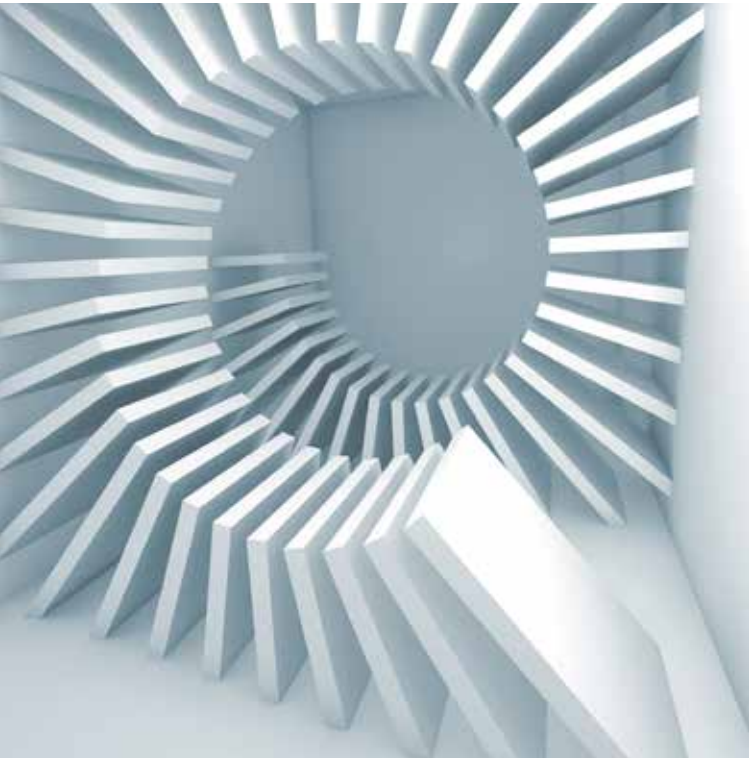


Code of Conduct

United Kingdom



Preamble

All aspects of the business dealings of the companies in the Xella Group are governed by laws, ordinances and other legal provisions. These international, supranational, national and regional regulations form the framework for business dealings in the Xella Group by e.g. stipulating rules and standards for production, products and services or by defining codes of practice for various markets and stipulating how the various parties are to act towards each other.

In order to establish the conditions for continued existence and sustainable growth, it is essential for Xella to act within these boundaries and to react flexibly to any changes to such boundaries

Therefore, all employees within the Xella Group comply as a matter of course with all laws and regulations applicable to them and seek to ensure that other employees do likewise.

The Code of Conduct of the Xella Group describes essential rules of conduct which are fundamental to the national and international business dealings of the Xella Group. Whilst these business activities, in particular in the international sphere, often involve working together with people from various cultures, some of which are based on

quite different standards and values, these rules of conduct are applicable across the board.

This Code of Conduct constitutes a set of standard guidelines governing business dealings throughout the Xella Group. Should legal provisions or other regulations deviating from the provisions of this Code of Conduct apply in any individual countries in which companies belonging to the Xella Group are active, it is the stricter provisions which will apply in each instance.

If necessary, this Code of Conduct will be supplemented by additional, more specific regulations. They will be binding, just like this Code of Conduct. All employees will be informed as to the contents of these supplementary regulations and will be notified when they enter into effect.

1. We act with integrity and are fair towards our customers, suppliers, competitors and other partners as well as with each other.

1.1. Policy for dealing with business partners and employees

The pivot of all business operations undertaken by the Xella Group are our business partners (in particular customers, distribution partners and suppliers). Pillars for sustainable success are objective and clear decisions as well as fair, respectful and reliable dealings with these business partners.

The above also applies to dealings between employees, who form the basis for successful operations on the part of the Xella Group. This applies to employees at the same level in the hierarchy as well as to managers vis-à-vis their reports. Employees with managerial responsibility are expected to set a particular example.

1.2. Anti-discrimination

Xella has an active presence in approximately 30 countries worldwide, with a workforce of several thousand employees from various origins and sociocultural backgrounds. These employees

form the basis for the sustainable success of the Xella Group.

Xella has a zero-tolerance policy regarding discrimination or harassment in the working environment, whether on grounds of race, ethnic origin, gender, religion or ideology, disability, age, sexual identity, political leaning, involvement in a trade union or any other characteristic protected by applicable law.

1.3. Fair competition and compliance with regulations governing competition and anti-trust law

Rules aimed at preserving fair competition are an essential component of a free market economy. Nearly all countries have passed laws for this purpose. These forbid competitors in particular from agreeing on prices, the allocation of customer groups or production quantities. These laws also concern the fixing of prices in relation to sales agents and prohibit abuse of a dominant position on the market. Finally, merger control legislation is aimed at preventing the creation of structures dominating the market.

Nearly all jurisdictions are particularly anxious to prevent prohibited agreements between market players aimed at restricting competition. Whether or not they are actually successful is irrelevant.

Even “informal” talks, casual gentlemen’s agreements or concerted practices are not permitted if these are aimed at agreeing on or implementing restrictions on competition.

In view of the reasons cited above, the very suggestion of such conspiratorial action must be avoided. It is important that no confidential information, in particular concerning prices and planned price changes or customer and supplier relations, is disclosed let alone exchanged during talks with competitors.

All employees and managers must comply with the legal provisions governing competition and anti-trust law whilst exercising their duties.

1.4. Combating money laundering

Xella aims to enter into business dealings only with business partners whose business complies with legal provisions and whose financial resources come from legitimate sources. Xella does not support money laundering. Any suspicious behaviour on the part of a business partner is to be reported to the authorities cited in section 8.

All employees must comply with anti-money laundering laws. The employees are also obliged to comply with the applicable regulations for

recording and keeping accounts for cash and other transactions and contracts.

1.5. Trade controls

Xella complies with all export control and customs and excise laws and regulations applicable in the countries in which Xella does business.

1.6. Rejection of child and forced labour

Child labour and forced labour are prohibited.

In accordance with the conventions of the International Labour Organization (ILO), Xella only employs workers who are at least 15 years of age.

If a higher minimum employment age applies in any of the countries in which Xella has business premises then this age will be complied with. A minimum age of 14 years will be accepted in exceptional cases if a statutory minimum age of 14 years applies in the country of employment under Convention No. 138 of the International Labour Organization (ILO).

Xella does not employ anyone who offers their work or services under threat of punishment of

any kind and who does not offer their work or service voluntarily, i.e. forced labour within the meaning of Convention No. 29 of the International Labour Organization (ILO) is prohibited.

2. We avoid conflicts of interest which could arise as a result of very close relationships to business partners, competitors and other persons or institutions outside the Xella Group.

2.1. Potential conflicts of interest with business partners, competitors and other persons or institutions outside the Xella Group

Conflicts of interest which arise as a result of very close relationships to business partners, competitors and other persons or institutions outside the Xella Group can damage the integrity, professionalism and reputation of the Xella Group. Accordingly, any possible clashes of interest must be recognised and avoided as soon as possible.

2.2. Potential conflicts between private interests of employees and the interests of the Xella Group

Employees of the Xella Group are expected to provide their work and services to the Xella Group.

Any sideline employment or professional consulting activities may not be detrimental to the interests of the Xella Group and must be approved in writing by a superior beforehand. Approval will be

granted if there is no reason to fear that Xella's interests will be harmed in any way.

Voluntary positions may be exercised as long as this does not compromise the interests of the Xella Group in any way.

The above also applies to the exercising of official functions in other companies which do not belong to the Xella Group (e.g. supervisory board, advisory board, etc.).

Any additional remuneration received for lecturing or teaching within the framework of professional activities for the Xella Group must be reported to a superior.

2.3. Potential conflicts of interest between employees and suppliers and customers

In order to be able to represent the interests of the Xella Group impartially it is expected that all employees of the Xella Group maintain neutral business relationships free from all conflicts of interest with customers and suppliers.

This neutral approach towards customers and suppliers is jeopardised when employees have legal, financial or personal ties – either directly or indirectly – to a customer or supplier, in par-

ticular if equity interests or other positions of legal influence over customers and suppliers are involved. This does not apply to the possession of less than 0.5% of the shares in a corporation.

Accordingly, employees of the Xella Group are categorically not permitted to enter into or hold such interests or positions of influence.

Any existing interests or positions of influence are to be reported to the employee's immediate superior or one of the authorities stipulated in section 8.

2.4. Relations with competitors

In the same way, no employee of the Xella Group may as a matter of principle hold a direct or indirect interest in or other position of legal influence over a competitor whose products are in competition with products of the Xella Group. This does not apply to the possession of less than 0.5% of the shares in a corporation.

3. We do not tolerate the giving or taking of bribes or corruption in any way, shape or form. We do not give business partners and other third parties any inappropriate gifts, hospitality, privileges, entertainment or any other benefits in any way, shape or form. Neither do we accept any such benefits.

3.1. Basic policy

Xella wins orders solely thanks to the quality and price of its products and services.

3.2. Refusal to offer or grant benefits

None of the employees of the Xella Group are permitted to offer, promise or grant anyone else – either directly or indirectly – unlawful benefits in connection with their business dealings. Cash payments or other benefits may not be granted with the aim of influencing decisions or gaining unlawful advantages.

The above applies to public officials in particular, but also vis-à-vis persons in the private sector. The term “public official” applies to representatives or employees of authorities and other public organisations as well as civil servants and employees of state companies and public inter-

national organisations. The term also refers to candidates for political office, official representatives and employees of any political party as well as political parties themselves.

Any offer, benefit, invitation or gift must comply with the applicable legislation, this Code of Conduct and further internal regulations in force within the Xella Group.

Any appearance of dishonesty and impropriety must be avoided. Employees must refrain from making any offers, promises, benefits, invitations or gifts if these could be taken to be an attempt to influence a public official or bribe a business partner. This does not include customary occasional gifts of symbolic value or invitations to a meal or entertainment within reasonable limits provided local customs and the applicable laws are complied with. Gifts or invitations for meals or entertainment going beyond the usual scope must not be given.

3.3. Refusal to demand or accept advantages

No employee of the Xella Group may use his or her professional position in order to demand, accept, procure or be promised benefits for him or herself, family members or other third parties.

This does not include customary occasional gifts of symbolic value or invitations to a meal or entertainment within reasonable limits provided local customs and the applicable laws are complied with. Gifts or invitations for meals or entertainment going beyond the usual scope must not be accepted.

3.4. Donations

Donations or other payments may be made under certain conditions to social institutions or charities, but not to individual persons. The minimum requirement which must be met before any donation can be made on the part of the Xella Group is that the institutions in question are entitled to issue officially recognised receipts for donations.

Donations may only be made in return for a valid receipt. No payment may be made to organisations harmful to the reputation of the Group.

Again, when making a donation it is imperative that there is no appearance of any possible attempt to exert influence. This impression may for example arise if the party receiving the donation is very close to a business partner.

Xella does not make any political donations (donations to politicians, political parties or political organisations).

All donations above 1,000 euro per organisation and year are organised centrally by the Public and Investor Relations department of Xella International. Requests for donations are to be forwarded to the Head of Public and Investor Relations at Xella International.

Donations of up to 1,000 euro per organisation and year can be made at the discretion of the management of the respective country organisations. The Head of Public and Investor Relations at Xella International is to be informed of these donations.

This provision expressly does not apply to reasonable support for local sponsoring activities near our plants, for example support for sport clubs or accredited environmental or nature conservation organisations. This continues to be the responsibility of the plant managers or the regional managers. Sponsoring is defined by an equivalent like promotion for Xella or another brand of the Xella Group.

4. We comply at all times with the obligation to maintain confidentiality and discretion.

4.1. Non-disclosure

Internal matters concerning the Xella Group must be kept confidential. This applies in particular to planned ventures, internal organisation or production procedures as well as to figures included in internal and external reporting until such time as this information is published.

The non-disclosure obligation continues to apply even after the employment has been terminated.

The non-disclosure obligation must also be observed in the private sphere as well as when using social networks.

4.2. Data protection and data security

The integrity, availability and confidentiality of information are of the utmost importance for the Xella Group.

Each employee must be aware of the fact that information must remain secure and act accordingly.

Legal provisions must be complied with when compiling, processing and using personal data.

All employees are requested to take an active part in blocking and combating material and non-material damage and to handle the information systems, the data stored and processed thereon and all non-electronic information with care.

4.3. Insider rules

Anyone privy to insider information regarding a company within the Xella Group or another company, e.g. a business partner, whose shares are listed for trading on a stock exchange or an organised market may not trade in securities or financial instruments of companies the price of which depends directly or indirectly on the securities of these companies (insider securities).

Insider information is specific information concerning matters which are not publicly known relating to an issuer of insider securities and capable of having a significant influence on the stock exchange or market price if it were to become public knowledge.

5. Safety, environmental protection and occupational health are a priority for us.

Xella acknowledges the conservation of our environment.

In addition, safety in the workplace and the safety of our products are a fundamental principle for Xella.

In order to guarantee the above, each employee shares responsibility in his or her working environment for the protection of people and the environment. Our employees must comply with laws, regulations and internal guidelines relating to the protection of the environment, to safety in the plant and to safety in the workplace, and seek to ensure that other employees also comply with such obligations.

In particular:

- Employees must act with care, thereby assuming responsibility for ensuring that their own health or that of others is not jeopardised in any way; in particular, care should be taken to avoid and prevent accidents or work-related illnesses.

- When planning facilities and processes as well as implementing all other activities, the respective standards of technology, occupational medicine and hygiene typical for the country in question must be taken into account.
- Product safety, occupational safety and environmental conservation considerations must be observed when producing, storing, transporting, distributing and using our products.
- Environmental damage should be reduced to an adequate degree.

6. This Code of Conduct forms the basis for our conduct as a company and must therefore be adhered to at all times.

This Code of Conduct forms the basis for all guidelines within the Xella Group.

Each employee within the Xella Group is obliged to comply with all laws, regulations, the contents of this Code of Conduct and all guidelines supplementing this Code of Conduct applicable to him or her and to seek to ensure that these are also complied with by other employees.

It is expected that all employees of the Xella Group not only comply formally with this Code of Conduct but that the meaning and purpose thereof becomes an integral part of their way of thinking, leading them to apply it accordingly in their daily work.

All employees are responsible for ensuring that laws and internal company rules are complied with. Managers are responsible for ensuring that their reports are informed as to the laws and internal company guidelines applicable to them and that they are given the necessary support in applying them. In the case of doubt, employees should seek advice from their superior or from one of the authorities stipulated in section 8.

7. If we believe or discover that a manager or employee is failing or has failed to comply with the given rules we will not hesitate to report the matter.

Each employee is urged to report any violations of this Code of Conduct they notice to the authorities stipulated in section 8. This also applies in the event that an employee has a sufficiently specific suspicion that this might be the case.

If any violations of this Code of Conduct are discovered or suspected, those in charge at the Xella Group will do their utmost to clarify the matter and initiate the necessary consequences, which can lead to the termination of employment or business relations. The Xella Group reserves the right to take further legal action in any instance.

No employee who reports possible violations of the Code of Conduct in good faith has any disadvantages to fear, even if the notification should turn out to have been unfounded.

8. Points of contact

Those responsible for receiving any information concerning possible violations of this Code of Conduct and the points of contact for any questions relating to the basic rules set out in this Code of Conduct are

- the members of the Corporate Compliance Board and
- the appointed compliance officers in the respective regional companies and market areas.

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