



## **2014 REPORT ON REMUNERATION**

Approved by the Board of Directors of 10 March 2015

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## Glossary

For the purposes of this document, the meaning of the terms listed below shall be as follows:

- **Code:**  
the Corporate Governance Code of listed companies approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A.
- **Code of Ethics:**  
the Code of Ethics approved by the Company on 8 May 2008.
- **Key executives:**  
those who, directly or indirectly, have the power and responsibility for planning, managing and controlling the activities of the Company, including the Directors (Executive or non-executive) of the Company, in accordance with the definition set out in the Consob Issuers' Regulations (in relation to Related Parties).
- **Issuer:**  
Cementir Holding S.p.A. issuer of listed shares, to which the Report is referred.
- **Financial year:**  
the financial year to which the Report refers.
- **Group:**  
the parent company Cementir Holding S.p.A. and the subsidiaries.
- **Policy:**  
the Policy for the remuneration of directors and key executives related to the Financial Year 2015.
- **Consob Issuers' Regulations:**  
the Regulations for issuers promulgated by Consob with its resolution no. 11971 of 14 May 1999 (as subsequently amended).
- **Report:**  
the Report on remuneration, which companies must prepare in accordance with Article 123 *ter* of the Consolidated Finance Act and Article 84 quarter Consob Issuers' Regulations.
- **Company:**  
Cementir Holding S.p.A.
- **TUF:**  
Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act) and subsequent amendments.

## Introduction

This Report, approved by the Board of Directors on 10 March 2015 at the recommendation of the Appointments and Remuneration Committee, in fulfilment of current legal and regulatory obligations, defines and illustrates:

- in the first section, the principles and guidelines which Cementir Holding S.p.A. follows to determine the remuneration of members of the Board of Directors, the General Manager and other Key Executives, with information on the general purposes pursued, the bodies involved and the procedures used to adopt and implement the Policy.
- in the second section, the compensation paid to the Directors, Statutory Auditors, General Managers and other Key Executives during financial year 2014.

The Report also describes the equity interests held by the Directors, Statutory Auditors, General Managers and other Key Executives.

The Report was prepared in light of the recommendations provided in Article 6 of the Code, concerning the remuneration of the Directors and of other Key executives of listed issuers, and taking into account Article 123-ter of the Consolidated Finance Act on disclosure of the remuneration of directors of listed companies, Article 84-quater of the Consob Regulations pertaining to reports on remuneration and the procedure on Related Parties approved by Board of Directors on 5 November 2010 and the standards set out in the Group Code of Ethics.

The text of this Report is available at the registered office and on the Company website [www.cementirholding.it](http://www.cementirholding.it) and it has been delivered to Borsa Italiana, according to the procedures and within the terms prescribed by current regulations.

Please note that words beginning with a capital letter are defined as set forth in the Glossary.

## SECTION I - 2015 Remuneration Policy

### 1. General outlines of the policy for the remuneration of Board of Directors members, General Managers and other Key Executives

#### 1.1. Process for the definition and approval of the Remuneration Policy

The definition of the remuneration policy is the result of a clear and transparent process in which the Company's Appointments and Remuneration Committee and Board of Directors play a central role.

The Policy is approved by the Board of Directors at the recommendation of the Appointments and Remuneration Committee, and it is submitted to the annual Shareholders' Meeting for its consultative vote.

The bodies and parties involved in the remuneration policies approval process are listed below, along with a precise indication of their roles in the process:

##### Shareholders' Meeting.

With regard to remuneration, the Shareholders' Meeting:

- shall determine compensation for members of the Board of Directors and the Board of Statutory Auditors, in accordance with Article 2364, Paragraph 1, no. 3) of the Italian Civil Code;
- shall express its consultative opinion on the first section of the report on remuneration;
- shall receive adequate disclosure about the implementation of remuneration policies;
- shall make decisions on any Remuneration Plans based on shares or other financial instruments and intended for Directors, employees and other workers, including Key executives, in accordance with Article 114-bis of the Consolidated Finance Act.

##### Board of Directors.

As of the date of approval of this report, the Directors are:

- |                          |                                      |
|--------------------------|--------------------------------------|
| ▪ Francesco Caltagirone  | Chairman and Chief Executive Officer |
| ▪ Carlo Carlevaris       | Deputy Chairman                      |
| ▪ Alessandro Caltagirone | Director                             |
| ▪ Saverio Caltagirone    | Director                             |
| ▪ Azzurra Caltagirone    | Director                             |
| ▪ Edoardo Caltagirone    | Director                             |
| ▪ Mario Ciliberto        | Director                             |
| ▪ Fabio Corsico          | Director                             |
| ▪ Mario Delfini          | Director                             |
| ▪ Riccardo Nicolini      | Director                             |
| ▪ Paolo Di Benedetto     | Independent Director                 |
| ▪ Flavio Cattaneo        | Independent Director                 |
| ▪ Alfio Marchini         | Independent Director                 |

With regard to remuneration, the Board of Directors:

- shall determine the remuneration of directors tasked with specific duties in accordance with Article 2389, Paragraph 3 of the Italian Civil Code, with due regard to the opinion of the Board of Statutory Auditors;
- shall determine the remuneration of directors with positions on Committees within the Board of Directors (Appointments and Remuneration Committee and the Control and Risks Committee), with due regard to the opinion of the Board of Statutory Auditors;
- definition of the remuneration of the Internal Audit Director, according to the company policies, upon proposal of the Officer in charge of the internal control system and according to the approval of the Control and Risks Committee, as well as to the advice of the Board of Statutory Auditors;
- shall approve the policy for the remuneration of Directors and of Key Executives in accordance with Article 6 of the Code;
- shall approve the report on remuneration, in accordance with Article 123-ter of the Consolidated Finance Act, to be submitted to the annual Shareholders' Meeting;
- shall prepare any Remuneration Plans based on stocks or other financial instruments and submits them to the Shareholders' Meeting for approval in accordance with Article 114-bis of the Consolidated Finance Act;
- shall implement the Remuneration Plans based on stocks or other financial instruments at the behest of the Shareholders' Meeting.

Complying with the recommendations contained in the Corporate Governance Code, the Board of Directors receives support with respect to remuneration topics from a Committee of non-executive and mainly independent Directors (Appointments and Remuneration Committee) with the role of providing advice and submitting proposals on the matter.

### **Appointments and Remuneration Committee.**

The Appointments and Remuneration Committee is composed of three non-executive directors, two of whom are independent and two of whom has suitable knowledge and experience in the area of accounting and finance, appointed by the Board of Directors at its 23 April 2012 meeting:

- Paolo Di Benedetto, Independent Director, Committee Chairman;
- Flavio Cattaneo, Independent Director, Committee Member, experienced in financial matters;
- Mario Delfini, non-executive Director, Committee Member, experienced in financial matters.

The Appointments and Remuneration Committee provides advice and submits proposals to the Board of Directors, and supervises to ensure that the Policy is defined and applied; specifically it:

- shall assist the Board of Directors in defining the policy on the remuneration of directors and key executives and the relative implementation criteria, providing opinions and making proposals;
- shall periodically assess the adequacy, overall consistency and actual enforcement of the policy adopted for the remuneration of Directors and Key Executives, jointly with the Chief Financial Officer and Chief Human Resources Officer, in the last case making use of information provided by the directors assigned to carry out that task;
- shall submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors tasked with specific duties, as well as on the setting of performance targets correlated with the variable portion of their remuneration;
- shall monitor the enforcement of the decisions made by the Board of Directors, assessing the actual attainment of performance targets;
- shall provide opinions on issues submitted to it from time to time for screening by the Board of Directors, concerning remuneration or any pertinent or related topics.
- shall evaluate and formulate any proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans motivating and retaining the managers and employees of the Group companies controlled by the Company;
- shall report to shareholders on the ways it performs its duties; for this purpose, the Chairman of the Appointments and Remuneration Committee or another member of the Committee shall attend the annual Shareholders' meeting;
- if it deems it necessary or appropriate for the performance of its assigned duties, it shall employ outside consultants who are knowledgeable in the field of compensation policies. The independence of the outside consultants shall be verified by the Appointments and Remuneration Committee before their appointment;
- while executing its tasks, it shall ensure proper functional and operational connections among the relevant company structures;

The Appointments and Remuneration Committee meets any time its Chairman deems appropriate, or if at least one member so requests and in any case, with enough frequency so as to ensure the correct execution of its tasks.

No Director shall participate to any Committee meeting in which are made proposals related to his remuneration.

The Chairman of the Board of Statutory Auditors as well as - when deemed appropriate and at the invitation of the Committee - other Company representatives (General Counsel, Chief Financial Officer and Chief Human Resources Officer), shall attend the Appointments and Remuneration Committee meetings.

### **Executive Directors**

The Executive Directors so appointed:

- shall provide the Appointments and Remuneration Committee with all information useful to enable the Committee to assess the adequacy and actual enforcement of the general remuneration Policy, with particular regard to the remuneration of Key Executives;
- shall submit to the Appointments and Remuneration Committee the stock incentive, stock option, corporate shareholding and similar plans motivating and retaining the managers of the Group companies controlled by the Company or, if the case warrants it, they shall assist the Committee in their drafting, with the support of the Group's Human Resources Office as well;
- shall enforce the Company's remuneration Policy in accordance with this document.

### **Board of Statutory Auditors**

As of the date of approval of this report, the Statutory Auditors are:

- Claudio Bianchi Chairman of the Board of Statutory Auditors
- Giampiero Tasco Standing auditor
- Maria Assunta Coluccia Standing auditor

With regard to remuneration, the Board of Statutory Auditors shall serve a consultative role, wherein it formulates the opinions required by current regulations and in particular it shall express its opinion with reference to proposals for the remuneration of Executive Directors and, more in general, of Directors tasked with specific duties; in expressing its opinions, it shall verify the consistency of the proposals formulated by the Appointments and Remuneration Committee to the Board of Directors with the company remuneration policy.

### **Human Resources Office**

The Company's Human Resources Office supports the Appointments and Remuneration Committee in carrying out its tasks, both during the definition and approval of the relative proposals concerning the remuneration of General Managers and Key Executives, and during the phase of monitoring and controlling their complete and correct implementation.

## **1.2. Content of the Remuneration Policy**

The Policy defines principles and guidelines to which the Board of Directors shall adhere to define the remuneration of Board of Directors members and in particular of Directors tasked with specific duties, General Managers and Key Executives.

Cementir Holding pursues a Remuneration Policy aimed at attracting, motivating, developing, rewarding and retaining persons who, thanks to their professional skills and personal ability to apply them in behaviours in line with company goals and who, with the Code of Ethics adopted by the Group, are able to assure the achievement of the expected results, building sustainable value both for shareholders and for the Company's other Stakeholders.

The principles and criteria applied in order to outline such Policy are intended to ensure the adequate competitiveness of Cementir Holding in its fields of interest and on the world's markets where it operates, throughout the loyalty of its key-role managers leading the management targets of the Company.

The Policy is defined in such a way as to align the interests of Management with those of shareholders, pursuing the priority goal of creating sustainable value in the medium-long term, by establishing a strong tie between compensation, on one hand, and individual and Group performance on the other.

It should be pointed out that no independent experts were involved in preparing the Remuneration Policy, since the use of internal resources was sufficient, and it was defined on the basis of an exhaustive benchmark analysis made on national and European aspects.

The Remuneration Policy for 2015 is the same as the remuneration policy for 2014, approved by the Board of Directors on 10 March 2014 and submitted to the Shareholders' Meeting of 17 April 2014 for a non-binding resolution, since it was not yet deemed to be topical and coherent with the pursuance of the Company's long-term interests and to its Risk Management Policy.

### **1.2.1. Board of Directors Remuneration Policy**

The Directors' Remuneration Policy comprises the following elements:

- A) compensation set by the Shareholders' Meeting, for the office and for attendance at Board meetings (Article 2364, Paragraph 1, no. 3 of the Italian Civil Code and Article 2389, Paragraphs 1 and 2 of the Italian Civil Code);
- B) compensation set by the Board of Directors for specific duties assigned to some Directors (Article 2389, Paragraph 3 of the Italian Civil Code).

The compensation of non-executive Directors is not tied to the Group's economic-financial results or based on short- or medium-term incentive plans or based on the use of financial instruments.

#### **Remuneration of Directors**

The compensation to be paid to Directors (letter A above), it shall be in the form of an allowance for attendance at individual Board of Directors meeting set, in accordance with the provisions of the law, by the Shareholders' Meeting.

#### **Remuneration of Directors tasked with specific duties**

The compensation to be paid to Directors tasked with specific duties (letter B above) is quantified, at the proposal of or after consultation with the Appointments and Remuneration Committee, with the opinion of the Board of Statutory Auditors, by the Board of Directors, taking into account the work actually required of each of them and any powers vested.

The following Directors have specific duties within the Board of Directors of the Company:

- (i) the Chairman of the Board of Directors;
- (ii) the Chief Executive Officer;
- (iii) the other Directors who are vested with specific powers other than those vested in the Chief Executive Officer;
- (iv) the Directors who participate in Board Committees (Control and Risks Committee, Appointments and Remuneration Committee).

The Directors (i) called upon to be members of the Appointments and Remuneration Committee and of the Control and Risks Committee and (ii) those who were vested with specific powers other than those vested in the Chairman and/or Chief Executive Officer, shall receive an additional fixed compensation, commensurate with the work required from each of them in the performance of their aforesaid duties.

### **Remuneration of the Chairman and Chief Executive Officer.**

The annual gross remuneration of the Chairman of the Board of Directors and of the Chief Executive Officer generally comprises the following elements:

- a fixed component;
- a variable component determined according to the Group's performance and tied to predetermined, measurable parameters connected to the creation of shareholder value in a medium-/long-term time span.

In determining the remuneration of the Chairman and of the Chief Executive Officer, the Board of Directors takes into account (i) the specific content of the vested powers and/or (ii) the functions and the role actually served within the Company, thereby assuring that the provision of a possible variable component is consistent with the nature of assigned duties.

In particular, remuneration is determined on the basis of the following criteria:

- correct balance between the fixed component and the variable component in accordance with the Company's strategic goals and its risk management policy, also taking into account the industry in which it operates and the characteristics of the business it actually conducts;
- provision of maximum limits for the variable components, provided that the fixed component shall be sufficient to remunerate the performance of the Chairman and of the Chief Executive Officer if the variable component is not paid;
- parameters, economic results and any other specific objectives to which the payment of the variable components is tied are predetermined, measurable and connected to the creation of shareholder value in a medium-/long-term time span.

In detail, the variable component was set to equal value to the 2% of the effective operation cash flow produced by the Group in the referred year and is defined on the basis of a formula that consents a prompt response regarding the figures of the consolidated financial statement, to which must be deducted the remuneration fixed component (also see point 2.1.2).

The value regarding the effective operation cash flow produced by the Group was identified since it was deemed that this figure may fully understand the connection between the actual performance (so on short-term basis) and the Company's value, conveniently assembling the results obtained by the Managing Director, with the long-term target of creating a value for all shareholders.

The above-said is also meant to justify the reason in the determination of the Chairman's and Managing Director's remunerations for which are not necessary any medium/long-term variable components nor any particular plans of monetary incentivisation.

In consideration that the Chairman and Managing Director expresses the will of the Company's controlling shareholders and is shareholder himself, there is an alignment between the interests of the shareholder and those of the Management, so the in no need for a medium/long-term incentive plan.

### **Remuneration of Executive Directors**

Actually no position as General Manager is considered and therefore no additional compensation is provided for such position, in accordance to the principle of correct and cautious management of the Company, which is the basis of the Company's top management work and is in accordance with the aim of creating a valuable long-term asset.

### **Treatment/indemnities provided in case of employment termination**

In general, for all Directors, there shall be no (i) indemnities in case of resignation or revocation without just cause or non-renewal, (ii) agreements prescribing the allocation or continuation of non-monetary benefits in favour of persons who have relinquished their office and, (iii) consulting agreements with the Directors for a period following termination of their employment.

Relatedly to the above-said, it is coherent that on one side the Chairman and Managing Director is among the main shareholders of the Company, on the other side it must be considered that a payment must be assigned to the other Directors by the means of an attendance token, limiting the risk of any claim related in any-way to the cessation of the charge as Director.

Directors that have a work collaboration with the Company or its Subsidiaries must attain in any case to the law obligations in course related to Collective Labour Agreements for the termination of their work collaboration, in accordance to the legal procedures and requirements.

In case deemed necessary, the Company may request the signature of a non-disclosure agreement with resignating Directors that shall foresee the payment of an indemnity related to the terms and extension of such agreement.

The violation of such agreement will lead to the refusal to pay the indemnity or its return, as well as the obligation to refund the damage for a convened amount (i.e. the double of the accorded indemnity)



## 1.2.2. Remuneration Policy for the Supervisory Bodies

The annual amount of compensation to the Statutory Auditors is determined on a flat rate basis by the Shareholders' Meeting, by virtue of their independence.

## 1.2.3. Remuneration Policy for General Managers and Key Executives

### General Managers

There is no remuneration policy for General Managers.

### Key executives

Key executives' remuneration package comprises a fixed and a variable component as well as "non-monetary benefits". The Company deems that the balance adopted between fixed and variable component is in line with its own strategic goals for the maximization of its business results and, hence, of those of the Group as a whole. This balance assures a fixed component sufficient to remunerate Key Executives in those cases in which the variable component is not paid because of the failure to reach objectives.

At the same time, the compensation scheme adopted maintains the proper ratio between its components and adequate incentives to achieve ever improving performance levels within the sustainable value creation structure that is the Company's true objective.

#### (i) Fixed component

Key executives' fixed compensation may be revised annually on the basis of compensation market surveys provided by specialised companies. The comparison is carried out taking into consideration the reference market, the size and complexity of the company, the level of responsibility, experience and competence associated with the individual positions and the enforcement of the internal fairness principle, applied to maintain a high level of system transparency and consequent motivation of the internal human capital.

#### (ii) Variable Component

The variable component of Key executives' remuneration is based on a short-term incentive system the annual Variable Pay Award System (VPA), as previously described.

The VPA system is aimed at motivating participants to achieve the annual targets. The bases of the system are the business and financial targets of the Group and of the Subsidiaries, which are the key, to a variable extent depending on the strategic position held, for the assessments of individual performance.

If the Group's business and financial targets are reached, discounting targets are reached, discounting extraordinary factors such as, by way of non-comprehensive example, M&A activities or anomalous exchange rate fluctuations, each participant is evaluated according to 3 individual objectives tied to his/her role.

Each objective is associated with a weight and a related portion of the total monetary incentive. The amount of that incentive is determined by comparison with the reference compensation market.

In order objectively to assess participants' performance, at the start of the year, an expected target value is identified for each objective along with a minimum and a maximum threshold within which the objective is deemed achieved. Therefore, it is necessary for the objectives to be measurable in a certain, objective way, and for the achievement value to be certified on the basis of the official reports of the company management system.

In addition to the aforesaid objectives, the participant in this system is assessed on the basis of a general evaluation of performance which shall illustrate, with specific and documented evidence, the ways in which the aforesaid results were achieved in order to weigh also their impact in view of the objective of the creation of Sustainable Value and not just of short-term results.

The effect of the two above factors generates the possible payment of the short-term incentive.

The total value of the incentive may not exceed 36% of the Executive's basic compensation.

**(iii) Medium/Long term incentives - The LTI System**

Supporting the Three-year (2014-2016) Industrial Plan, approved by the Board of Directors on 17 December 2013, a medium/long-term incentive plan was devised, relatedly to the years 2014-2015, with the following scopes:

- provide incentives for Top Management to achieve the Group's EBIT objective by 2015, which the above-mentioned Business Plan provides at the end of 2016;
- converge the interests of Top Management with those of shareholders to create sustainable medium/long-term value;
- also add a motivation and retention plan.

The beneficiaries of the Plan are Key Executives and other Executives determined with precise and selective criteria according to their organisation role, their managerial features and their contribution to achieving strategic objectives defined.

The Plan provides for a monetary incentive system calculated as a percentage, variable according the categories , of the beneficiary's gross annual income, to be paid at the end of the period in question if the economic-financial objectives are achieved as well as an objective related to organisation.

The goal of the EBIT will be considered fulfilled when it shall be equal or superior to the 95% of the predetermined target.

The eventual payment of the incentive's variable part is delayed to the plan's deadline since the premium's payment occurs subsequently to the approval of the consolidated financial statement at 31 December 2015 and so, according to the related schedule, in the month of May/June, meaning five/six months after the accrual date (31.12.2015), according to the market's medium/long-term systems.

The Company reserves its right to demand, in accordance to the related laws, the return of part of the variable remuneration (either for short-term that for medium/long-term) in case it was wrongfully paid, since it would have been distributed on the basis of totally erroneous results.

**(iv) Non-monetary benefits**

Key executives receive certain non-monetary benefits including, by way of example, insurance policies (supplementary health and life), car and telephone.

In any case, the incentivisation criteria of the Internal Audit Officer and of the Executive in charge of the Company's Financial Statements are congruent with their assigned tasks

**Treatment/indemnities provided in case of employment termination**

No indemnity schemes are provided for the termination of employment of Key Executives, on the general aim of incentivisation the personnel's loyalty and permanence into the Company.

If employment with the Company is terminated for reasons other than just cause, the intent is to seek arrangement for a consensual termination. Subject in any case to the obligations set out by law and/or by the employment agreement, the arrangements for the termination of employment with the Company are modelled after the relevant reference benchmarks and within the limitations defined by jurisprudence and practice.

\*\*\*\*

It should be pointed out that the Remuneration Policy was devised by the Company without using as reference the policies of other companies.

The Company has not adopted any Remuneration Plan based on shares or any other financial tool, as per ex. Art. 114-bis TUF, nor has considered the share assignment or any other financial tools such as variable components, related to performance target obtainment. In addition, no clauses were determined for the retention in portfolio of financial tools after their acquisition, meaning of clauses that include the obligation of non-portability on a relevant portion of the attributed shares

\*\*\*\*

More precisely, up to nowadays no clawback clauses were drawn in the agreements with Directors and Key Executives. The Company reserves its right to demand, in accordance to the related laws, the return of part of the variable remuneration (either for short-term that for medium/long-term) in case it was wrongfully paid, since it would have been distributed on the basis of totally erroneous results.

## SECTION II - 2014 REMUNERATION AND OTHER INFORMATION

### 2. Items included in the remuneration of the members of Governing and Supervisory Boards, of the General Managers and of the other Key Executives

This section of the Report sets out the remuneration paid in 2014 to each member of the Board of Directors and Board of Statutory Auditors as well as the aggregate of Key Executives.

It should be mentioned that on 3 March 2015 the Appointments and Remuneration Committee HA has verified the correct application of the Remuneration Policy approved in 2014.

#### 2.1. Part I

##### 2.1.1. Remuneration of the Board of Directors

###### Fixed component

The Shareholders' Meeting of 18 April 2012 assigned to all Directors, for the duration of their term of office, an attendance allowance of EUR 1,000.00 for each Board of Directors meeting they attend.

###### Variable component

The compensation of Directors is not tied to the Group's economic-financial results or based on short- or medium-term incentive plans or based on the use of financial instruments.

###### Non-monetary benefits

In line with best practices, a D&O (Directors & Officers) Liability insurance policy is provided to cover the third party civil liability of the corporate bodies.

###### Expense refunds

Directors are entitled to reimbursement for the expenses incurred because of their office.

###### Treatment/indemnities in case of termination from office

At the date of approval of this report, no agreements have been stipulated with any of the directors involving indemnities in case of resignation or revocation without just cause or termination of the charge as a result of a take-over bid, nor are there any extant agreements involving the assignment or continuation of non-monetary benefits in favour of persons who have left office; additionally, no consultation agreements have been stipulated with the Directors for a period subsequent to termination, or agreements involving compensation for no-competition commitments.

##### 2.1.2. Remuneration of Directors tasked with specific duties

As of the date of approval of this report, the Directors tasked with specific duties are:

- |                         |  |
|-------------------------|--|
| ▪ Francesco Caltagirone | Chairman and Chief Executive Officer   |
| ▪ Paolo Di Benedetto    | Chairman of the Appointments and Remuneration Committee<br>Chairman of the Control and Risks Committee |
| ▪ Flavio Cattaneo       | Member of the Appointments and Remuneration Committee<br>Member of the Control and Risks Committee     |
| ▪ Alfio Marchini        | Member of the Control and Risks Committee  |
| ▪ Mario Delfini         | Member of the Appointments and Remuneration Committee  |

###### (i) Remuneration of the Chairman and Chief Executive Officer

With respect to the remuneration of the Chairman and the Chief Executive Officer Francesco Caltagirone, the Board of Directors of 9 May 2012 resolved, on proposal of the Appointments and Remuneration Committee, the Board of Statutory Auditors has approved that the annual remuneration is broken down into fixed and variable components.

###### ▪ Fixed component

The fixed component is EUR 1.8 million per year before taxes, payable on a monthly basis.

###### ▪ Variable component

The variable component is equal to 2% of the operating cash flow generated by the Group, defined according to a formula that enables rapid verification with the data of the consolidated financial statements, from which the fixed component mentioned above is subtracted. The variable component, which is before taxes and can only have a value of zero or above, is preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group's half-year financial statements; when the Group's annual financial statements are approved by the Shareholders' Meeting, the variable component is definitively determined, and the relative balance is paid out. The Company's Manager

in Charge shall certify, at the time of payment of the aforesaid compensation, that the indicated parameters are correctly and adequately applied on each occasion.

#### **(ii) Remuneration for participation in Board committees**

On 23 April 2012, the Board of Directors, after consultation with the Appointments and Remuneration Committee and with the opinion of the Board of Statutory Auditors, resolved that, because of the work required to perform their respective duties and for the specific powers vested in them, Directors tasked with specific duties shall be paid additional annual compensation:

- Chairman of the Appointments and Remuneration Committee and of the Control and Risks Committee: fixed compensation of EUR 50 thousand, before taxes and any law-mandated surcharges;
- other members of the Appointments and Remuneration Committee and the Control and Risks Committee: fixed compensation of EUR 10 thousand for each office held, before taxes and any law-mandated surcharges.

#### **2.1.3. Remuneration of the Statutory Auditors.**

The Shareholders' Meeting of 17 April 2014 resolved to set annual compensation at EUR 60 thousand for the Chairman of the Board of Statutory Auditors and EUR 40 thousand for each Standing Auditor.

#### **2.1.4. Remuneration for General Managers and Key Executives.**

At the date of approval of this report, the Company did not have a General Manager.

At the date of approval of this report, the Key Executives are:

- Riccardo Nicolini;
- Massimo Sala.

Key Executives' annual remuneration generally comprises the following elements:

- a gross fixed component;
- a variable component in line with the criteria defined under point 1.2.3. – Variable Component.

During the year, the comprehensive compensation (obtained by adding monetary compensation and compensation based on financial instruments) paid to Key Executives was no higher than the highest comprehensive compensation allocated to the governing and supervisory bodies.

#### **Non-monetary benefits**

In line with best practices, Key executives receive certain non-monetary benefits including, by way of example, insurance policies (supplementary health and life), car and telephone.

\*\*\*

On the overall, the procedure applied by the Company is perfectly matching with the Company's wage policy adopted in 2013 (previous year).

#### **2.1.5. Stock Option Plans**

At the date this report was approved there were no stock-option plans for members of the Board of Directors, the General Manager and other Key Executives.

## 2.2. Part II - Compensation paid in financial year 2014

### 2.2.1. Compensation paid to the members of the governing and supervisory boards, to the general managers and to the other key executives.

The table below shows the compensation paid in Financial Year 2014, for any reason and in any form, by the Issuer and by subsidiaries and affiliates, to the members of the governing and supervisory boards and to the other key executives.

(EUR '000)

Name Surname	Office Held	Period during which the office was held	Expiry of the office	Fixed compensation			Compensation for participation in committees	Non-equity variable compensation		Non- monetary benefits	Other Compens- ation	Total	Fair Value of equity compens- ation	End of office or employment termination indemnity
				Attendance allowances	Compensation resolved by the General Shareholders' meeting or by the Board of Directors	Employment compensation		Bonuses and other incentives	Profit sharing					
<b>BOARD OF DIRECTORS</b>														
Francesco <i>CALTAGIRONE</i>	Chairman and Chief Executive Officer	2014	2014	5	1,800	80		1,423		3		3,311		
Carlo <i>CARLEVARIS</i>	Deputy Chairman	2014	2014	3								3		
Alessandro <i>CALTAGIRONE</i>	Director	2014	2014	4								4		
Azzurra <i>CALTAGIRONE</i>	Director	2014	2014	4								4		
Edoardo <i>CALTAGIRONE</i>	Director	2014	2014	3								3		
Saverio <i>CALTAGIRONE</i>	Director	2014	2014	5		66						71		
Flavio <i>CATTANEO</i>	Director	2014	2014	1			20					21		
Mario <i>CILIBERTO</i>	Director	2014	2014	5					12	317		333		
Paolo <i>DI BENEDETTO</i>	Director	2014	2014	4			50					54		
Fabio <i>CORSICO</i>	Director	2014	2014	4								4		
Mario <i>DELFINI</i>	Director	2014	2014	1			10					15		
Alfio <i>MARCHINI</i>	Director	2014	2014	2			10					11		
Riccardo <i>NICOLINI</i>	Director	2014	2014	5		1,062		100	20			1187		
<b>BOARD OF STATUTORY AUDITORS</b>														
<i>Claudio BIANCHI</i>	Chairman of the Board of Statutory Auditors	2014	2016		60						15	75		
<i>Giampiero TASCO</i>	Standing auditor	2014	2016		40						10	50		
<i>Maria Assunta COLUCCIA</i>	Standing auditor	2014	2016		40						6	46		
<b>TOTAL</b>				<b>49</b>	<b>1,940</b>	<b>1,208</b>	<b>90</b>	<b>1,523</b>		<b>35</b>	<b>348</b>	<b>5,193</b>		
<b>Key executives</b>		<b>2</b>		<b>5</b>		<b>1,414*</b>		<b>100**</b>		<b>55***</b>		<b>1,574</b>		
Compensations in the company that drafts the financial statements				49	1,940	1,494	90	1,523		58	348	5,153		
Compensation from subsidiaries and affiliates						66				12		425		

\* Also includes the remuneration of Riccardo Nicolini already shown in the "Employment compensation" column regarding Directors. No occasional compensations have been counted (i.e. travel expenses) since the amount was not significant.

\*\* Also includes the bonus and other incentives of Riccardo Nicolini already shown in his capacity as Director

\*\*\* Also includes the non-monetary benefits of Riccardo Nicolini already shown in his capacity as Director

**2.2.2. Stock-options assigned to the members of the board of directors, to general managers and to the other key executives.**

No stock-option plans for members of the Board of Directors, the General Manager and other Key Executives.

**2.2.3. Incentive plans based on financial instruments, other than stock options, in favour of members of the Board of Directors, of the General Managers and of the other Key Executives.**

At the date of approval of this report, there are no incentive plans based on financial instruments other than stock options (restricted stock, performance share, stock plan, etc.); for the members of the Board of Directors, for General Managers and the other Key Executives, the issuer uses Table 3A.

## SECTION III

### 3. Information on the equity interests of the members of governing and supervisory boards, of the general managers and of the other key executives.

At the date of approval of the report, the members of governing and supervisory boards, the general managers and the other key executives owning shares as reported in the shareholders' register, in the notices received in accordance with Article 120 of the Consolidated Finance Act and according to the other information available as at 31 December 2014 are:

#### 3.1. Equity interests of the members of the governing and supervisory boards and of the general managers

name and surname	office	Investee Company	number of shares held at the end of the previous year	number of shares purchased	number of shares sold	number of shares owned at the end of the current year
Francesco <i>CALTAGIRONE</i>	Chairman - Chief Executive Officer	Cementir Holding S.p.A.	7,605,299	705,000	350,000	7,960,299
Carlo <i>CARLEVARIS</i>	Deputy Chairman	Cementir Holding S.p.A.	/	/	/	/
Alessandro <i>CALTAGIRONE</i>	Director	Cementir Holding S.p.A.	3,151,404	/	/	3,151,404
Azzurra <i>CALTAGIRONE</i>	Director	Cementir Holding S.p.A.	2,291,796	/	/	2,291,796
Edoardo <i>CALTAGIRONE</i>	Director	Cementir Holding S.p.A.	286,000	/	/	286,000
Saverio <i>CALTAGIRONE</i>	Director	Cementir Holding S.p.A.	/	/	/	/
Flavio <i>CATTANEO</i>	Director	Cementir Holding S.p.A.	/	/	/	/
Mario <i>CILIBERTO</i>	Director	Cementir Holding S.p.A.	195,000	55,000	40,000	210,000
Paolo <i>DI BENEDETTO</i>	Director	Cementir Holding S.p.A.	/	/	/	/
Fabio <i>CORSICO</i>	Director	Cementir Holding S.p.A.	6,900	/	6,900	/
Mario <i>DELFINI</i>	Director	Cementir Holding S.p.A.	/	/	/	/
Alfio <i>MARCHINI</i>	Director	Cementir Holding S.p.A.	/	/	/	/
Riccardo <i>NICOLINI</i>	Director	Cementir Holding S.p.A.	140,000	25,000	110,590	54,410
Claudio <i>BIANCHI</i>	Chairman of the Board of Statutory Auditors	Cementir Holding S.p.A.	/	/	/	/
Giampiero <i>TASCO</i>	Standing auditor	Cementir Holding S.p.A.	/	/	/	/
Federico <i>MALORNI</i>	Standing auditor	Cementir Holding S.p.A.	/	/	/	/

#### 3.2. Equity interests of the other Key Executives

number of key executives	investee company	number of shares held at the end of the previous year	number of shares purchased	number of shares sold	number of shares owned at the end of the current year
2	Cementir Holding S.p.A.	142,500	27,800	110,590	59,710