

# GLOBAL COMPACT LOCAL NETWORK MANAGEMENT MODEL TRAINING

Rome - October 26<sup>th</sup>, 2011





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**Italcementi Group**

***SPEECH 1:***  
**COMPANY PRESENTATION**

**Mr. Agostino Nuzzolo**

# Italcementi Group at a glance

**The world's fifth largest cement producer**

**A worldwide presence in 22 countries**

**A staff of about 21.000**

**A consolidated production capacity of approximately 75 million tons**

**2010 annual sales of 4.8 billion Euro**

**The oldest cement company on the Italian Stock Exchange**

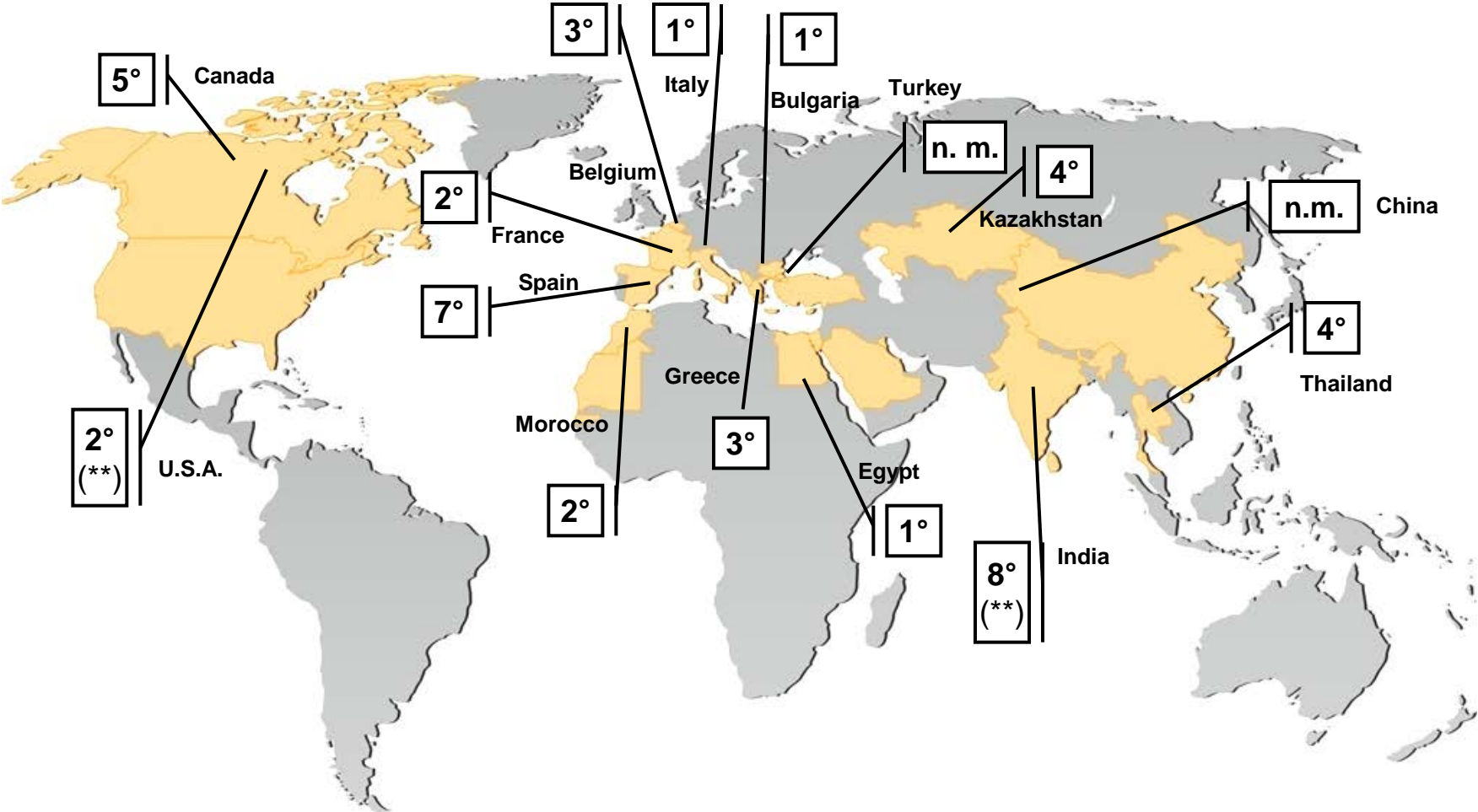
**Over 145 years-old successful business strategy implemented by a family-driven company**



# Italcementi Group profile

- With an annual production capacity of approximately 75 million tons of cement, Italcementi Group is the world's fifth largest cement producer
- Founded in 1864, is one of Italy's 10 largest industrial companies and is listed on the Italian Stock Exchange, since the beginning of the last century
- Internationalization process in 1992 with the acquisition of Ciments Français
- Geographically diversification through a series of acquisitions in emerging countries such as Bulgaria, Morocco, Kazakhstan, Thailand and India, as well as operating in North America
- Further enhancement of its presence in the Mediterranean area, in 2005 in Egypt, becoming the market leader, in 2006 full control of the activities in India and, in 2007 strength presence in Asia and the Middle East through the operations in China, Kuwait, Saudi Arabia
- Beginning of 2011 Italcementi decided to limit its presence in Turkey selling its subsidiary Set Group
- Combine the expertise, know how and cultures of 22 countries in 4 Continents boasting an industrial network of 59 cement plants, 11 grinding centres, 5 terminals, 350 concrete batching units and 90 aggregates quarries. In 2010 the Group had sales amounting to 4.8 billion Euro

# Italcementi Group Country Ranking\*



Source: broker report

\* Italcementi Group cement production vs competitors in each country  
 \*\* Ranking in regions where the Group operates



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**Italcementi Group**

***SPEECH 2:***  
**LEADERSHIP COMMITMENT TO**  
**CORPORATE SUSTAINABILITY**

**Mr. Agostino Nuzzolo**

# Leadership commitment to corporate sustainability

## ➤ Who should lead?

High level commitment: BoD and CEO

## ➤ Why should they lead?

Ethical behavior of the company, but also show the economic profitability

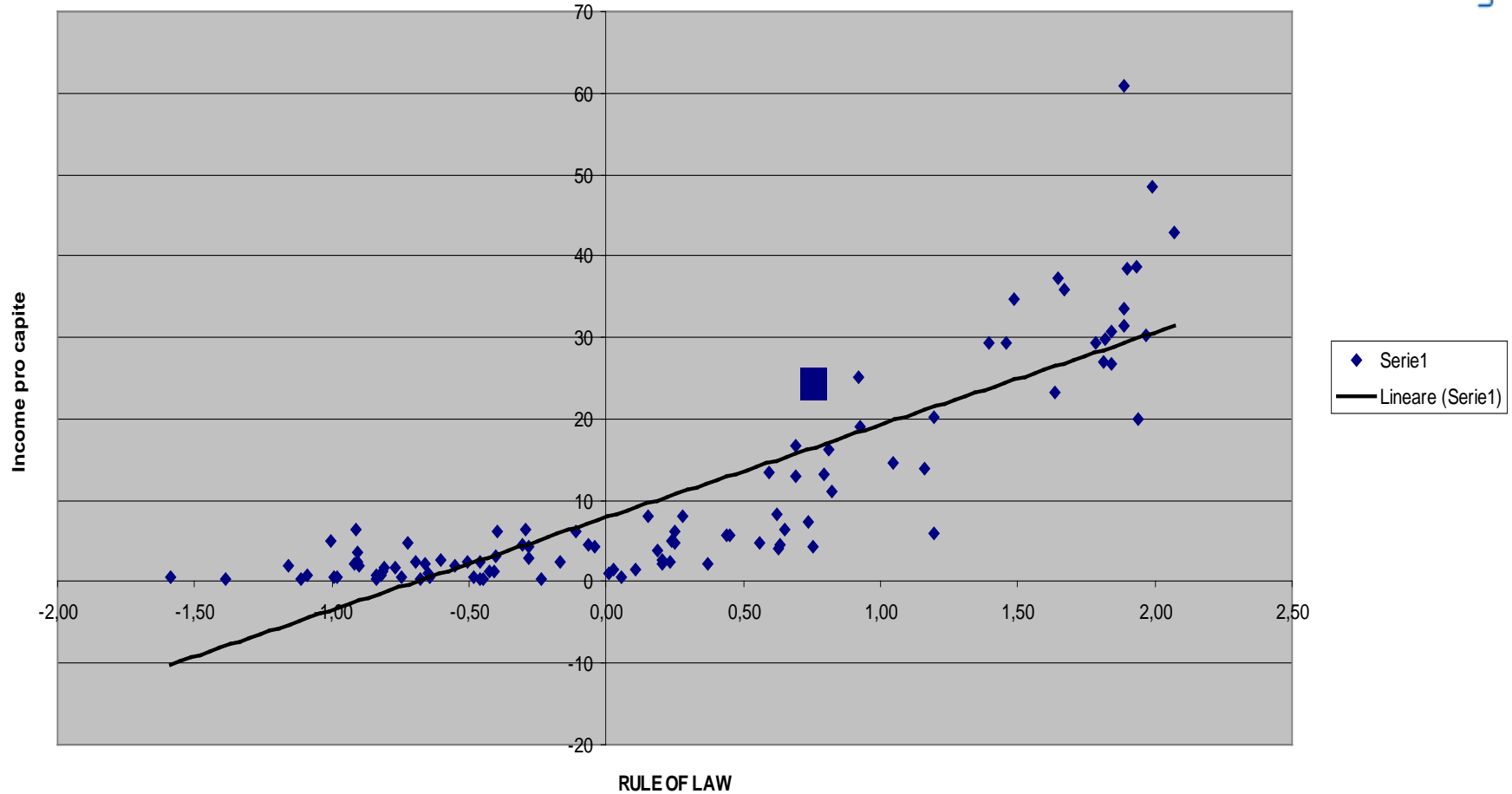
- Less risks and associated legal and compliance costs
- Competitive success factor towards competitors

## ➤ How should they lead?

- Strong initial commitment
- Clear individuation of objectives, tasks and responsibility
- Monitoring and adapt and so continuous commitment
- Broad and wide *Vision*: interdepartmental cooperation

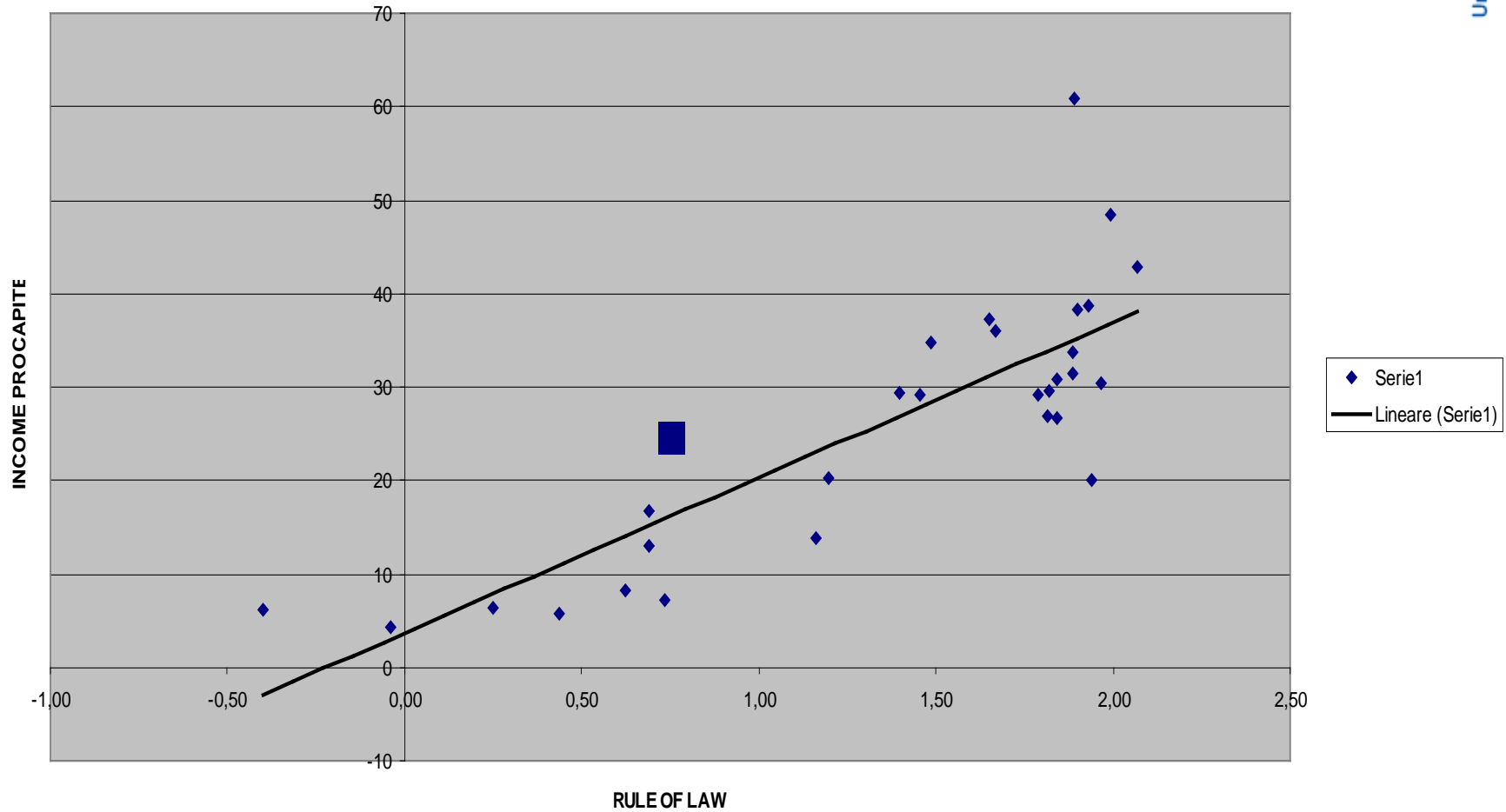
# Is Ethics a cost?

DEVELOPMENT AND LEGALITY (102 COUNTRIES AVERAGE YEARS 1996-2006)



# Is Ethics a cost?

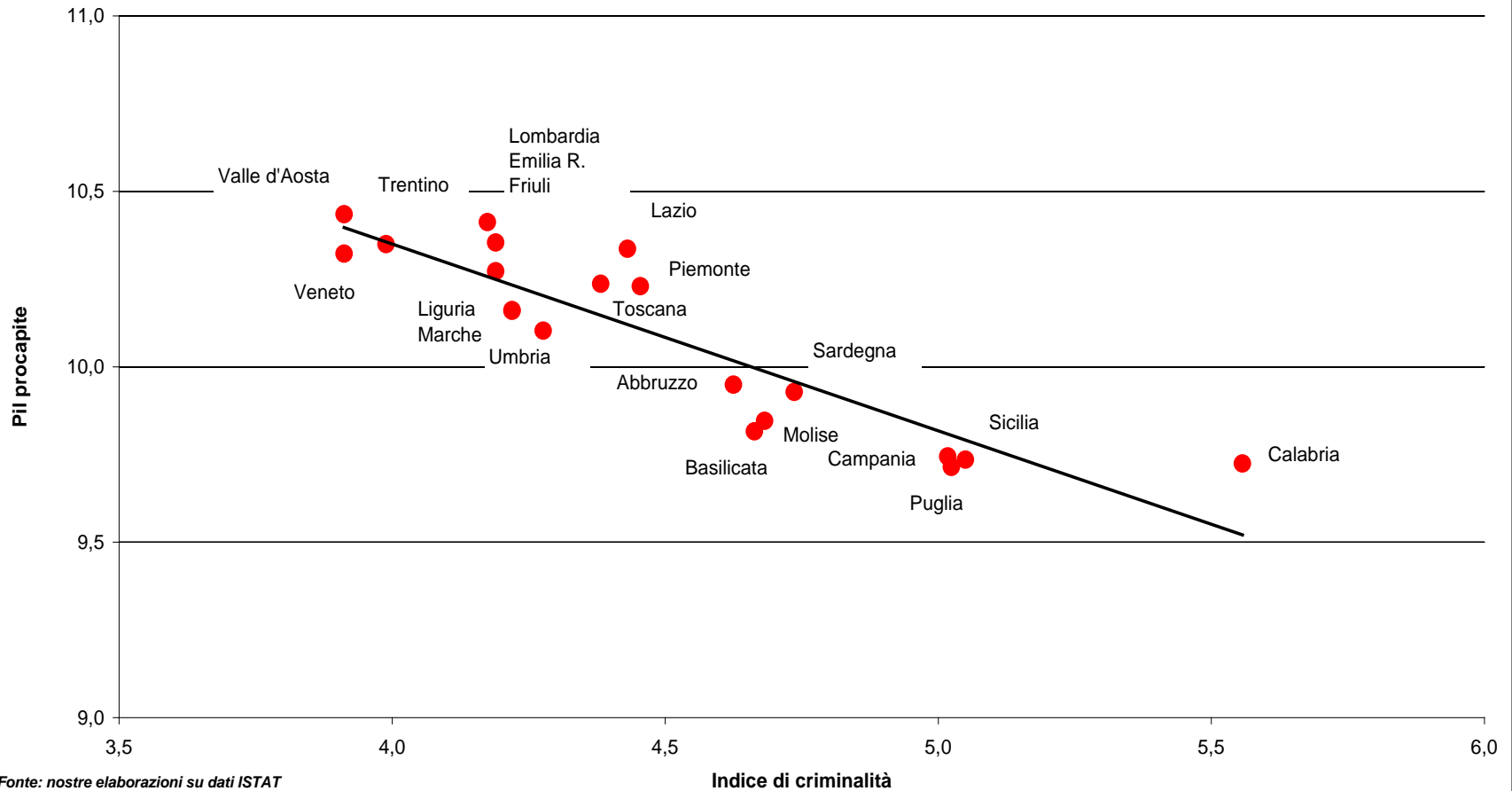
DEVELOPMENT AND LEGALITY (30 COUNTRIES OECD)



# Is Ethics a cost?



**Figura 8 - Performance economica e criminalità**  
(logaritmo dell'indice di criminalità 2002-2005; logaritmo del Pil procapite per il 2007)



Fonte: nostre elaborazioni su dati ISTAT

# Leadership commitment to corporate sustainability: the Italcementi way

- Direct and strong commitment of Group CEO
- Constant information and coordination with ITC Audit Committee
- Periodic reporting to ITC BoD and involvement of local BoDs
- Clear and strong external engagements
  - ✓ Participation in the Global Compact
  - ✓ Consolidated presence in the World Business Council for Sustainable Development through the membership of all local Subsidiaries to existing regional network
  - ✓ Sustainable indices
- Clear and strong internal commitments
  - ✓ Consistent approach to risk management and corporate governance and Group standardization
  - ✓ Dedicated Group functions and projects



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**Italcementi Group**

***SPEECH 3:***  
**DEFINE GOALS, STRATEGIES AND  
POLICIES**

**Mr. Agostino Nuzzolo**

# Define goals, strategies and policies

## *The Italcementi Risk and Governance Management System*

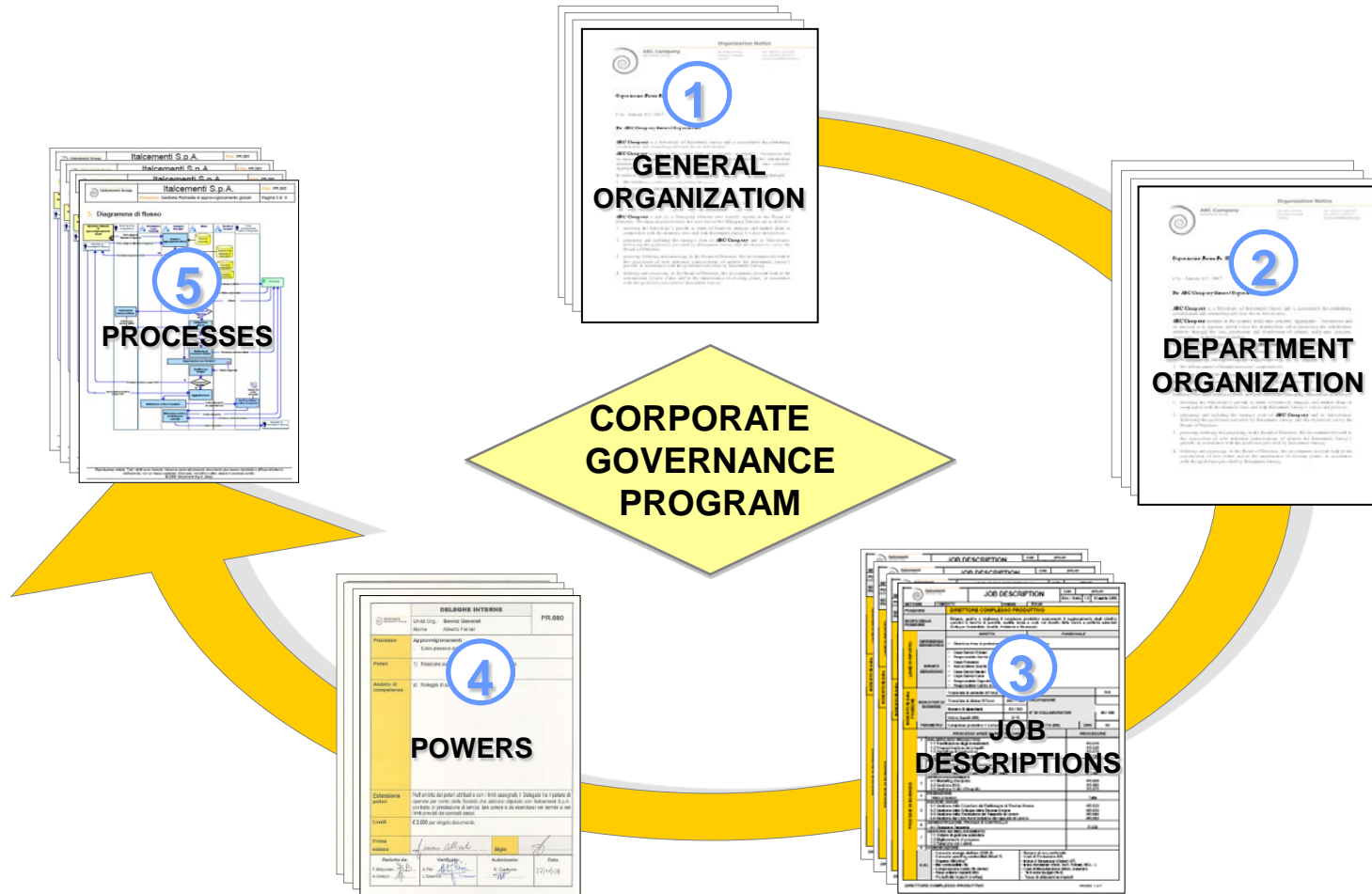
1. Organization Management and Control Model
2. Corporate Governance Programme
3. Criminal Risks prevention plan (and Antimafia Code)
4. Risk and Compliance Project, among which Group Anti-Bribery Programme

# 1. Organization Management and Control Model

- The example of the Italian Law (Law decree n. 231/2001)
  - Crime committed by an employee or any other person in connection with the company
  - Crime committed to cause an advantage to the company
  - or
  - Crime committed in the interest of the company
- The value of the governance
  - Company is not sanctioned
  - or
  - sanction are reduced
  - where it proves to have established a system of corporate governance effective in preventing the commission of crimes
- Corruption and bribery as one of the relevant crimes and model incorporating specific preventive actions

## 2. Corporate Governance Programme

A program in 5 steps has been designed for a fast global deployment of the Corporate Governance System within the entire Group...



## 3. Criminal Risks prevention plan (and Antimafia Code)

Prevent or reduce the risk of involvement or contiguity, even unintentional, with the criminal organizations through the relationship with suppliers, customers, trading parties and/or through employees

### Main features

- Duties of information and tools for the knowledge and understanding of the criminal risks
- Ethics criteria and tools for the selection of the employees
- Ethics criteria and tools for the selection of suppliers and customers
- Adoption of ethic clauses in the main contracts
- Payments and other financial transactions (tax issues also)
- Security measures, duties of reporting, forms of collaboration with police and judiciary officers
- Cooperation protocols with Prefettura and Ministero Interno
- White list project

## 4. The Risk & Compliance Programme (1/2)

Italcementi is committed to continuously improve its Corporate Governance System. As a part of this journey, in 2009 the Group has launched a Risk & Compliance Programme with the objectives of:

- Improving sustainability of business performances through a better risk identification, measurement, management and monitoring
- Ensuring transparency and reinforcing corporate reputation through a more robust risk & control culture
- Ensuring compliance with laws and regulations applicable at a Corporate and/or Country level

## 4. The Risk & Compliance Programme (2/2)

- Italcementi carried out several activities, among which:
  - identification of the top risk areas at Corporate levels
  - development of a risk assessment methodology
  - assessment of Top Risk Areas at Country and Group functions level
  - development of a consolidated risk maps
  - selection of major areas of improvement and assignment of primary responsibilities
  - development of risk management strategies and action plans
  
- Among the relevant Top Risk Areas, Italcementi has selected and identified the “Compliance with the Italian Legislative Decree n. 231 of 2001 and with the Corporate Criminal Liabilities Laws” in force in those Country where it operates
  
- A priority of this programme is the corruption and bribery and in 2010, Italcementi launched a comprehensive Group Anti Bribery Programme



**Italcementi Group**

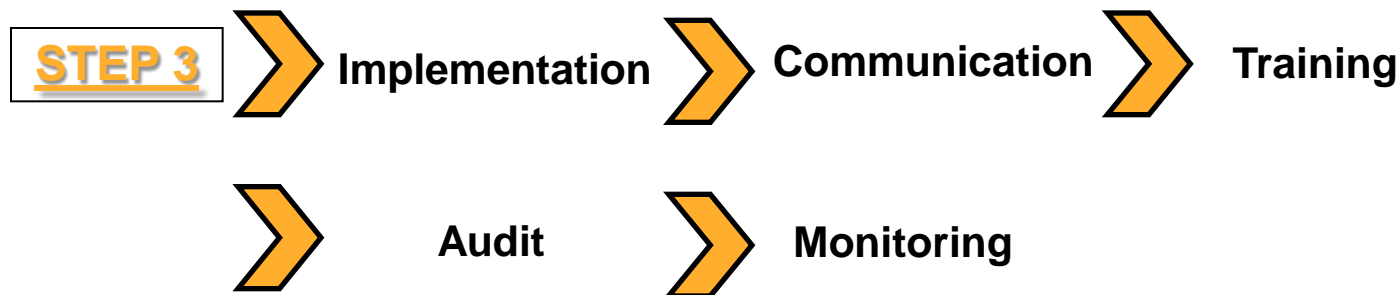
***SPEECH 4:***  
**IMPLEMENT STRATEGIES AND POLICIES**  
**(The Group Anti Bribery Programme)**

**Mr. Luca Leonardo**

# Implement Strategies and Policies (The Group Anti Bribery Programme)

- Is designed to be an on-going process with the purpose of either preventing any violations of national and international anti-corruption laws, either reinforcing a “compliance culture” based on integrity and promoting transparent practices among the Italcementi Personnel.
- Provides a formal and effective framework of risk management strategies and rules to ensure that Italcementi and its third business parties comply with the applicable anti-corruption laws and, in particular, adopt international standards requirements for countering bribery.

# Implement Strategies and Policies (The Group Anti Bribery Programme)



# Implement Strategies and Policies (The Group Anti Bribery Programme)

- Applies to all Italcementi Subsidiaries, Personnel and Business Partners working for or on behalf of Italcementi
- Business Partners stands for any intermediaries, agents, sales representatives, consultants (including lawyers, lobbyists, collaborators, accountants), distributors sub contractors, partners in Joint Entities, promoting the Italcementi's commercial interests in relation to specific transactions/projects, facilitating the execution of contracts with third parties or assisting Italcementi in the dealing with Public Official for the performance of a work or for other legitimate reasons
- *private bribery* : specific initiatives and procedures to properly manage the business relationship with contractors, customers and suppliers.