



## REPORT ON REMUNERATION

**pursuant to art. 123-ter of Legislative Decree 58/1998 and art. 84-quarter of Consob Regulation no. 11971/1999**

The present report on remuneration (the “**Report on Remuneration**”) was prepared pursuant to article 123-ter of Legislative Decree no. 58 dated February 24, 1998 (Testo Unico Finanza “**TUF**”, Consolidated Finance Act), and article 84-quarter of Consob Regulation adopted through Resolution no.11971 of May 14, 1999 (“**Issuers’ Regulation**”), and was prepared in compliance with Attachment 3A, Schedules 7-bis and 7-ter of the same Regulation.

The Report on Remuneration comprises the following sections:

- Section I illustrates the policy adopted by the Company for the remuneration of directors, general managers and managers with strategic responsibilities applicable for at least one year ahead, in addition to the procedures followed in the adoption and implementation of such policy;
- Section II, with regard to the remuneration of directors and statutory auditors, and, in aggregate form, to the compensation of managers with strategic responsibilities:
  - supplies an adequate representation of each of the components of the remuneration, including compensation at the expiration of the appointment or termination of employment, highlighting the consistency of the same with the remuneration policy of the Company approved in the previous year;
  - illustrates analytically compensation paid in the year for any reason and in any form by the Company and its subsidiaries, highlighting components of said compensation that relate to work carried out in previous years and showing also compensation to be paid in subsequent years for work carried out in the year, indicating where appropriate an estimate for components that may not be quantified in the year to which the report refers.

Section II also contains information relating to interests held in the Company and its subsidiaries by members of corporate boards, general managers and other managers with strategic responsibilities, in addition to their spouses not legally separated and minor children, in compliance with article 84-quarter of the Issuers’ Regulation.

### SECTION I

The present Section of the Report on Remuneration describes the basic guidelines of the remuneration policy adopted by the Company (hereinafter the “**Remuneration Policy**”).

The Remuneration Policy defines the principles and guidelines followed by Cembre S.p.A. (“**Cembre**”, the “**Company**” or also the “**Issuer**”) in determining the retribution of Directors and managers with strategic responsibilities, and in monitoring the application of the same.

The Remuneration Policy was drafted following also the recommendations of the Code of Conduct promoted by Borsa Italiana S.p.A. (the Italian Stock Market) in July 2014 (the “**Code of Conduct**”) and keeps into

account the provisions of article 2.2.3 of the Regulations of organized markets managed by Borsa Italiana S.p.A. (the “**Stock Market Regulation**”) and the related Instructions for STAR segment companies.

The Remuneration Policy – approved by the Board of Directors on November 11, 2011 upon proposal of the Remuneration Committee – was subsequently confirmed by the Board of Directors for subsequent financial years. Upon proposal of the Remuneration Committee, on November 14, 2013 the Board of Directors amended the Remuneration Policy to comply with new rules introduced in the Stock Market Regulation relating to the remuneration of Executive Directors and managers with strategic responsibilities. Changes made to the Remuneration Policy relate, among other things, to the introduction of medium to long-term incentive system for Executive Directors and Directors holding particular positions. The Remuneration Policy was last modified on November 14, 2014 to keep into account the new Application Criteria 6.C.1, lett. f) (i.e. *claw back*) of the Code of Conduct, introduced in July 2014.

Pursuant to the By-laws and applicable laws, the term of the Board of Directors currently in office will expire with the approval by the Shareholders' Meeting of the financial statements at December 31, 2014.

As provided by Consob Regulation no. 1172 of March 12, 2010 on operations with related parties, as subsequently modified (“**Related Parties Regulation**”) and ratified in the Company's internal procedure adopted on November 11, 2010 – available on the Company's institutional web site [www.cembre.it](http://www.cembre.it) in the Investor Relations section – the approval of the Remuneration Policy by the Shareholders' Meeting exonerates the Company from applying said procedure in resolutions of the Board of Directors regarding the remuneration of Directors and managers with strategic responsibilities whenever these resolutions are consistent with the Remuneration Policy. Pursuant to article 13, comma 1 of the Related Parties Regulation, moreover, said procedure does not apply to Shareholders' Meeting resolutions made pursuant to article 2389, comma 1, of the Italian Civil Code relating to the compensation of members of the Board of Directors and of the Executive Committee, nor to the resolutions on the compensation of Directors holding proxies that fall within the total amount resolved by the Meeting pursuant to article 2389, comma 3, second paragraph of the Italian Civil Code.

**a) corporate bodies or individuals involved in the drafting and approval of the remuneration policy, specifying the respective roles, corporate bodies and individuals responsible for the correct application of said policy**

Main individuals and corporate bodies involved in the drafting and approval of the Remuneration Policy are the Board of Directors, the Remuneration Committee, the Shareholders' Meeting and the Board of Statutory Auditors.

Board of Directors

The Board of Directors:

- appoints among its members a Remuneration Committee
- consistent with the Remuneration Policy, it determines the remuneration of Directors holding particular proxies, after receiving the opinion of the Board of Statutory Auditors and upon proposal of the Remuneration Committee, within the total amount resolved by the Meeting pursuant to article 2389, comma 3, second paragraph of the Italian Civil Code, and article 21 of the By-laws;
- defines the Remuneration Policy upon proposal of the Remuneration Committee;
- approves the Report on Remuneration, pursuant to article 123-ter, TUF, and article 84-*quater* of the Issuers' Regulation;

- drafts possible stock option plans and share-based benefit plans for Directors, employees and associates, including managers with strategic responsibilities, submits them to the approval of the Shareholders' Meeting pursuant to article 114-bis, TUF, and oversees their implementation.

#### Remuneration Committee

The Remuneration Committee of the Company, created within the Board of Directors as provided in the Code of Conduct, is made up by non-executive directors, the majority of which are independent directors.

The Remuneration Committee is responsible for:

- propose the adoption of the Remuneration Policy for Directors and managers with strategic responsibilities;
- submitting proposals or express opinions to the Board of Directors as to the remuneration of Executive Directors and of other Directors holding particular positions, in addition to the setting of performance objectives related to the possible variable component of remuneration, monitoring the application of decisions adopted by the Board and verifying in particular the actual achievement of performance objectives;
- evaluating periodically the adequacy, overall consistency and application of the Remuneration Policy for executive Directors, of other Directors holding particular proxies, and of managers with strategic responsibilities, making use in this respect of information provided by the Managing Directors. The Committee also formulates to the Board of Directors related proposals.

In particular, in setting said remunerations the Committee keeps into account: consistency with remunerations paid in previous years, consistency of commitments made and responsibilities relating to positions covered, professional qualifications of interested subjects and the size of the Company and the Group, in addition to their growth prospects.

#### Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- determines the compensation of the members of the Board of Directors and the Board of Statutory Auditors pursuant to article 2364, comma 1, paragraph 3, and where appropriate of article 2389, comma 3, of the Italian Civil Code, and of article 21 of the By-laws;
- votes to approve Section I of the Remuneration Report drafted by the Board of Directors;
- resolves on possible stock option plans and share-based benefit plans for Directors, employees and associates, including managers with strategic responsibilities, pursuant to article 114-bis, TUF.

#### Board of Statutory Auditors

The Board of Statutory Auditors expresses its opinion on proposals regarding the remuneration of Directors holding particular proxies, pursuant to article 2389, comma 3 of the Italian Civil Code, verifying the consistency of the same with the Remuneration Policy.

#### **b) possible appointment of a remuneration committee or other competent committee, describing its composition (distinguishing between non-executive and independent directors), its powers and the rules and procedures for its operation**

In light of the provisions of article 2.2.3, comma 3, paragraph m) of the Stock Exchange Regulations, applicable to listed companies in the STAR segment of the market and in compliance with the Code of Conduct, the Company appointed within its Board of Directors a Remuneration Committee. The

Remuneration Committee was appointed originally with resolution of the Board on November 14, 2005 and subsequently, in its current composition, with resolution of the Board dated April 27, 2012.

The Board is made up by three members, chosen exclusively among non-executive directors, who are prevalently independent directors, and namely by:

- Fabio Fada – Independent Director – acting as Chairman;
- Giancarlo Maccarini – Independent Director;
- Giovanni De Vecchi – Non-executive Director.

Chairman Fabio Fada, has accounting and financial experience, as a former lecturing professor of Financial Statement Analysis and International Accounting Principles at the Economics Department of the University of Brescia and Registered Accountant (and is also a Public Accountant and Independent Auditor registered in the Public Accountant Register), that was deemed adequate by the Board at the time of the appointment.

The Committee is responsible for providing opinions and formulating proposals to the Board, as to the remuneration, of Executive Directors, Directors holding particular positions and managers having strategic responsibilities, evaluating periodically the adequacy, overall consistency and concrete application of the Remuneration Policy, formulating to the Board related proposals.

The Remuneration Committee has consulting and prompting functions with regard to the Remuneration Policy as specified in paragraph a) above.

Remuneration Committee meetings are carried out collegially and minutes are regularly kept. The Committee meets whenever its Chairman deems it necessary and periodically, as necessary in view of the tasks assigned to the Committee, or whenever a member of the Committee so requests, motivating his or her petition.

The Committee is validly convened when the majority of its members is present. Resolutions are passed by majority vote, excluding from it members abstaining from voting.

Directors do not take part in the meeting whenever proposals regarding their remuneration is formulated, discussed or voted upon. Managers responsible for particular tasks, independent experts and/or other subjects whose participation in the meeting is deemed useful, may be invited to take part in the meeting.

The Remuneration Committee makes use, in carrying out its task, of means and structures of the Company.

**c) the name of experts that have taken part in the drafting of the remuneration policy, if any**

The Company did not make use of the advice of independent experts in drafting its remuneration policy.

**d) the stated aim of the remuneration policy, principles on which the policy is based and possible changes of the policy over the previous year;**

As anticipated in the introduction of the present Section, on November 14, 2013 the Board of Directors amended the Remuneration Policy to comply with new rules introduced in the Stock Market Regulation and the related Instructions for STAR segment companies, relating to the remuneration of Executive Directors and managers with strategic responsibilities. Changes made to the Remuneration Policy relate, among other things, to the introduction of a medium to long-term incentive system for Executive Directors and Directors holding particular positions.

The remuneration of directors is set so as to provide sufficient incentive to attract, keep and motivate persons possessing those professional qualities required to manage the Company with success, keeping into account

the size of the Company and the sector in which it operates.

The remuneration of executive directors and managers with strategic responsibilities is set so as to align their interests with the achievement of the primary objective of creating value for shareholders with a medium to long-term horizon.

The incentive system for top management seeks to introduce an adequate balancing between the fixed and variable components of retribution according to the strategic objectives and the risk management policy of the Company, keeping into account also the characteristics of the segment and the sector in which the Company operates.

The Shareholders' Meeting resolves on the overall compensation of the Board of Directors, including possible individual compensation for directors holding particular positions. Within the limits set by the resolutions of the Shareholders' Meeting, the Board of Directors is responsible for giving execution to said resolutions by attributing compensation to individual directors, setting additional compensation for directors holding particular positions upon proposals made by the Remuneration Committee and having received the opinion of the Board of Statutory Auditors.

The Board of Directors also sets the remuneration of Managers with strategic responsibilities. At the meeting of March 14, 2013, confirming its evaluation made with reference to previous financial years, the Board of Directors verified that the management of the Company does not include managers with strategic responsibilities, as all decisions having a strategic relevance are taken by the Chairman of the Board and Managing Director, in compliance with powers reserved to the Board of Directors. In this respect, the top management of the Group has not changed since such date.

**e) the description of policies regarding fixed and variable components of remuneration, with particular regard to the indication of the weight given with respect to the overall compensation and distinguishing between short- and long-term components of variable retribution**

The Company deems it appropriate to set retribution components according to the specific role covered within the Board and of competencies and executive responsibilities of persons involved, consequently setting autonomous criteria for the determination of the remuneration of (i) Directors without appointments and Non-executive Directors, and (ii) Executive Directors invested with particular responsibilities.

In light of principles described in paragraph d) above, the Remuneration Policy provides for the remuneration of key figures of the Company as described in the section that follows.

1) Directors without appointments and Non-executive Directors

Directors without appointments and Non-executive Directors are granted a fixed compensation set by the Board of Directors from the total Board compensation resolved by the Shareholders' Meeting pursuant to article 2389 of the Italian Civil Code.

Non-executive Directors do not receive a variable compensation and are not the beneficiaries of plans providing for a variable remuneration based on financial instruments.

Each member of the Board of Directors is entitled to an attendance fee for participating in each meeting and the reimbursement of expenses incurred in carrying out the mandate.

2) Executive Directors invested of particular responsibilities

The remuneration of Executive Directors and Directors invested with particular responsibilities is made up by a fixed component and a variable component consisting of short and medium/long term incentives for each year the position is held, as established by the Board of Directors upon proposal of the Remuneration

Committee of the Company. The fixed component of the remuneration must in any case provide sufficient means to remunerate the position of Director also in case the variable component is not paid out due to the failure to achieve the performance targets set by the Board. The above incentives may be determined in relation to policies adopted by other companies of similar size, profitability and growth rate, and will be devised to keep into account value generated over time in terms of increase in asset value and profits and/or the increase in the capitalization of the Company.

*a. Fixed component of remuneration*

The fixed component is determined in relation to responsibilities and competences in connection with the position/function of the related beneficiary. This component is not linked to the achievement of performance objectives and is set at an amount sufficient to remunerate the position of Executive Directors and Directors invested of particular responsibilities also in the event the variable components are not paid out.

*b. Short-term incentives*

With reference to Executive Directors and Directors invested of particular responsibilities, the Board, keeping into account the shareholder structure of the Company and the organizational structure and powers currently conferred by the parent company, believes that the participation, direct and/or indirect, of current top managers in the capital of the Company is in itself effective in obtaining the attainment of the typical objective of a short-term incentive program. This is so because the current ownership structure and hierarchy produces the conferral of executive powers to the Chairman and Managing Director in addition to vicarious powers with respect to the above to the Vice Chairman, who are persons that hold relevant stakes both in Lysne S.p.A. (a holding company controlled by the Rosani family that controls the Company pursuant to article 93 of Legislative Decree 58/1998 with a 54.334% share), and directly in Cembre S.p.A. This ownership structure and the attribution of executive and strategic positions to persons that are a direct expression of the same, determines a control structure that the Board of Directors recognized in itself as sufficient to align interests of Executive Directors to those of all other shareholders.

*c. Medium/long term incentives*

The medium/long term incentive system is devised to ensure that the variable component of retribution (for which a cap is set) is contingent on the achievement of corporate performance objectives (i) defined for set periods of time sufficiently long to allow the creation of value compatible with the Company's development strategies; (ii) linked to parameters (that may also be other than economic or financial) that are verifiable at the end of the period; (iii) assigned to the beneficiary, in view of the position covered or task assigned within the Company, that may be set also according to specific qualitative results expected (also at the individual level), keeping into account competences, tasks and responsibilities of the beneficiary.

In application of the above described principles and with the objective of promoting the creation of value for the Company in the medium and long term, Executive Directors and Directors invested with particular responsibilities may therefore become the beneficiaries of a variable compensation payable at the end of a set period of several years and contingent on the achievement of financial and economic objectives set in an incentive plan covering the same time period. This variable compensation may be paid only upon the achievement of the objectives set in the mentioned plans.

The medium/long term component may not exceed 50% of the fixed component accrued in the period covered by the plan.

**f) the policy followed with regard to non monetary benefits**

Members of Company boards and employees may be entitled to certain benefits, in consideration of their

position and/or need in carrying out their tasks, that include: liability insurance policy for member of corporate boards, health insurance, on-the-job and off-the-job accident insurance, company car.

**g) with reference to variable components, a description of performance objectives based on which variable remuneration is assigned, distinguishing between short and medium to long-term variable components, and information on the type of correlation between results achieved and the increase in the remuneration.**

The medium/long term incentive system provides for the application of a variable component able to establish a link between the change in corporate results and the change in the remuneration of the beneficiary. In particular, the medium/long term variable component is based on a calculation that keeps into account the underperformance with respect to objectives which may include consolidated sales, consolidated gross operating margin, consolidated operating profit and consolidated net profit (the “LTI Objective”) as from time to time indicated by the Board of Directors upon proposal of the Remuneration Committee. The calculation system provides for a minimum performance –set indicatively at 90%– of the LTI Objective (underperformance threshold), below which the bonus is not paid out, and a maximum performance limit – set indicatively at 100%– of the LTI Objective, that results in the assignment of the maximum bonus payable, equal to 100% of the bonus, which constitutes the cap of variable retribution.

**h) criteria used in valuing performance objectives based on the assignment of shares, options, other financial instruments or other variable components of remuneration;**

In the setting of LTI Objective, the evaluation of the performance as defined in the incentive plan and the measurement of the degree of achievement of objectives assigned, the following shall apply:

- (i) objectives for the period shall be defined and shared (indicatively by March of the first year of the term set in the plan) as provided by the Board of Directors having heard the opinion of the Remuneration Committee;
- (ii) intermediate evaluations of performance (indicatively by September of each year in the plan) may be carried out to assess the achievement of results in the first part of the year and to evaluate possible corrective action;
- (iii) the final evaluation of the performance and the communication of the degree of achievement of objectives assigned shall take place indicatively within 30 days of the date of approval of the draft accounts and consolidated financial statements for the previous year on the part of the Board of Directors. The assessment of the degree of achievement of objectives set for the previous year is entrusted to the Remuneration Committee, supported by the Administration, Finance and Control department of the Company that will submit its evaluations to the Board of Directors for the final determination of the variable component of remuneration payable to each beneficiary.

In the event, for any reason, the Board of Directors does not proceed with the setting of objectives for a specific term, the same will pass, after having heard the opinion of the Remuneration Committee, the necessary resolutions to determine the medium/long term variable component, keeping into account the performance of the Company consistent with the underlying principles of the Remuneration Policy.

In the event Cembre should carry out extraordinary operations either from a strategic point of view or that of the effect on the results of the Company and/or the Group or the consolidation area, or again in case of extraordinary changes in the market in which the Company operates, the Board of Directors, upon proposal of the Remuneration Committee, will carry out a revision of the objectives to make them consistent with the new corporate structure and/or business environment and/or their consequent economic and financial results.

The Remuneration Policy does not provide for the assignment of shares, options or other financial instrument.

The adoption of incentive plans is subject to the approval of the Shareholders' Meeting pursuant to applicable laws, regulations and the By-laws.

**i) information showing the consistency of the Remuneration Policy with the long-term objectives of the Company and the risk management policy, where formalized;**

Please refer to the description provided in paragraph e), item 2), letter b above for the short term variable component, and letter c for the long term variable component.

**j) the period in which the rights mature (i.e. vesting period), possible deferred payment terms, indicating the term of the deferral and criteria used to set such term and, where provided for, ex post correction mechanisms**

The Remuneration Policy does not provide for deferred payment terms.

We note however that, in reference to variable remuneration, the Remuneration Policy provide for clauses in the agreements between the Company and Executive Directors that give the Company the right to request the return, in full or in part, of variable remuneration components paid (or to withhold sums to be deferred), determined on the basis of data that has subsequently proved to be erroneous.

**k) information on possible clauses for the maintenance in a portfolio of financial instruments after their acquisition, indicating the term for which these will be held and criteria used in setting such term**

The Remuneration Policy does not provide for the assignment of shares, options or other financial instruments.

**l) the policy regarding the economic compensation provided for in case of termination of office or employment, specifying the circumstances that determine the entitlement to the right to a compensation and possible link between such compensation and the performance of the Company**

The Company does not normally stipulate with Directors agreements providing for indemnities in case of termination of office or termination of employment/revocation of office without just cause, or in case employment or office is terminated as a result of a public offer to buy the Company's shares.

**m) information regarding the existence of insurance coverage, health insurance or private pension plans, other than coverage provided according to applicable laws;**

The Board of Directors resolved the underwriting of an insurance policy that covers third party liability of Directors and Statutory Auditors, for a total cost of euro 9,000.

**n) the retribution policy possibly followed with regard to (i) independent directors, (ii) participation in committees, and (iii) positions covered (chairman, vice chairman, etc.);**

Independent directors receive only the fixed compensation set by the Board of Directors as determined in compliance with the limit set by the Shareholders' Meeting for the Board as a whole pursuant to article 2389, comma 3, of the Italian Civil Code.



Independent Directors do not receive a variable retribution and are not beneficiaries of remuneration plans based on financial instruments.

Where the Shareholders' meeting has not already done so and whenever deemed appropriate, the Board of Director sets the annual compensation for the members of the Internal Control and Risk Committee, its Chairman, and members of the Remuneration Committee.

The remuneration of directors holding particular positions is described in paragraph e) above.

**o) whether the retribution policy was set by using as reference the retribution policies of other companies, and where this is the case, the criteria used in the choice of such company**

In setting its Remuneration Policy the Company did not make use as reference the retribution policies of other companies.

## SECTION II

With regard to the remuneration of directors and statutory auditors, and, in aggregate form, to the compensation of managers with strategic responsibilities, the present Section:

- supplies, in the first part, an adequate representation of each of the components of the remuneration, including compensation at the expiration of the appointment or termination of employment, highlighting the consistency of the same with the remuneration policy followed by the Company as approved in the previous year; amounts and composition of remunerations paid in the year 2014 are in line with Remuneration Policy adopted by Board of Directors on November 14, 2013;
- in the second part, illustrates analytically compensation paid in the year (2014) for any reason and in any form by the Company and its subsidiaries, highlighting components of said compensation that relate to work carried out in previous years and showing also compensation to be paid in subsequent years for work carried out in the year, indicating where appropriate an estimate for components that may not be quantified in the year to which the report refers.
- in the third part, it indicates also (applying criteria established in Attachment 3A, Schedule 7-ter of the Issuers Regulations), investments held in the Company and its subsidiaries by members of the Company's boards, by its general manager and by top managers with strategic responsibilities, or by the above's spouses not legally separated and minor sons and daughters, either directly or through companies controlled by the same, through trust companies or fiduciaries, as resulting from the Shareholders Register, by communications received and other information acquired by the same components of the corporate boards, the general manager and top managers with strategic responsibilities.

Being a “minor size company” pursuant to article 3, comma 1, paragraph f) of the Related Parties Regulation, Cembre (i) may supply in aggregate form information on compensation received by managers with strategic responsibilities, other than the General Manager, and (ii) may provide information on existing agreements providing for indemnities to be paid in case of termination of office only with reference to executive directors and the Chairman of the Board of Directors.

### SECTION II – PART ONE – ITEMS THAT MAKE UP REMUNERATION

#### Remuneration of the Board of Directors

Overall remuneration for the Board of Directors was set by the Shareholders' Meeting of April 27, 2012. In particular, the Meeting resolved to set the annual compensation for the Board of Directors, including compensation for individual appointments and committees, at euro 459,000.00, giving mandate to the Board of Directors to assign individual compensations to individual directors. The Shareholders' Meeting also set the individual compensation for attendance of Board Meetings at euro 100.00.

The Board of Directors, at its meeting held on April 27, 2012 and in line with the Remuneration Policy, assigned individual compensations from the total set by the Shareholders' Meeting pursuant to article 2389, comma 3, second period of the Italian Civil Code, as follows:

- to the Chairman and Managing Director Giovanni Rosani, upon proposal of the Remuneration Committee and the favorable opinion of the Board of Statutory Auditors, a total annual compensation of euro 195,000.00 net of withholding taxes and contributions;
- to Vice Chairman Anna Maria Onofri, upon proposal of the Remuneration Committee and the favorable opinion of the Board of Statutory Auditors, a total annual compensation of euro 165,000.00 net of withholding taxes and contributions;

- to each Director a total annual compensation of euro 8,000.00 net of withholding taxes and contributions;
- to each member of the Internal Control and Risk Committee a total annual compensation of euro 15,000.00 net of withholding taxes and contributions;
- to each member of the Remuneration Committee a total annual compensation of euro 2,000.00 net of withholding taxes and contributions.

The Shareholders' Meeting of April 23, 2014 resolved, amending resolutions taken by the Ordinary Shareholders' Meeting of April 27, 2012, to raise the overall compensation of the Board of Directors for financial year 2014 by an additional €50,000 (thus bringing it from €459,000.00 to €509,000.00) to allow the Board of Directors to introduce, for financial year 2014, a medium-long term incentive plan in favor of executive directors invested with particular responsibilities, as provided by the Remuneration Policy adopted by the Company.

On August 28, 2014, the Board of Directors resolved, in line with the Remuneration Policy, the adoption of a medium-long term incentive plan (LTIP) for the Chairman and Managing Director Giovanni Rosani, providing for the awarding of a monetary bonus contingent on the achievement of objectives set for financial years 2014-2017.

The remuneration of non-executive directors is not linked to the economic performance of Cembre and the same are not the beneficiaries of share-based incentive plans as they receive a fixed remuneration set by the Board of Directors in compliance with the maximum compensation resolved by the Shareholders' Meeting on April 27, 2012 pursuant to article 2389, comma 3, second paragraph of the Italian Civil Code and article 21 of the By-laws.

Directors Fabio Fada, Giancarlo Maccarini and Giovanni De Vecchi receive an annual compensation of euro 10,000.00 each for their position as members of the Monitoring Board of the Company.

No compensation is set at the end of the mandate or in case of early termination of office or employment other than benefits provided by Law.

There exist no agreements providing for compensation in case of early termination of office or employment.

There do not exist agreements providing for the assignment or maintenance of non-monetary benefits in favor of persons whose employment or appointment is terminated, or contracts providing for consulting services for a term subsequent to that of the termination of the employment.

There do not exist agreements providing for compensation on non-competition agreements.

#### Remuneration of the Board of Statutory Auditors

The remuneration of the Board of Statutory Auditors was resolved by the Shareholders' Meeting of April 27, 2012. The Meeting attributed an annual compensation of €36,000 for the Chairman and an annual compensation of €24,000 for each Permanent Auditor, comprehensive of all indemnities and of the reimbursement of expenses incurred in fulfilling the position.

#### Remuneration of Directors with strategic responsibilities

At the meeting held on March 11, 2015 the Board of Directors verified the absence among the ranks of the Company of any Director with strategic responsibilities, as all decisions having strategic implications are adopted, keeping into account contributions from the management, by the Chairman of the Board of Directors and/or the Managing Director, within the powers reserved to the Board of Directors.

## SECTION II - PART TWO - COMPENSATION PAID TO DIRECTORS, STATUTORY AUDITORS AND TOP MANAGEMENT IN THE YEAR

The table below shows compensation paid to Directors, Statutory Auditors, General Managers and other managers with strategic responsibilities.

	Position	Period	Term ending (1)	Fixed compensation			Compensation for committees	Non-equity variable compensation		Non-monetary benefits (2)	Other compensation	Total	Fair value of equity compensation	Post termination or retirement benefits
				Emoluments for position	Attendance fees	Salaries		Bonuses and other incentives	Profit sharing					
<b>Giovanni Rosani</b>	Chairman of BOD and Managing Director	Jan. 1, 2014 – Dec. 31, 2014	2015	195,000	400					5,067		<b>200,467</b>		
<b>Anna Maria Onofri</b>	Vice-chairman	Jan. 1, 2014 – Dec. 31, 2014	2015	165,000	300					3,080		<b>168,380</b>		
<b>Sara Rosani</b>	Director	Jan. 1, 2014 – Dec. 31, 2014	2015	8,000	400					2,837		<b>11,237</b>		
<b>Giovanni De Vecchi</b>	Director	Jan. 1, 2014 – Dec. 31, 2014	2015	8,000	400		17,000				10,000 (4)	<b>35,400</b>		
<b>Aldo Bottini Bongrani</b>	Director	Jan. 1, 2014 – Dec. 31, 2014	2015	8,000	400	114,889		119,000 (3)		3,378		<b>245,667</b>		160,155 (5)
<b>Fabio Fada</b>	Director	Jan. 1, 2014 – Dec. 31, 2014	2015	8,000	400		17,000				10,000 (4)	<b>35,400</b>		
<b>Giancarlo Maccarini</b>	Director	Jan. 1, 2014 – Dec. 31, 2014	2015	8,000	400		17,000				10,000 (4)	<b>35,400</b>		
<b>Renzo Torchiani</b>	Director	Jan. 1, 2014 – Dec. 31, 2014	2015	8,000	400							<b>8,400</b>		

continued

	Position	Period	Term ending (1)	Fixed compensation			Compensation for committees	Non-equity variable compensation		Non-monetary benefits (2)	Other compensation	Total	Fair value of equity compensation	Post termination or retirement benefits
				Emoluments for position	Attendance fees	Salaries		Bonuses and other incentives	Profit sharing					
<b>Fabio Longhi</b>	Chairman of BSA	Jan. 1, 2014 – Dec. 31, 2014	2015	36,000								<b>36,000</b>		
<b>Guido Astori</b>	Auditor	Jan. 1, 2014 – Dec. 31, 2014	2015	24,000								<b>24,000</b>		
<b>Andrea Boreatti</b>	Auditor	Jan. 1, 2014 – Dec. 31, 2014	2015	24,000								<b>24,000</b>		
<b>Compensation from company that prepares the financial statements</b>				<b>492.000</b>	<b>3.100</b>	<b>114.889</b>	<b>51.000</b>	<b>119.000</b>		<b>14.362</b>	<b>30.000</b>	<b>824.351</b>		<b>160.155 (5)</b>
<b>Compensation from subsidiaries</b>														
<b>Total</b>				<b>492.000</b>	<b>3.100</b>	<b>114.889</b>	<b>51.000</b>	<b>119.000</b>		<b>14.362</b>	<b>30.000</b>	<b>824.351</b>		<b>160.155 (5)</b>

## Note

- (1) The expiration of the term coincides with the approval of the 2014 Financial Statements for both Board of Directors and Board of Statutory Auditors.
- (2) Consisting of fringe benefits represented by the use of a company car.
- (3) Variable part of retribution for employment linked to results.
- (4) Compensation as member of the Monitoring Board (organizational model as per Legislative Decree 231/2001)
- (5) Amount accrued as “Termination indemnity” relating to employment as manager

SECTION II - PART THREE – INVESTMENTS HELD

**SUMMARY OF INVESTMENTS HELD BY DIRECTORS AND STATUTORY AUDITORS**

	<b>COMPANY INVESTED IN</b>	<b>NO. OF SHARES AT DEC. 31, 2013</b>	<b>NO. OF SHARES PURCHASED</b>	<b>NO. OF SHARES SOLD</b>	<b>NO. OF SHARES AT DEC. 31, 2014</b>	<b>TITLE</b>	<b>OWNERSHIP</b>
LYSNE S.P.A. (1)	Cembre S.p.A.	9,236,825	-	-	9,236,825	owned	direct
ANNA MARIA ONOFRI	Cembre S.p.A.	1,420,096	-	-	1,420,096	owned	direct
SARA ROSANI	Cembre S.p.A.	820,000	-	-	820,000	owned	direct
GIOVANNI ROSANI	Cembre S.p.A.	800,000	-	-	800,000	owned	direct
ALDO BOTTINI BONGRANI	Cembre S.p.A.	360,000	-	-	360,000	owned	direct
GIOVANNI DE VECCHI	Cembre S.p.A.	280,000	-	-	280,000	owned	direct
FABIO FADA	Cembre S.p.A.	4,700	-	-	4,700	owned	indirect
ANDREA BOREATTI	Cembre S.p.A.	1,500	-	-	1,500	owned	direct

Auditors and Directors not mentioned above did not possess shares of the Company at December 31, 2013 and did not acquire any Cembre S.p.A. share in 2014.

(1) The share capital of Lysne S.p.A., the parent of Cembre S.p.A., is held by Anna Maria Onofri, Giovanni Rosani and Sara Rosani.

Brescia, March 11, 2015

**The Chairman of the Board of Directors**

**of Cembre S.p.A.**

Ing. Giovanni ROSANI