuant to Art. 12 of the Company's bylaws, shareholders with voting rights who have deposited their certification or notices in accordance with Art. 2370(2) of the Civil Code at the registered office of the Company no later than two days before the date of the Shareholders' Meeting may participate in the Meeting.

Any shareholder who is entitled to participate in the Shareholders' Meeting may be represented by means of a written proxy by another shareholder who is not a director or employee of the Company, and who is also entitled to participate.

Duly-formed entities and companies may participate in a Shareholders' Meeting through a person designated by written proxy. Such person need not be a shareholder. The proxies may be conferred by way of a letter or a written statement on the ticket for admission to the Shareholders' Meeting.

For the time being, the Company has not deemed it necessary to adopt rules for the Shareholders' Meeting in view of the fact that the Meetings have always proceeded normally and given the limited number of shareholders.

The chairman of the Shareholders' Meeting verifies the due constitution of the Meeting and the presence of a quorum, as well as the legal entitlement of those attending to participate. The Chairman governs the proceedings.

The Board reported to shareholders on the activities performed and future programs, in response to the requests made the shareholders present.

During the course of 2009, the Company's market capitalization changed in line with general market developments.

17. Changes since the end of the year

Internal Control Committee

In the first part of 2010, the new guidelines for the internal control system were approved by the Board of Directors, as proposed by the Internal Control Committee.

The responsibilities of the Internal Control Committee were also redefined, assigning a portion of such responsibilities to the Board of Statutory Auditors in order to make the Company's Corporate Governance and internal controls more efficient and to minimize the risk of repercussions on operations in terms of the potential duplication of requests coming from current bodies responsible for internal controls.

As a result of this change, the Internal Control Committee has retained the following responsibilities:

- assisting the Board of Directors in establishing the guidelines for the internal control system and assessing the adequacy, effectiveness and functioning of said system; examining the working plan and periodic reports prepared by the head of internal controls;
- reporting to the Board of Directors regarding Committee activities in conjunction with approval of the half-year and annual financial reports;
- formulating, at the request of the Board, opinions on specific aspects regarding the identification of the principle risks facing the Company and the planning, implementation and management of the internal control system;
- providing opinions to the Board of Directors, as required by related procedures, in conjunction with approval of certain transactions executed by the Company with related parties.

The Board of Statutory Auditors, conversely, is responsible for assessing the proper adoption of accounting standards, as well as their consistency for the purposes of consolidated financial reporting, and this is to be done together with the manager responsible for the Company's financial reports and with the independent auditor.

Rome, 18 March 2010

For the Board of Directors
Chairman of the Board of Directors
/s/ Francesco Caltagirone jr

Table 1
Ownership structure at 31.12.2009

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed	Rights and Obligation
Ordinary shares	159.120.000	100%	Borsa Italiana – Star Segment	Those ordinary envisaged under applicable regulations

MATERIAL HOLDINGS at 31.12.2009			
Declarant	Direct Shareholder	Share of ordinary capital (%)	Share of voting rights (%)
Francesco Gaetano Caltagirone	NO tramite Vianini Industria Italia S.p.A, LAV 2004 S.r.l., CALT 2004 S.r.l., Caltagirone Spa e Pantheon 2000 S.p.A.	61,601%	61,601%
Francesco Gaetano Caltagirone	SI	0,834%	0,834%
Francesco Caltagirone Jr.	NO Chupas 2007 S.r.l.	2,415 %	2,415%
Francesco Caltagirone Jr.	SI	1,687%	1,687%

Table 2

Structure of the Board of Directors and of the Internal Board Committees ended during 2009 in conjunction with the shareholder approval of 2008 annual report for expiration of their term (21.041.2009).

NAME	POSITION	FROM	NON EXEC	EXEC	INDEP. CONS LAW	INDEP CODE	EC	RC	ICC
Francesco Caltagirone	Chairman	Ord. GM. 20.04.2006		X			C		
Carlo Carlevaris	Vice-Chairman	Ord. GM. 20.04.2006	X		X			M	M
Pasquale Alcini	Director	Ord. GM. 20.04.2006	X						
Alessandro Caltagirone	Director	Ord. GM. 20.04.2006	X						
Azzurra Caltagirone	Director	Ord. GM. 20.04.2006	X						
Edoardo Caltagirone	Director	Ord. GM. 20.04.2006	X						
Saverio Caltagirone	Director	Ord. GM. 20.04.2006	X						
Flavio Cattaneo	Director	Ord. GM. 15.01.2008	X		X	X			
Mario Ciliberto	Director	Ord. GM. 20.04.2006		X					
Massimo Confortini	Director	Ord. GM. 15.01.2008	X		X	X		C	C
Fabio Corsico	Director	Ord. GM. 15.01.2008	X						
Mario Delfini	Director	Ord. GM. 20.04.2006	X				M	M	M
Alfio Marchini	Director	Ord. GM. 20.04.2006	X		X	X			
Walter Montevercchi	Director	Ord. GM. 20.04.2006		X					
Riccardo Nicolini	Director	Ord. GM. 20.04.2006		X			M		

NAME	POSITION	FROM
Luciano Leone	Honorary Chairman	Ord. GM. 15.01.2008

Exec.: checked if the director is an executive director

Non exec.: checked if the director is a non-executive director

Indep. Cons Law: checked if the director qualifies as independent pursuant to the provisions of Article 148(3) of the Consolidated Law (Art. 144-*decies* of the Consob Issuers Regulations)

Indep Code.: checked if the director qualifies as independent pursuant to the Code

EC: C/M indicates chairman/member of the Executive Committee.

RC: C/M indicates chairman/member of the Remuneration Committee

ICC: C/M indicates chairman/member of the Internal Control Committee

Table 3
Board of Directors and Internal Board Committees structure at 31/12/2009

Board of Directors and Internal Board Committees (2009 / 2010 / 2011)

NAME	POSITION	FROM	TO	List M/m	NON EXEC	EXEC	INDEP. CONS LAW	INDEP CODE	% BOARD	OTHER POSITIONS	EC	% EC	RC	% RC	ICC	% ICC
Francesco Caltagirone	Chairman	Ord. GM 21.04.09	Approval Financial Statements 2011	M		X			100	Vice Chairman Banca Antonveneta S.p.A. Vice Chairman Cimentas A.S. Vice Chairman Cimbeton A.S. Vice Chairman Aalborg-Portland A.S. Vice Chairman Unicon A.S. Director Caltagirone S.p.A. Director Caltagirone Editore S.p.A. Director Banca Finnat Euramerica S.p.A.	C	/				
Carlo Carlevaris	Vice- Chairman	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X		X		100	Hon Chairman Banca Finnat Euramerica S.p.A. Director Caltagirone S.p.A. Director Vianini Lavori S.p.A. Director Vianini Industria S.p.A. Director re Il Messaggero S.p.A.						
Alessandro Caltagirone	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X				25	Chairman Vianini Industria S.p.A. Director Caltagirone S.p.A. Director di Vianini Lavori S.p.A. Director Caltagirone Editore S.p.A. Director Il Messaggero S.p.A. Director Cimentas A.S. Director il Gazzettino S.p.A.						
Azzurra Caltagirone	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X				75	Vice Chairman Caltagirone Editore S.p.A. Director Caltagirone S.p.A. Director Il Messaggero S.p.A. Director Il Gazzettino S.p.A.						
Edoardo Caltagirone	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X				50	Vice Chairman Caltagirone S.p.A.						
Saverio Caltagirone	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X				100	Director Roma Ovest Costruzioni Edilizie S.p.A.						

NAME	POSITION	FROM	TO	List* M/m	NON EXEC	EXEC	INDEP. CONS LAW	INDEP CODE	% BOARD	OTHER POSITIONS	EC	% EC	RC	% RC	ICC	% ICC
Flavio Cattaneo	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X		X	X	50	Chief Executive Officer Terna S.p.A.					M	50
Mario Ciliberto	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M		X			100	Chairman Aalborg Portland A.S. Chairman Unicon A.S. Director Cimentas A.S. Director Cimbeton A.S. Director Cementir Italia S.r.l.	M	/				
Massimo Confortini	Director LID	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X		X	X	100	Director Parmalat S.p.A. Director Caltagirone Editore S.p.A. Member for the Extraordinary Commission for Antonio Merloni S.p.A.			C	100	C	100
Fabio Corsico	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X				50	Director Il Gazzettino S.p.A.						
Mario Delfini	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X				100	Chairman Vianini Lavori S.p.A. Vice- Chairman Cementir Italia S.r.l. Director Caltagirone S.p.A. Director Caltagirone Editore S.p.A. Director Vianini Industria S.p.A. Director Il Messaggero S.p.A. Director Il Gazzettino S.p.A. Director Piemme S.p.A			M	100		
Alfio Marchini	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X		X	X	75	Chairman Astrim S.p.A. Chairman FI.MAR. S.p.A. Chairman Keryx S.p.A. Director Edilnova Romana S.r.l. Sole Director Lujan S.r.L. Director E-CARE S.p.A.						
Walter Montevercchi	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M		X			0	Chairman Cimentas A.S. Chairman Cimbeton A.S. Director Aalborg Portland A.S. Director Unicon A.S. Director Cementir Italia S.r.l.						
Riccardo Nicolini	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M		X			75	Chairman Cementir Italia S.r.l. Director Cimentas A.S. Director Cimbeton A.S. Director Aalborg Portland A.S.	M	/				
Enrico Vitali	Director	Ord. GM 21.04.09	Approval Financial Statements 2011	M	X		X	X	66	Standing Auditor Erbasei S.p.A			24 M	100	M	100

No. of Meetings during 2009	BoD: 4	ICC: 4	RC: 1	EX: 0	Indipendent directors: 1
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NAME	POSITION	FROM
Luciano Leone	Honorary Chairman	Ord. GM. 15.01.2008

***The Board of Directors has been appointed based on the sole slate presented by the majority Calt 2004 SrL.**

Exec.: checked if the director is an executive director

Non exec.: checked if the director is a non-executive director

Indep. Cons Law: checked if the director qualifies as independent pursuant to the provisions of Article 148(3) of the Consolidated Law (Art. 144-*decies* of the Consob Issuers Regulations)

Indep Code.: checked if the director qualifies as independent pursuant to the Code

% Board: reports percentage attendance at Board meetings by directors (the percentage is calculated on the basis of the number of meetings the director attended compared with the number of Board meetings held during the year or after having been appointed to the position).

Other positions: reports positions held with other companies listed on regulated markets (including abroad), financial companies, banks, insurance undertakings or large companies, identified on the basis of the criteria established by the Board.

EC: C/M indicates chairman/member of the Executive Committee.

% EC: reports percentage attendance at Executive Committee meetings by directors (the percentage is calculated on the basis of the number of meetings the director attended compared with the number of Executive Committee meetings held during the year or after having been appointed to the position)

RC: C/M indicates chairman/member of the Remuneration Committee.

% RC: reports percentage attendance at Remuneration Committee meetings by directors (the percentage is calculated on the basis of the number of meetings the director attended compared with the number of Remuneration Committee meetings held during the year or after having been appointed to the position)

ICC: C/M indicates chairman/member of the Internal Control Committee.

% ICC: reports percentage attendance at Internal Control Committee meetings by directors (the percentage is calculated on the basis of the number of meetings the director attended compared with the number of Internal Control Committee meetings held during the year or after having been appointed to the position)

Table 4
Structure of Board of Auditors at 31.12.2009
Board of Auditors (2008/ 2009 / 2010)

Name	Position	From	Up to	List (M/m)*	Indipendence	% Part.	n. other positions
CLAUDIO BIANCHI	Chairman	Ord. GM 16.04.08	Approval Financial Statements 2010	M	X	100	12
CARLO SCHIAVONE	Standing Auditor	Ord. GM 16.04.08	Approval Financial Statements 2010	M	X	80	31
GIAMPIERO TASCO	Standing Auditor	Ord. GM 16.04.08	Approval Financial Statements 2010	M	X	80	30
FEDERICO MALORNI	Alternate Auditor	Ord. GM 16.04.08	Approval Financial Statements 2010	M	X	-	-
MARIA ASSUNTA COLUCCIA	Alternate Auditor	Ord. GM 16.04.08	Approval Financial Statements 2010	M	X	-	-
VINCENZO SPORTELLI	Alternate Auditor	Ord. GM 16.04.08	Approval Financial Statements 2010	M	X	-	-

In occasion of the appointment of the current Board of Auditors, the slate was submitted only by one shareholder with voting rights representing more than 2% of the share capital although the Company granted to the shareholders representing 1% of share capital five more days to present the list, considering that by the deadline for presenting the slates, it was submitted only one.

During 2009 the Board of Statutory Auditors met 5 times.

*The Board of Auditors was appointed based on the sole slate presented by the majority shareholder Calt 2004 srl.

% **part..**: reports percentage attendance at meeting of Board of Auditors.

Other positions :reports number of positions held by the relevant Standing Auditor pursuant to art.148bis of the Consolidated Law. The detail of the other position is in the list attached, pursuant to art. 144-quinquiesdecies of the Consob Issuers Regulation, to the report on monitoring activities prepared by the Board of Auditors pursuant to article 153 (1) of the Consolidated Law.

ANNEX 1: Section regarding the primary characteristics of the internal control and risk management systems as they relate to financial reporting (pursuant to Art. 123-bis(2)(b) of the Consolidated Law on Financial Intermediation).

1) Introduction

The internal control system is a key component of the corporate governance system for the companies of the Cementir Holding Group (i.e. Cementir Holding and its subsidiaries). Its objective includes that of ensuring the reliability, accuracy and timeliness of financial reporting through an appropriate process of identifying, measuring, managing and monitoring the primary risks.

A single, centralized internal control system has been adopted, which structures responsibilities into three levels:

- first level – defines and manages the “line” controls inherent in operating processes;
- second level – manages the process of managing and controlling risks related to operations, thereby ensuring consistency with corporate objectives and sufficient organizational segregation in order to allow for effective monitoring;
- third level – provides “assurances” as to the overall design and functioning of the internal control system by means of independent assessments and plans for improvement defined by management.

The guiding principles for the Company’s internal control system are those expressed by the Committee of Sponsoring Organizations of the Tradeway Commission (COSO 1).

The Company’s risk management system is not to be seen as separate from the internal control system with regard to the financial reporting process. Indeed, both are components of this system aimed at ensuring the reliability, accuracy and timeliness of the financial information provided.

Components of the internal control system

The main components of the internal control system are as follows:

- a sufficiently clear, formalized system of organization, particularly as concerns the assignment of responsibilities, the definition of hierarchies, and the description of duties;
- manual and/or automated procedures that regulate activities and provide appropriate controls;
- signatory and authorization powers assigned in accordance with established organizational and operational responsibilities, including, where necessary, an indication of spending approval limits;
- management control systems designed to provide timely notifications of specific and/or general critical issues;
- a Code of Ethics approved by the Board of Directors in May 2008;
- human resources training and communication.

The components of the internal control system are based on the following principles:

- the verifiability, documentability, consistency and coherence of each transaction;
- the separation of functions and responsibilities (i.e. no one person may manage an entire process autonomously);
- the documentation of controls;

- a periodic overhaul of the internal controls system based on risk assessments and changes made to the Compliance Model.

The Board of Directors has ultimate responsibility for the internal control system.

The Board of Directors, with the help of the Internal Control Committee, establishes the guidelines for the internal control system and assesses, at least once each year, the adequacy, efficacy and actual operation of said system.

The head of internal controls is responsible for designing, managing and monitoring the internal control system based on the guidelines established by the Internal Control Committee.

In addition to the duties listed in the Corporate Governance Report, the manager responsible for the Company's financial reports is also in charge of establishing appropriate administrative and accounting procedures for preparing the separate and consolidated financial statements.

2) Description of the primary characteristics of the internal control and risk management systems related to financial reporting

Appointment of the manager responsible for the Company's financial reports and approval of the operating rules

On 10 September 2007, the Board of Directors appointed Oprandino Arrivabene, the Company's CFO since 2005, to be the manager responsible for the Company's financial reports and, at its 8 May 2008 meeting, it approved the operating rules for said position. This document establishes the guidelines that are to be followed within the Cementir Holding Group regarding the obligations established by Art. 154-*bis* of Legislative Decree 58/1998 concerning the preparation of Company accounting documents and related certification obligations.

In particular, the document:

- establishes the powers and responsibilities of the manager;
- establishes the appointment of financial reporting managers within the Group companies, as well as related procedures;
- to assist in the preparation of the certifications and declarations required of the local manager by law, introduces the option for the financial reporting managers of the Group companies to internally certify, by way of the related internal communications process, the proper functioning of administrative and accounting procedures, as well as the completeness and reliability of information and the adequacy and actual application of internal controls related to the financial reporting.

Risk assessment and updating the internal control system

The internal control system has been adapted in response to an analysis of the risks related to the main corporate processes.

A gap analysis has been conducted regarding the following internal control principles:

- Procedures and regulations
- Segregation of responsibilities
- Signatory and authorization powers
- Control activities
- Controls made on information systems

The Holding Company's Internal Audit Department conducted a risk assessment of the most important operating companies. This results of this project are in the process of being updated to take account of organizational changes adopted by the Company.

Based on the results of this analysis, an action plan was then prepared, which, in coordination with the implementation of the Compliance Model pursuant to Legislative Decree 231/2001, is intended to manage and

protect against related risks, and calls for the adjustment and supplementation of Company rules and procedures, adopted by Cementir Holding and the companies of the Group, in order to achieve the Company's objectives in terms of the accuracy and truthfulness of information. This action plan is in the process of being completed, taking into account the reorganization being implemented by the Group which should have an impact on the main corporate processes.

Under the current organizational structure, financial reporting managers of the subsidiaries (pursuant Law 262/2005) have been chosen and may internally certify the proper functioning of administrative and accounting procedures, as well as the completeness and reliability of information and the adequacy and actual application of internal controls.

Once confirmation of application of the required controls has been received from the subsidiaries, the manager responsible for the Company's financial reports verifies the figures regarding performance and financial position and certifies that such figures correspond with those contained in Company documents, books and accounting records.

The control mechanisms described above are, in accordance with the guidelines for the internal control system, to be monitored by the management of the various companies for the areas concerned (first-level control), by the manager responsible for the Company's financial reports (second-level control), and by the Internal Audit Department (third-level control).

Financial risk assessment and management

Another component of the internal control system is the process of identifying the financial risks related to Group operations. The assessment and management of these risks is expressly described in the explanatory notes to the financial statements.