

**BUZZI UNICEM**



Report of the board of directors on the system of Corporate Governance and on the adoption of the Code of Conduct for listed companies promoted by Borsa Italiana S.p.A.

**Buzzi Unicem SpA**

Registered Office: Casale Monferrato (AL) - via Luigi Buzzi n. 6  
Capital stock: euro 123,636,658.80 fully paid up  
Chamber of Commerce of Alessandria: 00930290044

**REPORT OF THE BOARD OF DIRECTORS  
ON THE SYSTEM OF CORPORATE GOVERNANCE AND  
ON THE ADOPTION OF THE CODE OF CONDUCT  
FOR LISTED COMPANIES PROMOTED BY  
BORSA ITALIANA S.P.A.**

**Introduction**

This report contains the information on the corporate governance of Buzzi Unicem SpA (hereinafter referred to as Buzzi Unicem) in compliance with the new Code of Conduct adopted by Borsa Italiana S.p.A. in March 2006 (hereinafter referred to as “Code of Conduct” or simply “Code”).

**Part I – General description of Buzzi Unicem SpA organizational structure**

Buzzi Unicem SpA’s organizational structure consists of the following main corporate bodies:

- Shareholders’ meeting;
- Board of directors;
- Chairman of the board of directors;
- Two Vice Chairmen of the board of directors;
- Two Managing Directors;
- Statutory auditors’ committee.

This structure corresponds to the “traditional model” of corporate governance issuing from the rules provided by the corporate law reform implemented by Legislative Decree no. 6 of January 17, 2003 as amended.

For the time being, the alternative administration and control systems provided by the corporate law reform shall not be adopted.

**Part II – Information on shareholding structure**

***Shareholding structure and rights of the categories of shares***

As of the date of this report, Buzzi Unicem’s subscribed and paid up share capital amounts to 123,636,658.80 euro consisting of #165,349,149 ordinary shares (80.243% of share capital) and #40,711,949 savings shares (19.757% of share capital), all with a par value of 0.60 euro each.

February 24, 2008 marked the maturity date of the convertible bond “Buzzi Unicem 4% 2003-2008 convertible” issued on February 24, 2003 for an overall amount of 101,072,990 euro consisting of #10,107,299 bonds convertible into Buzzi Unicem ordinary shares, each having a par value of 10 euro. During the five-year life of the bond #10,056,165 bonds were overall converted into Buzzi Unicem ordinary shares. Consequently, on February 24, 2008 the remaining #51,134 bonds were repaid at par value, for a total amount of 511,340 euro.

The extraordinary shareholders’ meeting of May 11, 2007 granted the board of directors, for a length of 5 years from the shareholders’ meeting resolution, the power to increase, in one or successive tranches, the capital up to a maximum amount of 25,000,000 euro, also excluding the pre-emption right in the following circumstances:

- pursuant to article 2441, 4<sup>th</sup> sub-paragraph, first sentence, of the civil code against contribution of companies and/or equity interests in companies whose activities fall within the corporate purpose or are similar to or complementary to;
- pursuant to article 2441, 5<sup>th</sup> sub-paragraph of the civil code in favour of Italian or foreign institutional investors or of companies whose activities fall within the corporate purpose or are similar to or complementary to, when the company’s interest requires it.

The same shareholders’ meeting granted the board of directors, for a length of 5 years from the shareholders’ meeting resolution, the additional power to increase, in one or more tranches, the capital up to an additional maximum amount of 12,000,000 euro, excluding the pre-emption right, pursuant to article 2441, 4<sup>th</sup> paragraph, second sentence of the civil code, in favor of Italian or foreign institutional investors or of companies whose activities fall within the corporate purpose or are similar to or complementary to.

Finally, the board of directors has the power, for a length of 5 years from the resolution of the extraordinary shareholders’ meeting of April 30, 2004, to increase, in one or more tranches, the capital up to the maximum currently residual amount of 428,331 euro, through issuance of savings shares to be assigned to the managers of the company and its subsidiaries, pursuant to article 2349 of the civil code.

The board of directors, without prejudice to its competence to issue bonds under the law, has also the power, for a length of 5 years from the resolution of the extraordinary shareholders’ meeting of May 11, 2007, to issue, in one or more tranches, convertible bonds and/or warrants up to a maximum amount of 300,000,000 euro, ensuring, however, that the amount issued through each tranche does not exceed the limits imposed by the law.

Ordinary and savings shares bear the rights and privileges as per articles 6, 7, 25, 27 and 28 of the bylaws. The key provisions are provided here below.

Ordinary shares are registered shares; savings shares are either bearer or registered shares at the option of their holder or as required by the law. All shares are issued in dematerialized form and are listed for trading on the Electronic Share Market managed by Borsa Italiana S.p.A.

Each ordinary share is entitled to vote in all ordinary and extraordinary shareholders' meetings without any restrictions whatsoever. Savings shares are not entitled to vote.

The share capital may be increased also through the issue of shares bearing rights which differ from those attached to the outstanding shares, as well as through contribution in kind or by way of receivables.

In the event of increases in the share capital, holders of shares in each category shall be entitled to a proportional right of pre-emption on the newly issued shares in the same category or on newly issued shares in other categories, if shares of the same category are not available or their number is insufficient.

The capital can be increased within the limit of 10% of the existing share capital also in case of cash payment and with the exclusion of the pre-emption right, on condition that the issuing price corresponds to the market value of the shares and this is confirmed by the auditing firm in a special report.

Resolutions authorising the issuance of new shares bearing the same characteristics as those already outstanding, either through capital increases or through the conversion of shares of another category, do not require further approval by special shareholders' meetings.

In case of reduction in share capital to cover losses, savings shares par value shall not be reduced, save to the extent to which the losses in question exceed the overall par value of the other shares.

In case savings shares should be delisted, they shall be converted into preferred shares, without any change in their dividend rights and assets distribution, with the features and procedures to be established by resolution of the extraordinary shareholders' meeting to be held within three months from delisting.

In case ordinary shares should be delisted, the additional dividend payable on savings shares in excess of the dividend payable to ordinary shares shall be automatically increased so as to represent 4.5% of the par value.

In order to ensure that the common representative is adequately informed about the transactions which may affect the listed prices of savings shares, the company's legal representative shall promptly inform the common representative of any such issues.

Net profit as indicated in the financial statements shall be allocated as follows:

- a) five percent to legal reserve until the amount of the latter reaches one fifth of the company's share capital;
- b) by way of a preferential dividend on savings shares up to the amount of five percent of the par value thereof;
- c) save where otherwise resolved by the shareholders' general meeting, the remainder by way of dividend on shares, in such manner that savings shares receive an overall dividend that exceeds the dividend payable to ordinary shares by four percent of the par value of the said savings shares.

In case, in a given fiscal year, savings shares should be assigned a dividend of less than five percent of their par value, the difference shall be compensated by an increase in the preferential dividend borne by such savings shares, during the two following fiscal years. Dividends unclaimed for 5 years from the day they became payable shall be forfeited to the benefit of the company.

In case of distribution of reserves, savings shares shall have the same rights as ordinary shares.

In case of dissolution, the company's assets shall be distributed as follows, in order of priority:

- a) to the savings shares up to their par value;
- b) to the ordinary shares up to their par value;
- c) the remainder, if any, shall be equally shared between the two categories of shares.

There are no restrictions on share transfer, no shares granting special rights of control have been issued and there are no employees' shareholding plans in which the voting right is not directly exercised by the same.

There are no restrictions on voting rights nor terms imposed for the exercise of the voting rights nor systems in which, with the company's cooperation, the financial rights attached to shares are separate from their ownership.

### ***Treasury shares***

The shareholders' meeting of May 11, 2007 authorised the board of directors to buy back, in one or more tranches, treasury shares up to a maximum of #2,000,000 ordinary shares and/or savings shares (in addition to those held at the date of the shareholders' meeting) for a purchasing price ranging from a minimum of 0.60 euro to a maximum of 21 euro for savings shares and 29 euro for ordinary shares.

The same shareholders' meeting, pursuant to article 2441 of the civil code, also authorised the total and/or partial exercise of the pre-emption rights pertaining to treasury shares in portfolio, to the extent of the purchase of additional maximum #1,000,000 ordinary and/or savings shares, beside those for the buy-back of which the authorisation is given, or the

purchase of convertible bonds and/or warrants. In the latter case the limit shall be calculated with reference to the number of shares which can be acquired through the bond. The limit of minimum and maximum purchasing price shall be complied with also in case of total and/or partial exercise of the pre-emption right pertaining to treasury shares in portfolio, taking into account, for this purpose, in case of subscription of convertible bonds and/or warrants, the price of the shares that can be acquired through the bond.

The maximum overall amount of purchase and total and/or partial exercise of the pre-emption right is 87,000,000 euro, to be withdrawn from the reserve Merger Surplus.

This authorisation entitles the board of directors also to dispose of treasury shares in portfolio and to use them as consideration for the purchase of equity interests within the company's investment policy, with the power to establish, each time, terms and conditions for the disposal of treasury shares, although their price or value shall not be lower than the average carrying value at the transaction time minus 10%.

The board of directors is also authorised to use treasury shares in portfolio within incentive plans for assignment, also without consideration, to employees of the company and its subsidiaries, also in replacement of other types of compensation.

The authorisation to the purchase and/or the exercise of the pre-emption right lasts 18 months from the date of the shareholders' meeting resolution.

As of the date of this report, the company owns #377,000 ordinary treasury shares and #300,500 savings treasury shares.

The board of directors, in the meeting held on the date of this report, resolved to ask the shareholders' general meeting to renew the aforesaid resolution for an additional length of 18 months, authorising the board of directors to purchase up to a maximum #4,000,000 ordinary shares and/or savings shares (in addition to those held at the date of the shareholders' meeting) as well as to totally and/or partially exercise the pre-emption right, to the extent of the purchase of additional maximum #2,000,000 ordinary and/or savings shares, beside those for the buy-back of which the authorisation is given, or to purchase convertible bonds and/or warrants for a purchasing price ranging from a minimum of 0.60 euro to a maximum of 23 euro for savings shares and 32 euro for ordinary shares, for an overall maximum amount of 192,000,000 euro, without prejudice to the other contents of the authorisation.

### ***Significant shareholdings***

As resulting from Buzzi Unicem shareholders' register, integrated with Consob communications and available information, Buzzi Unicem's shareholders that, as of the date of this report, directly or indirectly hold shares with voting rights in the ordinary general meeting representing more than 2% of the ordinary stock, are the following:

	<b>no of ordinary shares</b>	<b>% of ordinary stock</b>
<b>Fimedi Group</b>		
PRESA SpA	74,700,000	45.177
FIMEDI SpA	16,800,000	10.160
BUZZI UNICEM SpA*	377,000	0.228
	<b>91,877,000</b>	<b>55.565</b>
<b>AllianceBernstein LP</b>	<b>17,069,179</b>	<b>10.323<sup>1</sup></b>
<b>Julius Baer Investment Management LLC</b>	<b>3,625,590</b>	<b>2.193<sup>2</sup></b>
<b>Barclays Global Investors UK Holdings Ltd</b>	<b>3,379,479</b>	<b>2.044</b>

*\*with voting rights suspended, being treasury shares*

*1. 3.706% thereof with no voting rights*

*2. 0.242% thereof with no voting rights*

As of the date of this report, based on the above mentioned ownership, Fimedi S.p.A. directly or through Presa S.p.A. (subsidiary with a stake of 92.76% of ordinary stock) is Buzzi Unicem majority shareholder.

As far as Buzzi Unicem is aware, no shareholders agreements, as per art. 122 of Legislative Decree no 58/98, exist related to Buzzi Unicem shares.

Buzzi Unicem is not subject to direction or coordination activities by companies or entities, since the company's management decisions and strategic and operational guidelines are defined in full autonomy with no directions from the holding company.

Buzzi Unicem and the group's subsidiaries are not part of significant agreements which become effective, are modified or terminate in the event of direct and/or indirect change in the control of the company, apart from what follows.

The Senior Unsecured Notes (USPP) issued on the US private placement market by the subsidiaries Buzzi USA Inc. and Alamo Cement Company, presently outstanding for an overall amount of 665 million euro and guaranteed by Buzzi Unicem, contain clauses that, as it is customary in financial transactions of this kind, mandate call option within 90 days from the acquisition disclosure, if more than 50% of the voting rights of Buzzi Unicem are acquired by parties other than the current controlling shareholder.

Moreover, regarding the Mexican Company Corporación Moctezuma S.A.B. de C.V., of which Buzzi Unicem owns 50% of the controlling stake, a shareholders' agreement has been entered into and is in force with the other partner holding the remaining 50% of the controlling stake, which provides that in the event of changes in the control of either of the parties involved, the other party is entitled to start procedures for the purchase or sale

under defined terms, of the equity investment involved, which procedures will end with the acquisition of the whole shareholding interest by only one of the two original partners.

No agreements have been entered into between Buzzi Unicem and the directors which provide for an indemnity in the case of resignation or dismissal without just cause or termination following a takeover bid.

### **Part III – Information on Buzzi Unicem corporate governance system and on the adoption of the Code of Conduct**

#### ***1. Board of directors***

##### ***1.1 Role and competence of the board of directors***

The board of directors is the collective body for the government of the company vested with all powers relating to the ordinary and special management of the company.

The board of directors primarily performs a guideline and control function with respect to the general activities of the company and of its group, without prejudice to the tasks assigned by law to the various entities of the group.

Specifically, the board of directors inter alia shall:

- a) adopt the company's rules of corporate governance and lay down the guidelines for the group's corporate governance;
- b) establish the strategic, operational and financial plans of the company and the group, with special reference to the subsidiaries of strategic relevance, identified on the basis of book value of the equity investment compared to Buzzi Unicem SpA's assets;
- c) delegate and revoke powers to the Chairman, the Vice Chairmen, the Managing Directors and, where appointed, the executive committee, establishing limits and manner of exercising them;
- d) approve the transactions that, by virtue of the limits of the powers delegated as stated in paragraph 1.5. below, are the exclusive responsibility of the board of directors;
- e) examine and give prior approval for the transactions having a significant impact on the company's profitability, assets and liabilities or financial position, with special reference to transactions with related parties, for which please refer to article 3.2.1 below.
- f) examine the transactions having a significant impact on the group's profitability, assets and liabilities or financial position. With reference to such



transactions, it is pointed out that the management activity on the subsidiaries is assigned to Buzzi Unicem SpA's executive directors, who sit on the major subsidiaries' board of directors and act within the directions established by Buzzi Unicem SpA's board of directors, to which they periodically refer.

- g) determine, after consulting the statutory auditors' committee, the remuneration of the directors appointed to special positions within the company and, should not the shareholders' meeting have already provided, allocate the total amount to which the single members of the board are entitled;
- h) supervise the general performance of the company with special reference to transactions involving related parties, paying special attention to the information received from the executive directors;
- i) report to shareholders at general meetings on the activity performed and scheduled, in observance of the rules on inside information.
- l) appoint and revoke the manager responsible for preparing the company's financial reports.

Moreover, the bylaws, pursuant to art. 2365, 2<sup>nd</sup> sub-paragraph of the civil code, attribute to the competence of the board of directors (i) the resolutions on mergers by incorporation of companies in which the company holds the whole share capital or at least ninety percent of the share capital; (ii) the resolution on reduction of share capital in case of withdrawal of shareholders; (iii) the amendments of the bylaws to make them consistent with law provisions; (iv) the transfer of the registered office within the national territory, (v) the setting-up, change or closing-down of secondary offices.

The board of directors meets at regular intervals, at least quarterly, as provided by article 15 of the bylaws in force.

Moreover the bylaws require the directors to provide, at least quarterly, the board of directors and the statutory auditors' committee, with adequate information on the activities performed on the exercise of their delegated powers, on the most significant transactions carried out by the company or its subsidiaries, especially on those in which they have a personal interest or an interest on behalf of third parties and those influenced by the subject that may exercise the activity of management and co-ordination.

To this purpose the board of directors has prepared and approved a quarterly report scheme which the executive directors have to render to the board itself and to the statutory auditors' committee about management activities and transactions having a significant impact on the company's profitability, assets and liabilities or financial position (especially transactions with related parties as well as transactions concerning purchase or sale of equity holdings, companies, real estate and joint ventures for an amount exceeding

5 million euro, company's re-organization or restructuring and major corporate transactions) of the company and its subsidiaries.

### **1.2 Structure of the board of directors**

The company's board of directors is made up of a variable number of members from a minimum of 7 up to a maximum of 15. The number of members is resolved by the shareholders' meeting.

The board of directors presently in office, following the passing away on December 11, 2007 of the independent director Onorato Castellino, is made up of 12 members whose names are here below reported together with the positions of director or member of the statutory auditors' committee held in Companies listed on regulated markets, including foreign markets, or in financial companies, banks, insurance companies and large companies.

Alessandro BUZZI Chairman - executive

Positions held in other companies:

- CEO of Fimedi S.p.A.
- CEO of Presa S.p.A.
- Vice Chairman of Dyckerhoff AG Supervisory Board
- Director of RC Lonestar Inc.

Enrico BUZZI Vice Chairman – executive

Positions held in other companies:

- CEO of Fimedi S.p.A.
- CEO of Presa S.p.A.
- Member of Dyckerhoff AG Supervisory Board
- Chairman of Unicalcestruzzi S.p.A
- Chairman of Corporación Moctezuma S.A.B. de CV

Franco BUZZI Vice Chairman – executive

Positions held in other companies:

- Chairman of Fimedi S.p.A.
- Chairman of Presa S.p.A.
- Chairman of Buzzzi Unicem Investimenti S.r.l.
- Chairman of RC Lonestar Inc.
- Director of Corporación Moctezuma S.A.B. de CV
- Director of Banca del Piemonte S.p.A.
- Director of Banca Passadore & C. S.p.A.

Michele BUZZI Managing Director – executive

Positions held in other companies:

- CEO of Unicalcestruzzi SpA
- Member of the Management Board of Dyckerhoff AG
- Director of RC Lonestar Inc.
- Director of Cimalux S.A.

Pietro BUZZI Managing Director – executive

Positions held in other companies:

- Director of Presa S.p.A.
- Director of Buzzi Unicem Investimenti S.r.l.
- Director of Unicalcestruzzi S.p.A.
- Member of Dyckerhoff AG Supervisory Board
- Director of Buzzi Unicem International S.à.r.l.
- Director of Buzzi Unicem Deutschland GmbH
- Director of EFIBANCA SpA

Gianfranco BARZAGHINI Director – non-executive

(General Manager – executive till February 8, 2007)

Alvaro DI STEFANO Director - non-executive

Positions held in other companies:

- Chairman of T.I.M.E. S.p.A.
- Chairman of Athena Palace S.p.A.

Klaus DYCKERHOFF Director – non-executive - independent

Jürgen LOSE Director – non-executive

Positions held in other companies:

- Chairman of Dyckerhoff AG Supervisory Board
- Director of RC Lonestar Inc.

Gianfelice ROCCA Director – non-executive - independent

Positions held in other companies:

- Chairman of Techint S.p.A.
- Chairman of Techint Finanziaria S.r.l.

- Chairman of Tenova S.p.A.
- Chairman of San Faustin NV
- Chairman of Humanitas S.p.A.
- Chairman of Humanitas Mirasole S.p.A.
- Director of Dalmine S.p.A.
- Director of Allianz S.p.A.
- Director of RCS Quotidiani S.p.A.
- Director of Siderca S.A.I.C.
- Director of TAMSА
- Director of Cliniche Gavazzeni S.p.A.
- Director of Tenaris S.A.
- Director of Ternium S.A.

Maurizio SELLA

Director– non-executive - independent

Positions held in other companies:

- Chairman of Sella Holding Banca S.p.A.
- Chairman of Banca Sella S.p.A.
- Chairman of Banca Patrimoni Sella & C. S.p.A.
- Chairman of Banca Sella Nord Est Bovio Calderari S.p.A.
- Chairman of Maurizio Sella S.A.p.A.
- Chairman of Finanziaria 1900 S.p.A.
- Chairman of Finanziaria 2006 S.p.A.
- Chairman of Selban S.p.A.
- Vice Chairman of Finind S.p.A.
- Director of Sofise S.p.A.
- Director of Toro S.p.A.

Marco WEIGMANN

Director – non-executive

Positions held in other companies:

- Director of Società Reale Mutua di Assicurazioni
- Director of Italiana Assicurazioni S.p.A.
- Director of Sara Assicurazioni S.p.A.
- Director of Sara Vita S.p.A.
- Director of Pernigotti S.p.A.
- Director of Reale Immobili S.p.A.
- Director of Auchan Italia S.p.A.
- Director of Banca Reale S.p.A.

- Vice Chairman of Eurizon Vita S.p.A.
- Director of Sella Holding Banca S.p.A.

The shareholders' meeting which appointed the board of directors in office authorised in general and preventively derogations to the ban on competition provided by art. 2390 of the civil code; however, no situations exist of directors exercising activities in competition with the company as per the aforesaid art. 2390 of the civil code.

Moreover the directors have been advised to inform the board of directors in the event they should take up such activities.

The term of office of the members of the present board of directors will expire after the prescribed three years, at the date of the general meeting convened for the approval of the financial statements as of December 31, 2007.

The board of directors is usually made up of executive directors and non-executive directors.

At present in the board of directors there are 7 non-executive members (Gianfranco Barzaghini, Alvaro Di Stefano, Klaus Dyckerhoff, Jürgen Lose, Gianfelice Rocca, Maurizio Sella, Marco Weigmann), whose high standing, independence and experience carry significant weight in taking board decisions.

The board of directors has not deemed to issue guidelines with regard to the maximum number of positions as director or member of the statutory auditors' committee which could be held in other Companies listed on regulated markets, including foreign markets, or in financial companies, banks, insurance companies and large companies, thinking that the single members of the board of directors would be the most fit to assess the engagements deriving from their other assignments in the above companies and their respective time availability.

The board of directors, in today's meeting, has also provided to assess the size, the composition and the functioning of the board of directors and, based on the board's role, the issues of sole competence and the expertise of the members, it has deemed proper the size and the proportion of executive, non-executive and independent directors.

No need has arisen to designate a lead independent director since the Chairman, although granted major management powers, as indicated further below, is not the main responsible officer for the management, such responsibility being subdivided among the different legal representatives with management powers. Moreover the Chairman is not the person controlling the company.

### **1.3 Independent directors**

The board of directors, in today's meeting, has provided to assess, on the basis of the information supplied by the single directors and of the available information, the degree of independence of the directors themselves.

The assessment was carried out also on the basis of the meaning and criteria contained in the Code of Conduct of March 2006.

Following this assessment, 3 non-executive members (Klaus Dyckerhoff, Gianfelice Rocca, Maurizio Sella), have resulted to be classified as independent in the meaning that they do not maintain, nor have recently maintained, directly or indirectly, any business relations with Buzzi Unicem or persons linked to Buzzi Unicem, of such a significance as to influence their autonomous judgement, and precisely but not limited to:

- a) they do not control, directly or indirectly the company also through subsidiaries, trustees or a third party, nor are able to exercise a considerable influence over it nor participate in shareholders' agreements through which one or more persons may exercise the control or considerable influence over the company;
- b) they are not, nor were in the preceding three fiscal years, significant representatives of the company, of a subsidiary having strategic importance or of a company under common control with the company, or of a company or entity controlling it or able to exercise over the same a considerable influence, also jointly with others through a shareholders' agreement;
- c) they have not, nor had in the preceding fiscal year, directly or indirectly, (e.g. through subsidiaries or companies of which they are significant representatives, or in the capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
  - with the company, one of its subsidiaries, or any of its significant representatives;
  - with a subject who, jointly with others through a shareholders' agreement, controls the company or with the relevant significant representatives;nor are, nor were in the preceding three fiscal years, employees of the above mentioned subjects;
- d) they do not receive, nor received in the preceding three fiscal years, from the company or a subsidiary or holding company of it, a significant additional remuneration compared to the "fixed" remuneration of non-executive director of the company, including the participation in incentive plans linked to the company's performance, including stock options plans;

- e) they have not been directors of the company for more than nine years in the last twelve years;
- f) they are not vested with the executive director office in another company in which an executive director of the company holds the office of director;
- g) they are not shareholders or quota holders or directors of a company or a legal entity belonging to the same network as the company appointed for the accounting audit;
- h) they are not close relatives of a person who is in any of the positions listed in the above paragraphs.

For the purpose of the above, the president of the entity, the legal representative, the chairman of the board of directors, the executive directors and executives with strategic responsibilities of the relevant company or entity, shall be considered as “significant representatives”.

Should the members of the board of directors change, the board of directors shall provide to assess the independence of each new member, on the basis of the information supplied by the same and of the available information, and shall communicate the results of the assessments to the market by means of the press release issued on the occasion of the meeting.

Pursuant to the principles stated in the Code of Conduct of March 2006, the independent directors met at least once in the year 2007 without the other directors.

The statutory auditors’ committee, in the framework of the duties attributed to it by the law, has ascertained the correct application of the assessment criteria and procedure adopted by the board of director for evaluating the independence of its members. The result of such control is hereunder reported:

*“The statutory auditors’ committee has ascertained the correct application of the criteria adopted by the board of directors to evaluate the independence of its members as well as the correct application of the related assessment procedure.*

*The committee deems that such assessment criteria and procedure are consistent with the spirit and the letter of the Code of Conduct. Consequently, no objections are raised by the statutory auditors’ committee”.*

#### **1.4. Meetings of the board of directors**

In the year 2007, the board of directors met 6 times. In the year 2008 the board of directors is expected to meet 6 times, considering the meetings held on February 8, 2008 and on the date of this report.

In preparation of the meetings of the board of directors, the Chairman communicates the agenda and provides the directors with the documentation and information

needed to enable them to make a knowledgeable and informed contribution to the board discussion.

Pursuant to art. 15 of the bylaws, the board of directors is called by the Chairman or by one of the Vice Chairman, whensoever the same deems it proper or on request of a managing director or the majority of the board members.

The call is effected through a written notification sent at least five days prior to the scheduled date of the meeting, save urgencies.

### ***1.5 Role of the Chairman of the board of directors, of the Vice Chairmen and of the Managing Director***

The board of directors, in the meeting of April 29, 2005, following the appointments resolved by the ordinary shareholders' meeting of same date, provided to appoint the Chairman and CEO, two Vice Chairmen and a General Manager and assigned to them and to Director Pietro Buzzi the same powers as granted by the previous mandate as per resolution of November 11, 2004. Moreover the same powers were assigned to Director Michele Buzzi.

The board of directors, in the meeting of November 14, 2005 appointed, effective as from January 1, 2006, two new Managing Directors in the persons of Pietro Buzzi and Michele Buzzi, without prejudice to the offices of Chairman, Vice-Chairmen and General Manager.

In this meeting the board of directors assigned to the two new Managing Directors the same powers as already granted to the Chairman and the Vice Chairmen.

Finally, the board of directors, in the meeting of February 8, 2007 acknowledged the resignation from the office of General Manager of Gianfranco Barzaghini, who has kept the position of Director.

Specifically, following the above resolutions, the Chairman, the Vice Chairmen, the Managing Directors are assigned the powers, as below listed:

- powers to perform operations on securities and equity holdings, real estate, companies or lines of business, transactions and in general management activities up to an amount limit of euro 50 million with single signature and euro 100 million with joint signature with at least one among the Chairman, the Vice Chairmen, the Managing Directors. Moreover they are delegated the powers to perform financial and banking transactions (excluding transactions on futures and granting of sureties on behalf of third parties that are not subsidiaries or associated companies) up to an amount limit of euro 100 million euro with single signature and of euro 200 million euro with joint signature with least one among the Chairman, the Vice Chairmen, the Managing Directors.



The Chairman, the two Vice Chairmen and the Managing Directors, pursuant to art. 21 of the bylaws, have the legal representation of the company.

The board of directors in its meeting of November 14, 2005, assigned, effective as from January 1, 2006, to the Chairman and to the two Vice Chairmen, within the powers delegated to them, the following duties:

- to the Chairman, Alessandro Buzzi:
  - Cement Technology & Engineering;
  - group's foreign operations representation;
- to the Vice Chairman, Enrico Buzzi:
  - representation of ready-mix concrete operations;
  - co-ordination of new initiatives in the electric power sector;
  - group's foreign operations representation;
- to the Vice Chairman, Franco Buzzi:
  - group's foreign operations representation;
  - co-ordination of the corporate and financial extraordinary transactions.

As provided by art. 15 of the bylaws in force the Chairman and the Vice Chairmen are assigned the power to call the board of directors' meeting.

The Chairman moreover shall preside the meetings of the board of directors and act as moderator.

The decision to grant management powers to the Chairman stems from the special competence, standing and expertise of the same in relation to the group's activities. Specifically, as stated, the Chairman activity is performed mainly in the field of Technology & Engineering Cement and in the group's foreign operations representation.

## ***2. Internal Committees of the board of Directors***

### ***2.1 Appointment of Directors***

During the shareholders' meeting which appointed the board of directors presently in office, although the bylaws do not provide specific rules on the proposals for the directors' appointment, according to a procedure followed by the shareholders, the candidates' curricula were made available to the shareholders. In this respect the company has always recommended that each candidate should indicate, where appropriate, his/her eligibility to qualify as independent director.

The extraordinary shareholders' meeting of May 11, 2007, in compliance with the provisions of Law no 262 of December 28, 2005 (Savings Law) as amended by Legislative Decree no 303 of December 29, 2006 introduced in the bylaws slate voting for the appointment of directors. Specifically, the clause provides for:

- the possibility to submit lists by shareholders with voting rights representing at least 2.5% of the voting stock in the ordinary general meeting or a different percentage fixed by Consob's regulation; for the year 2008, Consob set this threshold at 1.5% of the voting stock.
- the obligation to deposit the lists at the latest 15 days before the date fixed for the shareholders' meeting in first call and to include in the lists at least two directors that qualifies as independent directors according to the Law and to complete the lists with the candidates' curricula;
- a voting system such as to ensure the appointment of a director from the second list that has got the most votes after the majority list, being understood that the lists which did not achieve a percentage of votes equivalent at least to half the percentage required to submit the list shall be disregarded;
- in case only one list should be submitted, the shareholders' meeting shall resolve by the simple majority of votes and should this list obtain the majority of the votes, the candidates shall be elected as directors in progressive order up to the number fixed by the shareholders' meeting;
- should it not be possible in whole or in part to appoint the directors according to the above rules, the shareholders' meeting resolves by the simple majority of votes.

The lists deposited, complete with the documents required by Consob Regulation no 11971/99 shall be made available at the company's registered office, at Borsa Italiana SpA and on the company's website [www.buzziunicem.com](http://www.buzziunicem.com) at the latest 10 days before the date fixed for the shareholders' meeting called to appoint the board of directors.

The board of directors, after proper evaluation, has deemed not to establish a nomination committee on the ground of the company highly concentrated shareholding and of the introduction in the bylaws of slating vote which will allow for the nomination of a minority director and will guarantee the nomination of two directors who qualify as independent according to the law.

The board of directors hopes that the proposed candidates will be identified for their professional experience and qualifications as well as for their independence of judgement and assessment.

## **2.2 Remuneration of Directors**

The board of directors' remuneration is established by the shareholders' general meeting and within the board of directors it is equally subdivided among all the

directors, allotting a double share to the Chairman by virtue of the general function of representation assigned to him.

The remuneration of the Chairman and the Vice-Chairmen of Buzzi Unicem SpA, as well as that of the Directors with special duties, has already been resolved today by the board of director upon independent directors' proposal.

The overall remuneration granted to Buzzi Unicem SpA's executive directors and /or to those with special assignments are examined by the board of directors and separately reported in the financial statements, according to the law.

The two Buzzi Unicem SpA's Managing Directors are paid in their capacity of executives employed with the company and they also receive fees related to positions held in subsidiaries. Overall, the Managing Directors' remuneration does not exceed the average market level for companies of similar size and structure. The Managing Directors' remuneration, for the part related to their employment with the company, comprises a prevailing fixed portion and a variable portion linked to the achievement of single targets and company's financial results. The variable portion is paid out in Buzzi Unicem savings shares, according to "employee share plans" approved by the shareholders' meeting.

As for the major subsidiaries, included the foreign ones, the executive directors receive as well a fixed and variable compensation, in line with the average market level and proportionate to the company's size and performance. For foreign subsidiaries, the variable portion is paid out in cash. Apart from the allocation of savings shares – "stock grant"- provided by the "employee share plans" of Buzzi Unicem SpA and its Italian subsidiaries, no "stock option" plans exist in the group.

The remuneration variable portion of the executive directors and managers of Buzzi Unicem SpA and its subsidiaries is structured as follows:

- the variable component is objective, not discretionary, and it depends on the achievement of single and corporate targets annually pre-fixed, each with a different weight, the measurable economic ones prevailing;
- the ratio between the fixed and the variable portion of the remuneration varies depending on the country and the respective rules;
- the plan provides for a minimum threshold under which no variable remuneration is due and, similarly, a maximum threshold is set.

On the ground of the above, the board of directors has not established a remuneration committee.

### **2.3 *Committee for the internal control***

The board of directors, in the meeting of March 29, 2007, established the internal control committee made up of 3 members in the persons of the independent directors Onorato Castellino, Maurizio Sella and the non-executive director Marco Weigmann, deeming that with such a composition the committee would be guaranteed an adequate experience in accounting and finance. Following the passing away of Onorato Castellino, the board of directors in the meeting of February 8, 2008 appointed the independent director Klaus Dyckerhoff as member of the internal control committee. The new composition guarantees the adequate experience in accounting and finance.

The internal committee control is entrusted with the advisory and propositional duties provided by the Code of Conduct. As provided by the Regulation approved by the board of directors, the internal control committee is charged with the task of analysing and addressing the issues of importance concerning the effectiveness of the internal control system and of urging the adoption of the most suitable corrective measures to solve the lacks and failures found during the monitoring of internal processes, as well as those reported by the auditing firm.

Specifically, the internal control committee shall, inter alia,:

- assist the board of directors in laying down the guidelines of the internal control system and in periodically evaluating their adequacy and actual functioning, as well as in ensuring that the main risks concerning the company are correctly identified and properly handled, making remarks and suggestions;
- examine the periodic reports prepared by the officer appointed to run the internal control system on the reliability of the control systems, on the related data, processes and organization, making remarks and comments;
- assess the operating plans prepared by the officer appointed to run the internal control so as to ensure quicker, better-timed, more exhaustive and more effective controls;
- express opinions on the steps suggested by the officer appointed to run the internal control in order to solve possible lacks of information or operational deficiencies and to take the corrective measures to remove anomalies, as they are identified and proposed;
- examine the procedures prepared by the internal services on the receiving, filing and handling of reports regarding accounting, internal control system and accounting audit process.

- be informed, together with the accounting auditing firm and the company's statutory auditors' committee, about the accounting procedures for the preparation of the consolidated and statutory financial statements of the group's companies, on the frequency required by the law, and evaluated the issues submitted in the application of the accounting principles, making remarks and comments aimed at solving the problems in the most effective way.

### **3. *Functions and corporate procedures***

#### **3.1 *Internal control***

The board of directors is ultimately responsible for the internal control system. Specifically, the board of directors:

- a) lays down and updates the guidelines for the system;
- b) examines the corporate risks submitted to the board of directors by the executive-directors and assess whether they have been properly identified and can be suitably handled by the internal control system;
- c) ascertains the suitability and effective functioning of the internal control system, in order to make sure that the main corporate risks are properly identified and managed.

The internal control system aims at verifying the compliance with the operating and administrative internal procedure established in order to ensure a sound and effective management, as well as to identify, prevent and manage, as much as possible, financial and operational risks and prevent frauds against the company.

Within the internal control system a decisive role is played by the function of Internal Auditing, with the task of checking:

- the regularity and functionality of information flows among the company's sectors;
- the suitability of the information systems to ensure the quality of the information on which the top management decisions are based;
- the soundness of administrative-accounting processes;
- the effectiveness of management processes to safeguard the company's assets.

Moreover the board of directors has appointed an officer to run the internal control system, in the person of the head of the Internal Auditing function, who is equipped with all necessary means.

The person appointed to run the internal control system is free from hierarchical ties with the operational sectors responsible officers and he reports to the board of directors and the statutory auditors' committee.

With a view to optimizing the Internal Auditing structure, in the year 2007 the Risk Management system has been completed and implemented in the parent Buzzi Unicem SpA and the major subsidiaries.

In order to further improve the internal control system, the board of directors, in the meeting of March 29, 2007, formalized the adjustments to the company's internal control system to make it consistent with the principles and criteria of the Code of Conduct of March 2006, subdividing the functions and the duties among the board of directors, the internal control committee and the officer in charge in line with the above Code provisions.

Specifically, inter alia, the board of directors has:

- established the internal control committee, as reported in the paragraph 2.3 here above;
- identified in the group's Chief Executive Finance, Pietro Buzzi, the Managing Director in charge of supervising the functionality of the internal control system entrusting him, in addition to the duties provided for by art. 8.C.5. of the Code of Conduct, also with the competence of fixing the remuneration for the officer in charge of the internal control with the obligation to annually inform the board of directors in order to allow it to take possible resolutions.
- confirmed the head of the Internal Auditing function as the officer appointed to run the internal control assigning him the functions and duties provided for by art. 8.C.6. of the Code of Conduct. He shall report about his activity not only to the internal control committee and the statutory auditors' committee but also to the executive director responsible for the supervision of the functionality of the internal control.

As in the past, the person appointed to run the internal control system is free from hierarchical ties with the operational sectors responsible officers.

The board of directors, in the meeting held on the date of this report, expressed its positive annual evaluation of the adequacy, effectiveness and efficiency of the internal control system.

Within the scope of the control system, the board of directors adopted the Organization, Management and Control model pursuant to legislative decree 231/01, of which the Code of Conduct is an integral part. The Model and the Code of Conduct are constantly updated so as to include the new criminal offences and identify the relevant sensitive processes.

## **3.2 Procedures**

### **3.2.1 Directors' interests and transactions with related parties**

The board of directors, in the meeting of March 30, 2006, approved the amendments to the procedure for carrying out transactions with related parties, already approved by the board of directors in the meeting of March 28, 2003, in order to update the notion of related parties to make it consistent with the meaning included in the International Accounting Standards referred to by Consob Regulation no 11971/99 and to introduce regulations for the situations in which a director is bearer of an interest on his behalf or on behalf of third parties.

This procedure, after having reported the meaning of related parties, identifies the transactions that shall be previously approved or subsequently ratified by the board of directors as well as those that are subject to quarterly informative note to the board of directors, distinguishing to this effect the "significance" thresholds for the inter-group transactions and transactions with related parties.

In particular, as regards inter-group transactions, all atypical, unusual, no-standard transactions whose amount exceeds 10 million euro shall be approved by the board of directors, while for those whose value is less than or equal to 10 million euro the board of directors and the statutory auditors' committee shall be provided with adequate information on a quarterly basis.

As regards transactions with related parties other than inter-group transactions, all atypical, unusual, non-standard transactions whose value exceeds 500,000 euro shall be approved by the board of directors as well as all and any transactions whose value exceeds 1 million euro. For typical, usual, standard transactions whose value ranges from 250,000 euro and 1 million euro, and for atypical, unusual and non-standard transactions whose value is less than or equal to 500,000 euro the board of directors and the statutory auditors' committee shall be provided with adequate information on a quarterly basis.

As regards the situations in which a director is bearer of an interest on his behalf or on behalf of third parties, the procedure sets forth the manner to inform the board of directors and the statutory auditors' committee about the nature, terms, source and scope of the interest, specifying, in any case, that if executive directors are involved, they shall refrain from carrying out the transaction, vesting the board of directors with the same.

The procedure, finally, leaves to the discretionality of the concerned directors to abstain from the discussion and the voting on resolutions in relation to which they bear a specific interest.

### ***3.2.2 Reporting to the board of directors and disclosure of confidential information***

As stated, in compliance with the bylaws in force, the executive directors at least quarterly provide the board of directors and the statutory auditors' committee with adequate information on the activities performed in the exercise of their powers, and on transactions having a significant impact on the company's profitability, assets and liabilities or financial position carried out by the company or by the subsidiaries, especially on those in which they have a personal interest or an interest on behalf of third parties and those influenced by the subject that may exercise the activity of management and co-ordination activities.

The board of directors, in the meeting of March 30, 2006, approved the Manual on market abuse and inside information which sets out the procedures and systems the group adopted in relation to the disclosure of inside documents and information concerning the company (namely the procedure for the disclosure of inside information adopted on March 27, 2002), updated in compliance with Consob regulations on Market Abuse.

This procedure, specifically, identifies in the Managing Directors the entities responsible for managing and handling inside information concerning the company and the group. They shall be assisted by the Company's Affairs (Legale, Fiscale e Societario) and Investor Relations' functions in all activities of corporate communication.

Moreover, after reporting the notion of inside information and the consequences deriving from the breach of the rules on market abuse, the Manual sets forth the method to identify inside information within the group and the procedures to follow in order to ensure the proper flow and the external communication.

The Manual regulates the preparation, maintaining and updating of Insider Lists which the group adopted effective as from April 1, 2006, pursuant to Consob Regulation no 11971/99.

### ***3.2.3 Procedure on Internal Dealing***

The board of directors, in the meeting of March 30, 2006, in compliance with the new provisions introduced by the amendments to Consob Regulation no 11971/99 following the Market Abuse Directive, adopted a new Procedure on Internal Dealing and consequently cancelled the Code of Conduct on Internal Dealing, adopted on November 12, 2002, pursuant to art. 2.6.3, title 2.6 of the Rules of the Markets organised and managed by Borsa Italiana SpA.



This procedure (effective as from April 1, 2006), after identifying the “Significant Persons” and the financial instruments concerned, reflects the rules and regulations provided on Internal Dealing.

Moreover Buzzi Unicem shall fulfil the communication obligations on behalf of directors, statutory auditors and other “significant” managers as well as of the holding companies, upon previous agreement with the same.

#### **4. *Relations with institutional investors and shareholders***

A person has been designated for the relations with institutional investors and shareholders (Investor Relator) who, following the guidelines laid down by the executive directors, has the task of establishing a continuous dialogue with the institutional investors and the shareholders.

It is reminded that in compliance with the shareholders’ meetings rules the Chairman can invite to attend the meetings experts, financial analysts and qualified journalists.

The company, in order to ensure a continuous and timely information to the shareholders so as to allow them an informed exercise of their rights, has established a specific section on its website [www.buzziunicem.com](http://www.buzziunicem.com), in which it makes available the notices of shareholders’ meetings with the procedure for the participation and the exercise of the voting rights, the documentation relating to items on the agenda of the shareholders’ meetings, the lists of candidates for the positions of director and auditor with the candidates curricula, and the minutes of the shareholders’ meetings. Moreover, on the above-mentioned website, the bylaws and the shareholders’ meeting rules are made available as well as the annual reports and the interim reports released according to the law and all press releases issued by the company. Contact details of the Investor Relations’ function are reported in the attached tables.

#### **5. *Shareholders’ meetings***

The board of directors has laid down a set of rules to govern the conduct of the ordinary, extraordinary and special shareholders’ meetings, guaranteeing the right of each shareholder to speak on the matters under discussion. These rules have been drawn up on the basis of the facsimile-model prepared by Assonime.

The Rules have been approved by the shareholders’ meeting of May 11, 2001 and subsequently amended by the shareholders’ meeting of April 30, 2004 to make them consistent with the new provisions introduced by the corporate law reform and by

the shareholders' meeting of May 11, 2007 to make them consistent with the amendments introduced in the bylaws following the new Savings Law.

The rules are available on the company's website [www.buzziunicem.com](http://www.buzziunicem.com).

**6. *Manager responsible for preparing the company's financial reports***

The board of directors of May 11, 2007 appointed the manager responsible for preparing the company's financial reports, whose term of office will expire on the date of the first meeting of the board of directors which will be held after the shareholders' meeting called to approve the financial statements as of December 31, 2007.

**7. *Members of the Statutory Auditors' Committee***

The statutory auditors' Committee presently in office, following the resolutions of the ordinary general meeting of April 29, 2005 is made up by three regular auditors and two alternates in the persons of:

Mario PIA	-	Chairman
Paolo BURLANDO	-	regular auditor
Giorgio GIORGI	-	regular auditor
Franco BAROLO	-	alternate
Roberto D'AMICO	-	alternate

Among the regular auditors Paolo Burlando holds the position of regular auditor in the listed company Gruppo MutuiOnline S.p.A. and Giorgio Giorgi holds the position of Chairman of the statutory auditors' committee or regular auditor in 3 other listed companies, namely, Chairman of the statutory auditors' committee of Juventus F.C. S.p.A and regular auditor of IFI S.p.A and IFIL Investments S.p.A..

No minority lists having been submitted to the shareholders' meeting for appointment to the position of auditors, none of the above listed auditors was elected by the minorities.

The statutory auditors' committee term of office will expire at the date of the shareholders' meeting convened for the approval of the financial statements as of December 31, 2007.

The board of directors of May 11, 2007, in compliance with the Savings Law provisions, updated the slate vote system for the appointment of statutory auditors, already included in the bylaws. Specifically, the new article 23 of the bylaws provides what follows:

- a statutory auditors committee consisting of three regular auditors and two or three alternate auditors; minority shareholders can appoint one regular auditor and one or two alternate auditors.
- the possibility to submit lists by the holders of shares with voting rights representing at least the percentage required for the submission of lists of candidates for the appointment of the board of directors. For 2007 Consob set this threshold at 1.5% of the voting stock. If, by the submittal deadline as hereinafter indicated, only one list has been deposited or only lists submitted by shareholders linked among them pursuant to Consob Regulation no 11971/99, the above threshold shall be reduced by 50% and consequently for the year 2008 set at 0.75%;
- the obligation to deposit the lists at the latest 15 days before the date fixed for the shareholders' meeting in first call, except when only one list is submitted or only lists from by shareholders linked among them pursuant to Consob Regulation no 11971/99, in which case lists can be submitted up to five days after that date. The lists shall be complete with (i) information about the identity of the shareholder and the percentage of shareholding, (ii) a statement by the shareholders other than the majority ones declaring the absence of links with the latter ones and (iii) an exhaustive information about the personal and professional features of the candidates;
- a voting system such as to ensure the appointment of one regular auditor and one or two alternate auditors from the second list that has got the most votes after the majority list;
- the chair of the statutory auditors committee to the regular auditor appointed by the minority;
- a replacement system for the minority auditor such as to ensure in any case the presence of a regular auditor from the minority;
- in case only one list should be submitted, the shareholders' meeting shall resolve by the simple majority of votes and should this list obtain the majority of the votes, the candidates shall all be elected and the chair shall be due to the first candidate on the list;
- should it not be possible in whole or in part to appoint the directors according to the above rules, the shareholders' meeting shall resolve by the simple majority of votes.

The lists deposited, complete with the documents required by Consob Regulation no 11971/99 shall be made available at the company's registered office, at Borsa Italiana SpA and on the company's website [www.buzziunicem.com](http://www.buzziunicem.com) at the latest 10

days before the date fixed for the shareholders' meeting called to appoint the statutory auditors committee.

The result of the assessment made by the statutory auditors' committee on March 21, 2008 on the compliance with the independence requirements of its members is hereunder reported:

*“The statutory auditors' committee, with respect also to the Code of Conduct, has ascertained the correct application of the criteria which allow to qualify its members as independent. The result of such assessment, referred to the period from the appointment for the present term of office to date, is positive.”*

The structure of the board of directors, the statutory auditors' committee and the other provisions of the Code of Conduct referred to the year 2007 are summarized in the three attached tables.

Casale Monferrato, 27 March 2008

For the board of directors  
The Chairman  
Alessandro Buzzi

**TABLE 1: BOARD AND BOARD COMMITTEES (year 2007)**

Board of Directors							Internal Control Committee •		Remuneration Committee ♦	
Position	Incumbents*	executive	non-executive	Independent	****	Number of other positions held **	***	****	***	****
<b>Chairman</b>	Alessandro BUZZI	x			83,33%	4				
<b>Vice Chairman</b>	Enrico BUZZI	x			100,00%	5				
<b>Vice Chairman</b>	Franco BUZZI	x			100,00%	7				
<b>Managing Director</b>	Michele BUZZI	x			100,00%	4				
<b>Managing Director</b>	Pietro BUZZI	x			100,00%	7				
<b>Director</b> <sup>1</sup>	Gianfranco BARZAGHINI	x			100,00%	0				
<b>Director</b> <sup>2</sup>	Onorato CASTELLINO		x	x	50,00%	-	x	100,00%		
<b>Director</b>	Alvaro DI STEFANO		x		83,33%	2				
<b>Director</b>	Klaus DYCKERHOFF		x	x	100,00%	0				
<b>Director</b>	Jürgen LOSE		x		50,00%	2				
<b>Director</b>	Gianfelice ROCCA		x	x	16,67%	14				
<b>Director</b>	Maurizio SELLA		x	x	83,33%	11	x	100,00%		
<b>Director</b>	Marco WEIGMANN		x		100,00%	10	x	100,00%		
♦ If there is no Committee or its membership differs from that recommended by the Code, explain briefly why: The remuneration of the executive and non-executive directors with special duties is fixed by the board of directors upon independent directors' proposal.										
<b>Number of meetings held during the year under review</b>				Board of Directors 6			Internal Control Committee: 4		Remuneration Committee:	

**NOTES**

- 1) Till February 8, 2007 he held also the position of General Manager
- 2) Passed away on December 11, 2007

\* Directors appointed through minority slates.

\*\* Number of other memberships in boards of directors or of statutory auditors held in other companies listed on regulated markets, in Italy and abroad, in financial, banking and insurance companies or more generally in large companies. The corporate Governance Report provides details as to the positions held.

\*\*\* Director is member of this Committee.

\*\*\*\* Director's attendance at meetings of the board of directors and of the board committee, in percentage of meetings held.

**TABLE 2: BOARD OF AUDITORS (year 2007)**

<b>Position*</b>	<b>Incumbent</b>	<b>Attendance, in percentage of meetings held</b>	<b>Number of other positions held**</b>
<b>Chairman</b>	Mario PIA	100%	
<b>Regular auditor</b>	Paolo BURLANDO	100%	1
<b>Regular auditor</b>	Giorgio GIORGI	100%	3
<b>Alternate</b>	Franco BAROLO		
<b>Alternate</b>	Roberto D'AMICO		
<b>Number of meetings held during the year under review:</b>		<b>12</b>	
<b>Quorum required for minority shareholders to present a slate for the appointment of one or more regular members:</b>			
<p>Art. 22 of the bylaws provides that lists may be submitted by shareholders who, on their own or together with others, hold on the overall a number of shares bearing voting rights, that represents at least 2.5% of the entire voting stock in the shareholders' meeting or a different threshold set by Consob Regulation.</p>			

**NOTES**

\* Regular auditors appointed through minority slates. At present no auditor is designated through a list presented by minorities

\*\* Number of other memberships in boards of directors or of statutory auditors held in other companies listed on regulated markets, in Italy. The corporate Governance Report provides details as to the positions held.

**TABLE 3: OTHER CORPORATE GOVERNANCE CODE PROVISIONS (year 2007)**

	YES	NO	Summary explanation to be provided in case of non-compliance with Code provisions
<b>Delegations of authority and transactions involving related parties</b>			
Has the board of directors delegated authority and defined:			
a) limits applicable thereto?	x		
b) manner of exercise applicable thereto?	x		
c) Reporting frequency applicable thereto?	x		
Has the board of directors retained the power to review and approve transactions of particular significance for the company's profitability, assets and liabilities or financial position (with special reference to transactions with related parties)?	x		
Has the board of directors laid down guidelines and criteria for the identification of "transactions of particular significance"?	x		
Are these guidelines and criteria described in the Report?	x		
Has the board of directors defined procedures for the review and approval of transactions involving related parties?	x		
Are the procedures for approval of transactions involving related parties described in the Report?	x		
<b>Procedures followed for the most recent appointments to the board of directors and the board of auditors</b>			
Were proposals for the appointment to the position of director deposited at the company's offices at least 10 days ahead of time?	x		
Were these proposals accompanied by detailed information?	x		
Did these proposals provide information on candidates' eligibility to qualify as independent directors?	x		
Were proposals for the appointment to the position of member of the board deposited at the company's offices at least 10 days ahead of time?	x		
Were these proposals accompanied by detailed information?	x		
<b>Shareholders' meetings</b>			
Has the company adopted rules of procedure for its shareholders' meetings?	x		
Are these rules of procedure attached to the report (or does the report indicate where such rules can be obtained/downloaded)?	x		
<b>Internal control</b>			
Has the company appointed persons to run its internal control system	x		
Are these persons not placed hierarchically under managers in charge of business units or operations?	x		
Unit in charge of internal controls (ex art. 9.3 of the Code)	Head of the Internal Auditing function		
<b>Investor relations</b>			
La società ha nominato un responsabile investor relations?	x		
Unit and contact information (address/phone/fax/email) for the company's investor relations person	Investor relations officer: Antonio Buzzi (tel. +39 0142 416452) Investor relations assistant: Mariangiola Fiore (tel +39 0142 416404) fax: +39 0142 416464 e-mail: mfiore@buzziunicem.it Via Luigi Buzzi, 6 15033 Casale Monferrato (AL)		