



2014 ANNUAL REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

Report as at 10 March 2015 regarding financial year 2014 (in accordance with Article 123-bis of the Consolidated Finance Act)

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ANNEX 1: Paragraph on the “Primary characteristics of the existing risk management and internal control systems in relation to the financial reporting process” in accordance with Article 123-bis, Paragraph 2, letter b) of the Consolidated Finance Act.

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 (as amended) and promoted by Borsa Italiana S.p.A., ABI (Italian Banking Association), Ania (National Association of Insurance Companies), Assogestioni (Italian asset management association), Assonime (Association of Italian joint stock companies) and Confindustria (Italian Manufacturers' Federation).
- **Italian Civil Code:**
the Italian Civil Code.
- **Code of Ethics:**
The code of ethics pursuant to Legislative Decree no. 231/2001 (as amended), adopted by the Issuer.
- **Board:**
the Board of Directors of the Issuer.
- **Issuer or Company:**
the issuer of listed shares as referenced herein.
- **Financial year:**
the financial year to which the Report refers.
- **Instructions to the Stock Market Regulations:**
the Instructions to the Regulations of the Markets organised and operated by Borsa Italiana S.p.A.
- **Issuers' Regulations:**
the Regulations for issuers promulgated by Consob with its resolution no. 11971 of 1999 (as subsequently amended).
- **Market Regulations:**
the Regulations for markets promulgated by Consob with its resolution no. 16191 of 2007 (as subsequently amended).
- **Consob Related Parties Regulations:**
the Regulations for transactions with related parties promulgated by Consob with its resolution no. 17221 of 12 March 2010 (as subsequently amended).
- **Stock Market Regulations:**
the Regulations of the Markets organised and operated by Borsa Italiana S.p.A.
- **Report:**
the Report on corporate governance and ownership structure which Companies must prepare in accordance with Article 123-*bis* of the Consolidated Finance Act.
- **CONSOLIDATED FINANCE ACT /TUF:**
Legislative Decree no. 58 of 24 February 1998 (Consolidated Finance Act), as amended.

INTRODUCTION

This Report, approved by the Board on 10 March 2015, provides a general and complete description of the Corporate Governance and ownership structure of the Issuer at 31 December 2014, drafted in compliance with Article 123-bis of the Consolidated Finance Act and in light of the recommendations of the Code, as well as taking into account the document “Format for the report on corporate governance and ownership structure” (V Edition, January 2015) prepared by Borsa Italiana.

Please see the Report on Remuneration pursuant to Article 123-ter of the Consolidated Finance Act, approved by the Board on 10 March 2015 and published together with this Report, for information on remuneration.

The text of this Report is available at the registered office and on the Issuer’s website (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.

1. ISSUER'S PROFILE

1.1. Foreword

The Company is the parent company of an international group operating in the white and grey cement and concrete industry and in waste treatment and management.

The Company manufactures and distributes grey and white cement, aggregates, concrete and cement products in many Countries throughout the world. With plants located in 15 Countries and over 3,053 employees, the Company is a world leader in the production of white cement; it is also the only cement manufacturer in Denmark, the third largest in Turkey and the fourth largest in Italy, in addition to being the leading concrete manufacturer in Scandinavia.

Since 21 May 2009, Cementir stocks have been listed on the Star segment of the Electronic Equity Market of Borsa Italiana.

The Company's shares had already been listed in the Star segment from 2001 to 2007 and in 2007 the Company had been taken out of the Star segment and placed in the Blue-Chip segment after exceeding the capitalisation threshold; after 22 September 2008, it had been moved to the Standard segment.

1.2. Company Organisational Structure

The management and control model adopted by the Company is the traditional one set forth in the Italian Civil Code, featuring the Board of Directors and the Board of Statutory Auditors and an independent auditor.

The Corporate Governance system is based on the essential role of the Board of Directors (as the highest body responsible for managing the Company in the interest of its shareholders), on transparency in the company's decision-making processes and on an effective internal control system.

The system was implemented by the Company by preparing and adopting codes, standards, rules and procedures that govern and regulate the conduct of the activities of all organisational and operating units of the Company.

The **Shareholders' Meeting** is responsible for passing ordinary and extraordinary resolutions on the matters reserved to the Meeting by law or by the Articles of Association.

The **Board of Directors** is vested with the broadest powers of ordinary and extraordinary administration, with the exception of those exclusively reserved to the Shareholders' Meeting by law and by the Articles of Association.

The Board elects a Chairman and the Chief Executive Officer from among its members and it may elect a Deputy Chairman to replace the Chairman in case of absence or disability. The Board has established three committees from within its ranks to provide advice and submit proposals: the Executive Committee, the Control and Risks Committee and the Appointments and Remuneration Committee.

The **Board of Statutory Auditors** shall not only monitor compliance with the law and the Articles of Association as well as with the principles of correct administration in the conduct of Company business, but also monitor the effectiveness of the internal control, internal audit and risk management system as well as the financial reporting and statutory account auditing process and the independence of the outside auditor or audit company.

Account auditing shall be performed by a specialised company duly registered with the Consob, specifically appointed by the Shareholders' Meeting on proposal of the Board of Statutory Auditors. The independent auditor appointed to audit the Company's accounts shall hold the same appointment for nearly all of the companies in the Group.

2. INFORMATION ON THE OWNERSHIP STRUCTURE IN ACCORDANCE WITH ARTICLE 123-BIS PARAGRAPH 1 OF THE CONSOLIDATED FINANCE ACT

a) Share capital structure (pursuant to art. 123-bis, paragraph 1, letter a), of the Consolidated Finance Act)

The Company's subscribed and paid up share capital as at 31 December 2014 amounts to EUR 159,120,000 divided into 159,120,000 ordinary shares with a par value of EUR 1.00 each.

SHARE CAPITAL STRUCTURE				
	No. of shares	Percentage of share capital	Listed	Rights and obligations
Ordinary shares	159,120,000	100%	Borsa Italiana - STAR Segment	Those ordinarily prescribed by current regulations
Multiple voting right shares	/	/	/	/
Voting right shares	/	/	/	/
Non-voting shares	/	/	/	/
Other	/	/	/	/

The shares are indivisible and freely transferable and each share entitles to one vote. Shareholders can exercise the corporate and capital rights attributed to them by current regulations, in compliance with the limits set out therein.

The Company has not issued other categories of shares or of financial instruments that may be converted or are exchangeable with shares.

At the date of the Report's approval there were no stock-based incentive plans involving share capital increases.

b) Restrictions on the transfer of shares (pursuant to art. 123-bis, paragraph 1, letter b), of the Consolidated Finance Act)

There are no restrictions of any kind on the transfer of shares.

c) Material holdings (pursuant to art. 123-bis, paragraph 1, letter c), of the Consolidated Finance Act)

On the basis of available information and the notifications received pursuant to Article 120 of the Consolidated Finance Act, as at 31 December 2014 the shareholders holding over 2% of the share capital of Cementir Holding S.p.A. are:

MATERIAL HOLDINGS AS AT 31 DECEMBER 2014			
Declarant	Direct shareholder	Percentage of ordinary capital	Percentage of voting capital
Francesco Gaetano <i>CALTAGIRONE</i>	NO through: Vianini Industria S.p.A. LAV 2004 S.r.l. CALT 2004 S.r.l. Caltagirone S.p.A. Pantheon 2000 S.p.A. Gamma S.r.l.	65.105%	65.105%
Francesco Gaetano <i>CALTAGIRONE</i>	YES	0.834%	0.834%
Francesco <i>CALTAGIRONE</i>	NO through: Chupas 2007 S.r.l.	2.988%	2.988%
Francesco <i>CALTAGIRONE</i>	YES	1.992%	1.992%

d) Shares entitling to special rights (pursuant to art. 123-bis, paragraph 1, letter d), of the Consolidated Finance Act)

No shares entitling to special control rights have been issued.

e) Employee shareholdings: voting rights exercising procedure (pursuant to art. 123-bis, paragraph 1, letter e), of the Consolidated Finance Act)

No employee shareholding system has been established, so there is no specific procedure for the exercise of voting rights by employees.

f) Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f), of the Consolidated Finance Act)

There are no restrictions on voting rights.

g) Shareholder agreements (pursuant to art. 123-bis, paragraph 1, letter g), of the Consolidated Finance Act)

At the date of the Report's approval no shareholder agreements pursuant to Article 122 of the Consolidated Finance Act, concerning the exercise of rights pertaining to the shares or their transfer were known or reported.

h) Change of control clauses (pursuant to art. 123-bis, paragraph 1, letter h), of the Consolidated Finance Act) and articles of association provisions on takeover bids (pursuant to articles 104, paragraph 1-ter and 104-bis, paragraph 1)

As part of its ordinary financial operations, the Issuer has signed a three-year loan of 50 million euros which imposes a repayment obligation on the Issuer in the event of Issuer's change of control.

The Issuer's Subsidiaries have in course loan contracts that include standard clauses of change of control that are consistent with the commercial procedures.

The articles of association of the Issuer do not provide any waivers of the passivity rule as set out by Article 104, Paragraphs 1 and 1-bis of the Consolidated Finance Act and do not provide for the enforcement of the neutralisation rules contemplated by Article 104-bis, Paragraphs 2 and 3 of the Consolidated Finance Act.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), of the Consolidated Finance Act)

The Extraordinary Shareholders' Meeting of Cementir Holding S.p.A of 23 February 2015 approved granting a five-year delegation to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code, without exclusion of pre-emption rights, and the consequent amendment of Article 3 of the Articles of Association.

The delegation specifically concerns the right for the Board of Directors to increase the share capital, in one or more stages, for consideration, and with partial subscription permitted, through the issue of ordinary shares. The maximum amount of the increase, including any premium, shall not exceed 300 million euros.

The Board of Directors cannot issue participatory financial instruments.

The Shareholders' meeting has not authorised the purchase of treasury shares in accordance with Articles 2357 et seq. of the Italian Civil Code.

Please see Paragraph 2 (a) (Share capital structure).

I) Management and coordination (per Article 2497 et seq. of the Italian Civil Code)

The Company is not subject to management and coordination by other companies, since it autonomously defines its own general and operating objectives. In particular, the Company's Board of Directors alone has the authority to examine and approve the strategic, industrial and financial plans and the adequacy of the company's organisation, administration and accounting.

Therefore, the conditions set out in Article 37 of the Market Regulations do not apply.

The information required by Article 123-bis, first paragraph, letter i) (Compensation of directors in the event of resignation, dismissal or termination of employment as a result of a public tender offer) is contained in the Remuneration Report which is published in accordance with Art. 123-ter of the Consolidated Finance Act.

The information required by Art. 123-bis, first paragraph, letter l) (Appointment and replacement of directors) is contained in paragraph 4 (Board of Directors) of this Report.

Paragraph 2

a) Adoption of a code of conduct

See paragraph 3 (Compliance).

b) Description of existing risk management and internal control systems in relation to the individual and consolidated financial reporting process

See paragraphs 5 (Handling of Corporate Reporting), 10 (Internal Control and Risk Management System), and Annex 1 on the "Primary characteristics of existing risk management and internal control systems in relation to the financial reporting process".

c) Shareholders' Meetings procedures

See paragraph 15 (Shareholders' Meetings).

d) Composition and operation of the governing and supervisory bodies and of their committees

See paragraphs 4 (Board of Directors), 6 (Committees within the Board), 7 (Appointments and Remuneration Committee), 9 (Control and Risks Committee), 12 (Appointment of the Board of Statutory Auditors) and 13 (Composition and operation of the Board of Statutory Auditors).

3. COMPLIANCE

The Issuer has formally adopted the Code, accessible to the public at the Website of Borsa Italiana (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>) The Company's Board of Directors resolved to comply with the principles set out in the Code approved by the Borsa Italiana S.p.A. Corporate Governance Committee and bring the governance system in line with the new regulatory provisions.

With regard to any failure to comply with one or more recommendations of this Code, please see the specific explanations in the various sections of this Report.

The Issuer and its strategic subsidiaries are not subject to any provisions under foreign law that would affect the Issuer's Corporate Governance structure.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors

The Company Directors are appointed by the Shareholders' Meeting at the direct proposal of the Shareholders, based on the provisions of the Articles of Association and current laws. It should be reiterated that on 7 November 2013 the Board of Directors amended the Articles of Association by introducing the principle that, in accordance with the law, the members of the Board of Directors should ensure equal representation of both genders.

Members of the Board of Directors are elected on the basis of lists submitted by Shareholders with voting rights who represent at least 2% of the share capital or the different threshold set in accordance with current regulations (for 2014, it was set at 2.5% of the share capital). Each list containing a number of candidates equal to or more than three shall be composed of a number of candidates belonging to the gender with fewer members so as to ensure a balance between both genders to the extent required by the laws and regulatory provisions in force.

The lists shall be filed at the Company's registered office no later than 25 days prior to the date set for the Shareholders' Meeting on first call.

The lists contain candidates who fulfil the independence requirements set by law, and at least equal to the number of independent directors legally required to be on the Board of Directors, and they are accompanied by the CV of the candidates, describing their professional and personal characteristics and their acceptance of the candidacy.

Each shareholder may submit or participate in the submission of a single list containing no more than 15 candidates, designated with a progressive number; each candidate may run for office in only one list under penalty of ineligibility. Those submitting the lists must prove that they are Shareholders by depositing, together with the list, the documentation attesting possession of the number of shares required for submission of the list.

The first candidate of the minority list receiving the second-highest number of votes, not connected in any way - even indirectly - with the list that received the highest number of votes, shall be elected Director; the other members of the Board of Directors shall be elected according to the progressive order indicated in the list that received the most votes.

If at the outcome of voting the composition of the Board of Directors does not respect a balance between genders to the extent required by the laws and regulatory provisions in force, the last member on the list receiving the highest number of votes shall be replaced with the first person on the list belonging to the gender with fewer members. If through the scrolling method a balance between genders is not reached to the extent required by the laws and regulatory provisions in force then the Shareholders' Meeting shall resolve on the issue with a majority prescribed by law.

If only one list is submitted or if only one list receives votes, all of its candidates shall be elected on the basis of ordinary majorities as prescribed by law, while still fulfilling the requirement to respect a balance between genders to the extent required by the laws and regulatory provisions in force.

Any lists that failed to receive at least half the percentage of votes required for their submission shall not be taken into account for the purposes of the allocation of the Directors to be elected.

When directors have to be appointed in situations other than the renewal of the entire Board of Directors, the Shareholders' Meeting shall decide with the majorities prescribed by law and without following the aforesaid process while still fulfilling the requirement to respect a balance between genders to the extent required by the laws and regulatory provisions in force.

If one or more Directors leave office during the year, the provisions of Article 2386 of the Italian Civil Code shall apply while still fulfilling the requirement to respect a balance between genders to the extent required by the laws and regulatory provisions in force.

The Shareholders' Meeting may appoint an Honorary Chairman, who need not be a member of the Board of Directors, identifying him among those persons who particularly distinguished themselves by their work and their achievements for the Company, and by the merits they earned during their professional career. The Honorary Chairman may attend Board of Directors meetings in a consultative role and without voting rights. The Honorary Chairman shall be entitled to the same compensation prescribed by the Articles of Association and by the Shareholders' Meeting for members of the Board of Directors.

The Articles of Association do not specify additional independence requirements aside from those set out for statutory auditors in accordance with Article 148 of the Consolidated Finance Act, and/or additional integrity and/or professionalism requirements for eligibility to serve as directors, also with reference to the requirements set out by the Code.

Furthermore, in implementation of the additions made to the Consolidated Finance Act in July 2011, to ensure a balance between genders within the governing and supervisory boards of companies with listed shares, as well as in light of the implementing provisions laid down by CONSOB in its regulation, and on the basis of the amendments to the Articles of Association made by the Company during the first three renewals of the Board of Directors subsequent to 12 August 2012, lists with three or more candidates must also include candidates of the less represented gender in the amount of one fifth of the candidates who will become members of the Board of Directors for the first subsequent term and one third of the candidates who will become members of the Board of Directors appointed for the two subsequent terms, according to what will be specifically set forth in the shareholders' meeting notice.

Aside from the rules set out in the Consolidated Finance Act, the Issuer is not subject to any additional rules on the composition of the Board of Directors with the exception of those prescribed by the Code and by Stock Market regulations for companies listed in the Star segment.

Succession plans

Considering the particular shareholder structure, characterised by a concentrated shareholder control model, and the current system for assigning powers within the Board itself, at the date of this Report's approval, the Board of Directors deemed it unnecessary to adopt a succession plan for executive directors.

Indeed, in view of the size and characteristics of the Company, it is considered that managing the early replacement of executive directors according to methods and timing tuned to the actual occurrence of such event (*a case-by-case analysis that is not tied to a more formal procedure*), is a more timely and efficient system and meets the objective of avoiding disruption and uncertainty in the business organisation in a more functional manner.

In any case, in the event of early termination of a director with respect to the ordinary expiration of his/her office, the rules for co-option laid down by Art. 2386 of the Italian Civil Code shall apply, subject to compliance with the criteria for the Board of Directors' composition established by law and the Articles of Association.

4.2. Composition

In accordance with its Articles of Association, the Company is governed by a Board of Directors comprising no fewer than five members and no more than fifteen members elected by the Shareholders' Meeting. The Directors' term of office is three years, expiring at the date of the Shareholders' Meeting convened for the approval of the financial statements for the last year of their term of office. Directors may be re-elected in accordance with Article 2383 of the Italian Civil Code.

Currently, the Company is governed by a Board of Directors comprising thirteen Directors, appointed, with 68.9493% favourable votes on the basis of the single list submitted by the majority shareholder Calt 2004 S.r.l., by the ordinary Shareholders' meeting held on 18 April 2012. The Directors shall be in office for three years, i.e. until the approval of the financial statements as at 31 December 2014.

During the year which closed on 31 December 2014 none of the Directors left office and the composition of the Board of Directors did not change from the end of the financial year to the date of the Report's approval.

The characteristics of the reports to the Board enable Directors to obtain adequate knowledge of the Issuer's industry, of its corporate dynamics and evolution, and of the reference regulatory and self-regulatory framework.

The following table shows the composition of the Board of Directors and of the Committees as at 31 December 2014.

Office	Name	Birth year	Date of first appointment	In office from	In office until	List (M/m)	NON EXEC	EXEC	INDEP TUF	INDEP CODE	N. other appointment	% BOARD	EC	% EC	A.R.C.:	% A.R.C.	C.R.C.	% C.R.C.
Chairman Chief Executive Officer	Francesco <i>CALTAGIRONE</i>	1968	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M		X			7	100	C	/				
Deputy- Chairman	Carlo <i>CARLEVARIS</i>	1931	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X		X		5	100						
Director	Alessandro <i>CALTAGIRONE</i>	1969	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X				8	33						
Director	Azzurra <i>CALTAGIRONE</i>	1973	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X				6	80						
Director	Edoardo <i>CALTAGIRONE</i>	1944	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X				/	100						
Director	Saverio <i>CALTAGIRONE</i>	1971	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X				/	100						
Director	Flavio <i>CATTANEO</i>	1963	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X		X	X	3	33			M	50	M	75
Director	Mario <i>CILIBERTO</i>	1946	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M					7	100						
Director	Paolo <i>DI BENEDETTO</i>	1947	18.04.12	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X		X	X	2	100			C	100	C	100
Director	Fabio <i>CORSICO</i>	1973	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X				3	100						
Director	Mario <i>DELFINI</i>	1940	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X				10	100	M	/	M	100	/	/
Director	Alfio <i>MARCHINI</i>	1965	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M	X		X	X	2	33					M	75
Director	Riccardo <i>NICOLINI</i>	1968	21.04.09	Sh. Mtg. 18.04.12	Approval of 2014 Fin. St.	M		X			6	100	M	/				

The percentage of shares held by each member at the meetings is shown in the table above.

The following table shows the number of meetings held by the Board of Directors, by the Control and Risks Committee, by the Appointments and Remuneration Committee and by the Executive Committee as at 31 December 2014 and the percentage of shares held by each member at the meetings.

Number of meetings held in 2014	BoD: 6	CRC: 4	ARC: 2	EC: 0
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Key

Exec.: checked if the director qualifies as an executive director

Non exec.: checked if the director qualifies as a non-executive director

Indep. TUF: checked if the director fulfils the independence requirements set out in Article 148, Paragraph 3 of the Consolidated Finance Act (Article 144 decies, of the Issuers' Regulations)

Indep. Code: checked if the director fulfils the independence requirements set out in the Code.

% Board: the directors' percentage of attendance at Board meetings (the percentage is calculated according to the number of meetings attended by the director relative to the number of Board meetings held during the year or after the director took office)

Other positions: the positions held in other companies listed in regulated markets (also abroad), in financial, banking, insurance companies or in companies of significant size, identified according to criteria defined by the Board.

EC: executive committee; C/M entered if chairman/member of the executive committee.

% EC: the directors' percentage of attendance at executive committee meetings (the percentage is calculated according to the number of meetings attended by the director relative to the number of executive committee meetings held during the year or after the director took office)

A.R.C.: C/M entered if chairman/member of the appointments and remuneration committee

% A.R.C.: the directors' percentage of attendance at remuneration committee meetings (the percentage is calculated according to the number of meetings attended by the director relative to the number of remuneration committee meetings held during the year or after the director took office)

C.R.C.: C/M entered if chairman/member of the control and risks committee

% C.R.C.: the directors' percentage of attendance at internal control committee meetings (the percentage is calculated according to the number of meetings attended by the director relative to the number of internal control committee meetings held during the year or after the director took office)

The following table shows the positions held by the Company's Directors in other companies listed in regulated markets (also abroad), in financial, banking, insurance companies or companies of significant size.

Name	Office	Other positions
Francesco CALTAGIRONE	Chairman	Deputy Chairman Cimentas A.S. Deputy Chairman Cimbeton A.S. Deputy Chairman Aalborg-Portland A.S. Director Caltagirone S.p.A. Director Caltagirone Editore S.p.A. Director Banca Finnat Euramerica S.p.A. Director Acea S.p.A.
Carlo CARLEVARIS	Deputy-Chairman	Hon. Chairman Banca Finnat Euramerica S.p.A. Director Caltagirone S.p.A. Director Vianini Lavori S.p.A. Director Il Messaggero S.p.A. Director Immobiliare Caltagirone ICAL S.p.A.
Alessandro CALTAGIRONE	Director	Chairman Vianini Industria S.p.A. Director Caltagirone S.p.A. Director Vianini Lavori S.p.A. Director Caltagirone Editore S.p.A. Director Unicredit S.p.A. Director Il Messaggero S.p.A. Director Cimentas A.S. Director Il Gazzettino S.p.A.
Azzurra CALTAGIRONE	Director	Chairman FGC S.p.A. Deputy Chairman Caltagirone Editore S.p.A. Chairman il Gazzettino S.p.A. Director Caltagirone S.p.A. Director Il Messaggero S.p.A. Director Piemme S.p.A.
Edoardo CALTAGIRONE	Director	
Saverio CALTAGIRONE	Director	
Flavio CATTANEO	Director	Director Telecom Italia S.p.A. Director NTV S.p.A. Director Assicurazioni Generali S.p.A.
Mario CILIBERTO	Director	Chairman Cementir Italia S.p.A. Chairman Betontir S.p.A. Chairman Vianini Pipe Inc. Chairman Gaetano Cacciatore LLC Chairman Aalborg Cement Company Inc. Chairman Aalborg Portland US Inc. Director Sinai White Portland Cement Co. S.A.E.
Paolo DI BENEDETTO	Director	Director Edison S.p.A. Chairman Fondo Nazionale di Garanzia (National Compensation Fund)
Fabio CORSICO	Director	Director Il Gazzettino S.p.A. Director Grandi Stazioni S.p.A. Director Terna S.p.A. Director Orione & JStone S.p.A.
Mario DELFINI	Director	Chairman Vianini Lavori S.p.A. Deputy Chairman Cementir Italia S.p.A. Director Caltagirone S.p.A. Director Caltagirone Editore S.p.A. Director Vianini Industria S.p.A. Deputy Chairman Fabrica Immobiliare SGR S.p.A. Director Il Messaggero S.p.A. Director il Gazzettino S.p.A. Director Piemme S.p.A. Director FGC S.p.A.
Alfio MARCHINI	Director	Chairman Astrim S.p.A. Director Edilnova Romana S.r.l.
Riccardo NICOLINI	Director	Director Cimentas A.S. Director Aalborg Portland A.S. Chairman Aalborg Portland Malaysia Snd Bhd Chairman Aalborg Portland (Anging) Co. Ltd Deputy Chairman Unicon A.S. Deputy Chairman Sinai White Portland Cement Co. S.A.E.

With reference to the personal and professional characteristics of each Director in office, reference is made to the curricula vitae published, together with the aforementioned list, on the Company's website (www.cementirholding.it), in the section entitled Investor Relations / Corporate Governance / 2012 Shareholders' Meeting / List of candidates for Board of Directors.

Maximum number of positions held in other companies

The Board of Directors elected not to express a preference with respect to the maximum number of positions compatible with the effective performance of duties as the Issuer's director, because it deemed that such an assessment should be carried out, firstly, by the shareholders upon appointment of the directors and, subsequently, by individual directors upon acceptance of the office.

In light of the proper functioning of the Board and due to the different roles and the many different and theoretically conceivable situations, it is considered as more in line with the company's strategy to opt for a case-by-case assessment that takes into account the characteristics of each director in order to establish in practice the compatibility of his/her office with other offices held.

This procedure enables a more in-depth analysis of whether the commitment required for any other positions held in other companies actually affects the activities to be performed for Cementir Holding.

Therefore, the Issuer's Board of Directors did not set rigid, general criteria for the maximum number of appointments to other companies' governing and controlling boards that may be considered compatible with the effective performance of a director's duties. In any case, the Board annually verifies whether the number of governing board positions assumed in other companies by its members is compatible with the effective performance of their duties, taking into account the directors' varying levels of effort in relation to the role in which they serve (e.g. executive, non-executive, independent, member of multiple committees, etc.), the nature and the size of the companies in which the positions are held and whether or not the companies belong to the Issuer's group.

Induction section

Within the Board of Directors, the Directors are constantly updated about the company's situation and developments, including with respect to the regulatory and self-regulatory reference framework, in order for them to efficiently carry out their duties.

All the Directors have a thorough and up-to-date knowledge of their own duties and responsibilities, and of the Company's organisational developments, on the basis of information constantly provided at Board meetings.

4.3. Role of the Board of Directors

The Board of Directors plays a central role in the strategic guidance of the Company and the Group, as well as in the supervision of all business activities, with the authority to make policies concerning management as a whole, and with the power to directly intervene in decisions necessary or useful for the pursuit of the company's purpose.

The Board of Directors is the body responsible for making the most important decisions in terms of financial/strategic aspects as well as structural impact on operations, which are needed to carry out the activities of directing and controlling the Company and the Group.

In carrying out its tasks, the Board of Directors relies on the support of dedicated Committees established from within its ranks, which conduct investigations, provide advice and submit proposals.

The Board of Directors meets at least four times per year; additionally, meetings are called in a timely manner whenever the need arises.

In 2014, the Board of Directors held six meetings with the regular attendance of the Directors, representatives of the Board of Statutory Auditors, the Manager responsible for preparing the company's financial reports, the General Counsel, and in some cases the Head of Internal Control, who provided details on the topics set out in the agenda.

In addition, company executives can be called on to participate in meetings held by the Board of Directors in order to provide any necessary information on the topics set out in the agenda.

Board of Directors meetings lasted an average of approximately two hours in 2014.

At least 5 meetings are scheduled in 2015.

No minimum periodicity for Board meetings is specified in the Articles of Association.

In 2015, the Company's Board of Directors met on 5 February and 10 March.

The activities of the Board of Directors are coordinated by the Chairman and Chief Executive Officer, who has powers of initiative and supervises the operations of that body. In particular, the Chairman and Chief Executive Officer calls board meetings, establishes meeting agendas and chairs the meeting. Please note that a complete pre-board meeting documentation is distributed to the Directors (in electronic format) by the Office of the Secretary of the Board of Directors, at the behest of the Chairman, at least 5 days before the board meeting, in order to ensure a full and correct assessment of the topics brought to the attention of the Board.

The Board may delegate all or part of its responsibilities and powers to the Chairman and to other members, or to non-Board members, determining the content, limits and any methods for exercising the mandate pursuant to Article 2381 of the Italian Civil Code; it may also appoint a Chief Executive Officer, and determine his or her duties and remuneration.

The Board may appoint its members to form an Executive Committee, granting it responsibilities and powers, within the limits set forth in Article 2381 of the Italian Civil Code.

The Board may establish one or more special technical and administrative Committees, and also ask non-Board members to be part of them, and determine any remuneration.

Finally, the Board may appoint a General Manager and one or more Directors, and may grant Powers of attorney.

Within the scope of the Company's purpose, the Board is fully empowered to decide and carry out all acts of ordinary and extraordinary administration, excepting only those decisions that are reserved for the Shareholders' Meeting by law or by the Articles of Association.

Therefore, the Board shall also authorise real estate purchases and sales, investments in other enterprises or companies, incorporated or to be incorporated, also in the form of asset transfers, any transaction involving Public Debt, Cassa Depositi e Prestiti, Banks, issuing Institutions, and all other public and private Entities, the creation, subrogation, postponement, cancellation or waiver of mortgages, registration and annotations of any kind, legal actions, including those involving quashing or reversal, and preliminary arrangements or settlements.

The Board of Directors may also resolve, pursuant to Article 2365, Paragraph 2 of the Italian Civil Code, on the following matters:

- mergers in the cases specified by Articles 2505 and 2505 bis of the Italian Civil Code;
- the opening, relocation and closure of secondary sites;
- share capital reduction in case of shareholders' withdrawal;
- changes to the Articles of Association to comply with regulatory provisions.

Additionally, the Board of Directors shall:

- examine and approve the strategic, industrial and financial plans of the Company and the Group, periodically monitoring their implementation;
- define the nature and System of corporate governance of the Issuer and the Group;
- prepare and adopt the Company's corporate governance rules and define Group governance guidelines;
- define the nature and level of risk compatible with the Issuer's strategic objectives;
- define the guidelines of the internal control system and appoint a director in charge of supervising the internal control system, defining his or her duties and powers;
- supervise the system for the supervision and governance of risks within the company;
- assess the adequacy of the Issuer's organisation, administration and general accounting system, as well as that of the subsidiaries with strategic relevance, with particular reference to the internal control and risk management system;
- establish one or more board Committees, appointing their members and setting forth their duties, powers and remuneration;
- grant and revoke mandates to Managing Directors and to the Executive Committee, defining the limitations and methods for the exercise of such powers; also establish the frequency, in any event no greater than one quarter, with which the cognisant bodies must report to the Board about the activities carried out to exercise the mandates granted to them;
- define the general remuneration policy;
- set the remuneration of Managing Directors and of the other Directors tasked with specific duties, after examining the proposals of the Appointments and Remuneration Committee and after consultation with the Board of Statutory Auditors;
- assess general operating performance, taking particular account of information received from the cognisant bodies as well as periodically comparing the results achieved with those planned;
- examine and approve the Issuer's and, where necessary, its subsidiaries' transactions in advance, when such transactions have strategic, economic or financial relevance;
- carry out, at least annually, an assessment on the size, composition and operations of the Board and of its Committees, possibly providing guidance on the professional figures that it deems should be present on the Board;
- prior to the appointment of the new board, provide guidelines to the shareholders on the professional profiles that it deems should be present on the Board;
- upon proposal of the Chairman and Chief Executive Officer, adopt a procedure for the internal handling and disclosure to third parties of documents and information concerning the issuer, having special regard to price sensitive information, in order to ensure the correct handling of corporate information;
- establish the Supervisory Body pursuant to Legislative Decree no. 231 of 8 June 2001;
- approve, at least annually, the work plan prepared by the Head of Internal Audit;
- appoint the General Managers and the Manager responsible for preparing the company's financial reports, also determining their responsibilities and powers, and identify the Key Executives;
- appoint and remove the Head of Internal Audit at the proposal of the director in charge of supervising the internal control system, and determine his or her responsibilities and remuneration, after consultation with the Control and Risks Committee, the Risks and Corporate Governance Committee and the Board of Statutory Auditors;
- assess and approve the documentation of the periodic financial reporting set forth in applicable regulations;
- assess and approve related party transactions according to the provisions of the Procedure for Related-Party Transactions;
- make proposals to be submitted to the Shareholders' Meeting;
- exercise the other powers and fulfil the tasks assigned to it by law and by the Articles of Association.

As provided in the Articles of Association, the Board of Directors is the body vested with the broadest powers of ordinary and extraordinary management, which is responsible for guiding business management by defining the proxy model, granting and revoking mandates, as well as examining, approving and constantly monitoring strategic, industrial and financial plans prepared by the corporate bodies, the group's corporate structure, transactions of economic and financial significance, transactions in which the corporate bodies are in a conflict of interests and those with related parties, for which it is responsible on the basis of the procedures on the topic.

In its meeting of 17 December 2013, the Board of Directors reviewed and approved the Group's 2014-2016 Business Plan which was subject to monitoring during 2014.

At least annually, the Board assessed:

- the adequacy of the Issuer's organisation, administration and general accounting system, with the assistance of the Board of Statutory Auditors;
- the effectiveness and actual operation of the internal control and risk management system, with the assistance of the Control and Risks Committee, supported by the Head of Internal Audit.

The Board of Directors, supported by the Audit and Risk Committee, also verified the acceptable level of risk at the main operating Group companies.

The Board also assessed the adequacy of the organisation, administration and accounting structure of the Issuer and strategically significant subsidiaries, in particular, these assessments were adopted on the basis of the analysis by the director in charge of the internal control and risk management system and with the opinion of the Control and Risks Committee, which during their meetings - with the participation of the Head of Internal Audit - was able to monitor the adequacy and the effectiveness and actual operation of the internal control and risk management system of both the Issuer and the Group, with particular reference to strategically significant companies.

The identification of the "strategically significant subsidiaries" is still ongoing, taking into consideration the following criteria: i) number of employees; ii) amount of total sales; iii) value of assets; iv) presence of an articulated organisation structure characterised by a major presence of management (distinct from the members of the management board), with operational autonomy; v) significance and complexity of operations conducted by the subsidiary; vi) the subsidiary's strategic significance in the market.

The Chairman of the Board of Directors and Chief Executive Officer constantly, and at least quarterly, reports to the Board of Directors and the Board of Statutory Auditors on the main activities carried out in the exercise of his/her powers in order to ensure transparency in the management of the company.

In 2014, the Board periodically evaluated the general performance of the Company, taking into account the information received from the Chairman of the Board of Directors and Chief Executive Officer upon approval of the interim reports on operations, by periodically comparing the results achieved with those planned.

The Board of Directors examined and approved the Company's and its subsidiaries' transactions in advance when such transactions have strategic, economic or financial relevance.

Additionally, the Board did not deem it necessary to set, in advance, general criteria for identifying significant transactions, preferring, in the light of their sporadic occurrence, to make such assessments case by case, on the basis of the information received from the Executive Directors.

In any event, transactions of economic and financial significance, including transactions with related parties when the transaction is Significant and Relevant in accordance with the procedure for related-party transactions adopted by the Company, are subject to prior examination and approval by the Board of Directors, whose members shall be provided with the information required to pass resolutions on the various topics under discussion.

Prior to each of its meetings, the Board shall be supplied with adequate documentation to enable Directors to contribute to the decision-making process in an informed and effective manner.

In accordance with the Code and international best practices, the Board of Directors provided its assessment on the operations of the Board and its Committees, as well as on their size and composition, also taking into account elements such as professional characteristics, experience, including managerial, and the gender of its members, as well as their seniority in the position. This assessment for 2014 was made using a self-assessment system involving all Issuer Directors. In particular, the Directors were given a special questionnaire, prepared by the Corporate Affairs Office, to gather the assessments mentioned above.

The results of the self-assessment process, which were presented to the Board on 10 March 2015, confirmed certain areas where the Company Directors are completely satisfied, (the percentage of answers on the overall or majority of questioned arguments in the interview equals to 84%).

The assessment has evidenced a positive opinion of the Board Members regarding the structure and on the operations of the Board Meetings and Committees.

All Board Members appreciate the governance guidelines and rules applied in Cementir Holding. Particular evidence has been given to the governance rules of the Chairman of the Board of Directors and Chairman of the Statutory Auditors. Board Members find that the knowledge to the Code is widely known and broadcasted in relation to its role. The structure of the Board is considered well-balanced, with the correct proportion among executive Board Members, non-executive and independent.

In relation to the actual and future requirements of the Company and of the Group, the mix of competences inside the Board of Directors results to be appropriate for the fulfilment of the strategic goals of the Company.

The knowledge of the Cementir Group and its business are considered of good level due to the contribution of its managers, which some are also Board Members, to the presence of a large number of Directors inside the Auditing Board from many years, and to the family representation, which is majority shareholders, that has several extra-Board occasions to be involved in the business and with the Company.

The organisation of visits to operative plants of the Group is not deemed necessary for the further knowledge of the business and company operations.

Relatedly to the activities of the Board, under the quality profile, the aims in which Directors majorly express appreciation (replying "I agree"), are for:

- the periodical verification of the independence requisites;
- the partition of tasks and responsibilities between the Board of Directors and Committees;
- the structuring of the agenda;
- the size of the Board;
- the respect of the information confidentiality guidelines;
- the report quality of the Board's Secretary;
- the suitability of the layout of the Committees;
- the management of the Chairman.

The risk awareness is considered of high level thanks to the analysis activity of the Committee of Internal Control.

To meet organisational needs, the Company's Shareholders' Meeting did not provide prior general authorisation for exceptions to the non-competition clause pursuant to Article 2390 of the Civil Code, but empowered the Board to assess any issues as and when they arise, and to notify the shareholders of any critical issues at the next Shareholders' Meeting.

In 2014, the Board did not examine any such case.

4.4. Board Positions

Chairman of the Board of Directors and Chief Executive Officer

The Board of Directors appointed Francesco Caltagirone as Chairman and Chief Executive Officer at its meeting on 23 April 2012, and granted him, or the Deputy Chairman Carlo Carlevaris in his stead, the broadest powers for carrying out all acts of ordinary and extraordinary management, with the sole exception of those reserved to the Shareholders' Meeting and the Board of Directors by law and by the Articles of Association.

The Chairman and Chief Executive Officer, and in the event of his absence or disability, the Deputy Chairman, is the Company's legal representative.

Considering that the Chairman and Chief Executive Officer reflects the views of the Issuer's controlling shareholder and holds shares on his own account, he is vested with all powers- to be exercised individually - necessary to carry out acts pertaining to the company's business in its various forms, none excluded. This is accompanied by the authority to issue special and general mandates, granting the assignee the power to sign individually or jointly, and by those powers that he may deem opportune to ensure the best Company performance, including the power to sub-delegate.

In 2014, the Deputy Chairman, Mr. Carlevaris, was never required to employ his powers of Company management and representation in lieu of the Chairman.

The Chairman of the Board of Directors and Chief Executive Officer (i) is the main person responsible for the management of the Issuer, (ii) is not the controlling shareholder of the Company and (iii) does not have positions in other Issuers in which the Chief Executive Officer is an Issuer director.

Executive Committee

By a resolution passed on 23 April 2012, the Board of Directors appointed an Executive Committee, effective until the first meeting following the Shareholders' Meeting held to approve the 2014 financial statements, and determined that said Committee shall comprise three members:

- Francesco Caltagirone Chairman;
- Riccardo Nicolini Director;
- Mario Delfini Director;

and that the Board shall therefore confer upon these committee members all powers exercised by the Board of Directors, except those exclusively attributed to the Board itself by law or the Articles of Association pursuant to Articles 2423, 2443, 2446 and 2447 of the Italian Civil Code.

Since the Executive Committee's re-establishment, following the renewal of the Board of Directors resolved by the Shareholders' meeting on 18 April 2012, it has not met because there has been no need to do so.

Reports to the Board

The Chairman of the Board of Directors and Chief Executive Officer shall continuously report, at least quarterly, to the Board and the Board of Statutory Auditors on the main activities conducted in carrying out his role in order to ensure transparent company management.

At every meeting of the Board of Directors, the committees established within the Board shall report on activities carried out in the performance of their assigned duties, either by introducing specific items on the agenda or by addressing them under "any other business".

4.5. Other Executive Directors

By virtue of the offices they hold within the Issuer and its subsidiaries, is executive director the Directors Riccardo Nicolini, Chief Operating Officer of the Issuer and member of the Executive Committee.

The Deputy Chairman, Mr. Carlevaris is not deemed to be an Executive Director, because he was never required to exercise his powers of Company management and representation in lieu of the Chairman in 2014.

4.6. Independent Directors

The Board of Directors includes three independent directors (Flavio Cattaneo, Paolo Di Benedetto and Alfio Marchini) pursuant to the Consolidated Finance Act and the Code.

The Director Carlo Carlevaris also meets independence requirements as defined by the Consolidated Finance Act alone.

At the meeting held on 9 May 2014, the Board of Directors verified - applying the criteria set out in the Code - the independence requirements of the aforementioned directors pursuant to the Consolidated Finance Act and the Code, based on their signed declarations; it also verified their integrity and professionalism.

The Board of Statutory Auditors verified the correct application of the verification criteria and procedures adopted by the Board to assess the independence of its members.

The independent directors met during the year, on 5 February 2014, without the presence of other directors. The meeting mainly focused on the self-assessment process of the Board of Directors, the performance of which was assigned to the legal department.

4.7. Lead Independent Director

The Board designated independent director Paolo Di Benedetto as Lead Independent Director, to serve as the representative and coordinator of the requests and contributions of the non-executive directors and particularly of the independent directors, and in this role he shall:

- collaborate with the Chairman of the Board of Directors and Chief Executive Officer to ensure that the Board functions as well as possible;
- have the right to call, independently or at the request of other directors, meetings, including informal meetings, of only the independent directors on topics inherent to the functioning of the Board of Directors in particular and the corporate governance system more generally, with the possibility of inviting representatives from management for discussions on the organisational structure;
- collaborate with the Chairman of the Board of Directors in order to ensure that the directors receive complete and timely information flows.

5. PROCESSING COMPANY INFORMATION

Procedures for the internal handling and the public disclosure of information

In compliance with the Code, the Company adopted a procedure for “Handling information, with particular reference to confidential information”, whose full text is available in the Corporate Governance/Internal Dealing section of the Company’s website (www.cementirholding.it).

The purpose of this procedure is to define the responsibilities, terms and principles of conduct for the disclosure of confidential and inside information and the keeping of the Register of persons who have access to inside information, and, at the same time, to establish adequate corporate control procedures for the prevention of the Market Abuse offences envisaged in Legislative Decree 231/2001.

All employees of Cementir Holding and its subsidiaries are required to comply with the procedure.

Starting on 1 April 2006, the Company established the Register of persons with access to inside information in accordance with Article 115-bis of the Consolidated Finance Act, and in compliance with the procedures specified under Articles 152-bis et seq. of the aforesaid Issuers’ Regulations.

At the meeting of 17 December 2013, the Board of Directors, in compliance with the Code also adopted a new procedure for the internal handling and the public disclosure of documents and information regarding the Company in order to ensure proper management of corporate information and to define roles, responsibilities and operating procedures to be followed in the Group Investor Relations’ activities.

Internal Dealing

In accordance with Article 114 of the Consolidated Finance Act, the Company has also adopted an Internal Dealing Code governing disclosure obligations regarding internal dealing, as specified under Articles 152-sexies et seq. of the Issuers’ Regulations.

The Code, in force since 1 April 2006, regulates the conduct and disclosure requirements with which “significant persons” (Directors, Standing Auditors, the CFO, etc.) are required to comply in their relations with Consob and the Company, in order to enable the Company to inform the market about transactions involving listed financial instruments or other related financial instruments issued by the Company or its subsidiaries in accordance with the methods and deadlines established by Consob’s Issuers’ Regulations.

In accordance with the Stock Market Regulations for Issuers listed on the Star index, the Company updated its Internal Dealing Code to provide for a black-out period on the trading of Company shares during the 15 calendar days (up from 5) preceding Shareholders’ and/or Board meetings.

The *Internal Dealing Code* is available on the website of the Company (www.cementirholding.it) in the *Corporate Governance/Internal Dealing section*.

6. COMMITTEES WITHIN THE BOARD

In its first meeting following the expiration of the term of the Board and its Committees upon approval of the 2011 financial statements, the Board of Directors reappointed for the 2012-2014 term, up to the meeting of the Board following the Shareholders' Meeting to approve the financial statements for 2014, the Executive Committee already discussed in Section 4.4 of this Report.

In accordance with the Code, the Board of Directors also set up the Control and Risks Committee and the Appointments and Remuneration Committee ("Committees"), both of which submit proposals and provide advice.

It should be mentioned that the composition, duties and operational procedures of the Committees are regulated by special rules.

For more information, please refer to Sections 7 and 9 of this Report.

None of the Committees' duties set out in the Code were undertaken by the Board of Directors under the direction of the Chairman.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

The Board of Directors resolved to set up an Appointments Committee from within its ranks and merge it with the Remuneration Committee, in compliance with the rules on the composition of committees established by the Code. It was decided to merge the two committees for internal organisational purposes and due to the fact that the duties performed by the Appointments Committee do not merit setting up a special separate committee as there have not been any issues raised, and none are foreseen, by shareholders with respect to proposing adequate candidates to ensure that the composition of the Board complies with the provisions set out in the Code.

Composition and operation of the Appointments and Remuneration Committee

Therefore, this committee, named the Appointments and Remuneration Committee, has been assigned the duties and functions provided for under art. 5 of the Code (director appointments) and the duties and functions provided for under art. 6 of the Code (director remuneration).

The current Appointments and Remuneration Committee is composed of three non-executive directors, the majority of whom are independent and two of whom have financial and accounting experience that has been deemed adequate by the Board of Directors.

Specifically, in compliance with the provisions of the Code, the Company's Board of Directors appointed the following Directors to serve on the Appointments and Remuneration Committee:

- Paolo Di Benedetto (Committee Chairman - independent and non-executive);
- Mario Delfini (non-executive, experienced in the accounting and financial fields);
- Flavio Cattaneo (independent and non-executive experienced in the accounting and financial fields).

The Appointments and Remuneration Committee meets any time its Chairman deems appropriate and is coordinated by the latter, 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.

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 HR Officer), shall attend the Appointments and Remuneration Committee meetings. The Directors shall not participate in the Committee meetings in which proposals concerning their remuneration are formulated for submission to the Board.

In 2014, the Appointments and Remuneration Committee has met once to:

- examine the management incentive system ("Long Term Incentives" system or "LTI")
- approve the remuneration policy for directors and key executives and to define the Remuneration Report to be submitted to the Shareholders' Meeting, after approval from the Board of Directors, in compliance with art. 123-ter of the Consolidated Finance Act;
- check the adequacy, overall consistency and actual enforcement of the remuneration policy adopted in the prior year.

The meeting lasted about one hour.

The meetings were attended by all members of the Committee, the Chairman of the Board of Statutory Auditors, the Chief Financial Officer, the Chief HR Officer and the General Counsel, who provided input on agenda items under their competence. One meeting has been held in 2015 and at least one additional meeting is planned.

The percentage of attendance of each member at the Committee meetings held in 2014 is shown in the table in Article 4 (Board of Directors).

Duties assigned to the Appointments and Remuneration Committee

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

- provide opinions to the Board of Directors in relation to:
 - (i) the size and composition of the board, and provide recommendations on the professional figures that it deems should be present on the board;
 - (ii) the maximum number of offices as company director or statutory auditor;
 - (iii) exceptions to the ban on competition provided by art. 2390 of the Italian Civil Code.
- propose candidates for the role of director to the Board of Directors in cases in which independent directors are coopted;

as well as:

- 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;
- supported by the Chief Financial Officer and the Chief of Human Resources periodically assess the adequacy, overall consistency and actual enforcement of the policy adopted for the remuneration of Directors and Key Executives, in the last case making use of information provided by the directors assigned to carry out that task;
- 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;
- monitor the enforcement of the decisions made by the Board of Directors, assessing the actual attainment of performance targets;
- 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;
- 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;
- 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 remuneration policies. The independence of the outside consultants shall be verified by the Appointments and Remuneration Committee before their appointment;
- in the performance of its duties, it ensures appropriate functional and operational coordination with the relevant company units.

Minutes were duly kept during Appointments and Remuneration Committee meetings. In the performance of its functions, the Committee has access to Company data and resources necessary to carry out its duties, and may also enlist the assistance of outside consultants within the limits established by the Board, which do not have relations which the Company that could compromise the independence of their judgement.

The Company did not allocate a budget for Committee activities, as the Committees themselves deemed it unnecessary because they can rely on the assistance of Company organisations in the performance of their duties.

8. REMUNERATION OF DIRECTORS

Remuneration policy

Please refer to Chapter 1 of the Report on Remuneration

Stock incentive plans

Please refer to Chapter 2.2.2 of the Report on Remuneration.

Remuneration of Executive Directors

Please refer to Chapter 2.1 of the Report on Remuneration.

Remuneration of Key Executives

Please refer to Chapter 2.1.4 of the Report on Remuneration.

Incentive schemes for the Internal Audit Department and for the Manager responsible for preparing the company's financial reports

Please refer to Chapter 2.1.2 of the Report on Remuneration.

Remuneration of non-Executive Directors

Please refer to Chapter 2.1 of the Report on Remuneration.

Agreements pursuant to Article 123-bis Paragraph 1, letter i) of the Consolidated Finance Act

Please refer to Chapter 2 of the Report on Remuneration.

9. CONTROL AND RISKS COMMITTEE

In compliance with Article 7 of the Code, the Board of Directors decided to set up a Control and Risks Committee within the Board.

The current Control and Risks Committee comprises three non-executive independent directors in accordance with the Consolidated Finance Act, one of whom has a level of experience in accounting and finance that is deemed sufficient by the Board.

More specifically, in compliance with the provisions of the Code, the Board of Directors of the Company appointed the following directors as members of the Control and Risks Committee:

- Paolo Di Benedetto (Committee Chairman - independent and non-executive);
- Flavio Cattaneo (independent and non-executive, experienced in the accounting and financial fields);
- Alfio Marchini (independent and non-executive).

Functions of the Control and Risks Committee

The Control and Risks Committee is responsible for supporting the Board of Directors in carrying out tasks relating to the internal control system, such as:

- defining the internal control and risk management system guidelines, so that the main risks of the Company and of its subsidiaries are correctly identified and adequately measured, managed and monitored, whilst also establishing the degree of compatibility of such risks with business management that is in line with individual strategic objectives, formulating proposals to the Board of Directors in this regard;
- assessing, at least annually, the adequacy of the internal control and risk management system with respect to business characteristics and the risk profile assumed, as well as its effectiveness;
- approving, at least annually, the work plan prepared by the Head of Internal Audit, having consulted with the Board of Statutory Auditors (and the director in charge of the internal control and risk management system);
- after consultation with the board of statutory auditors, assessing the results expressed by the independent auditor in any letter of recommendations and in reports on the issues which fundamentally emerged during the statutory audit;
- together with the Manager responsible for preparing the company's financial reports, and after consultation with the independent auditor and the Board of Statutory Auditors, assessing the correct use of accounting standards and their homogeneity for the purpose of drafting the consolidated financial statements.

At the request of the Board of Directors, it provides opinions:

- on specific aspects concerning the identification of the main business risks;
- on the design, creation and management of the internal control system;
- on the appointment and removal of the Head of the Internal Audit department;
- on the adequacy of the resources assigned to the Head of the Internal Audit department to fulfil his or her responsibilities;
- on the definition of the remuneration of the Head of the Internal Audit department.

It shall also:

- examine periodic reports concerning the assessment of the internal control and risk management system, and those of particular significance prepared by the Internal Audit department;
- monitor the autonomy, suitability, effectiveness and efficiency of the Internal Audit department;
- ask the Internal Audit department to check specific operating areas if required, also notifying the Chairman of the Board of Statutory Auditors;
- report to the Board of Directors, at least every six months, on the activities carried out as well as on the adequacy of the internal control and risk management system.

The Control and Risks Committee meets whenever its Chairman, who coordinates the committee's operation, deems it appropriate or when requested by at least one member and in any case at intervals that are sufficient for the proper performance of its duties.

The meetings of the Control and Risks Committee are attended by the Chairman of the Board of Statutory Auditors and - if deemed appropriate and at the request of the Committee - by other Company representatives (such as the Head of Internal Audit, the General Counsel, the Chief Financial Officer). The Directors shall not participate in Committee meetings in which proposals are submitted to the Board regarding their remuneration.

In 2014, the Control and Risks Committee met 4 times to:

- prepare Internal Control Committee Reports on the activities carried out;
- examine the quarterly reports on audits performed during the period in question prepared by the Head of Internal Audit;
- analyse activities related to the risk management and assessment system;
- examine the report on the adequacy of the internal control and risk management system prepared by the Head of Internal Audit;
- analyse the activities for updating and upgrading the internal control and risk management system;
- analyse the update of the 2014 Audit plan prepared by the Head of Internal Audit;

- analyse the 2015 Audit Plan prepared by the Head of Internal Audit;
- assess the size of the Internal Audit Department
- assess the correct use of accounting standards and their consistency in order to draft periodic reports, statutory financial statements and consolidated financial statements;
- analyse the procedure adopted by the Capital Market Board with respect to the subsidiary Cimentas.

On average, the meetings lasted about one hour and they were coordinated by the Committee Chairman.

The meetings were attended the Chairman of the Board of Statutory Auditors and the Head of Internal Audit. In 2014, the Financial Reporting Manager and the Independent Auditor took part in three and two meetings respectively, by invitation from the Committee, who provided input on agenda items within their competence.

In 2015 the Control and Risks Committee met once and three additional meetings are expected to be held during the year.

The percentage of attendance of each member at the Committee meetings held in 2014 is shown in the table in Article 4 (Board of Directors).

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company's internal control and risk management system consists of a set of rules, procedures and organisational structures established to ensure, through the appropriate identification, measurement and management of major risks, the sound management of the Company in a manner consistent with its objectives.

The Board, in accordance with the Control and Risks Committee, updated the guidelines to the internal control and risk management system so that the primary risks of the Issuer and its subsidiaries are identified correctly and adequately measured, managed and monitored, ensuring that these risks are compatible with company operations and strategic objectives. The document is updated at the third version dated 7 March 2013.

The Board, in accordance with the Control and Risks Committee, has examined the validity and effectiveness of the internal control and risk management system.

For the description of the primary characteristics of the existing internal control and risk management systems related to separate and consolidated financial reporting, please refer to Annex 1.

10.1. Executive director in charge of the internal control system

In compliance with the provisions of Article 7 of the Code, during its meeting on 7 November 2012 the Board of Directors appointed the Chairman and Chief Executive Officer Francesco Caltagirone as the director in charge of the internal control and risk management system, and gave him the following duties:

- identifying the main business risks, taking into consideration the characteristics of the activities carried out by the issuer and its subsidiaries, and periodically submitting them to the board of directors for analysis;
- executing the guidelines defined by the board of directors, handling the design, creation and management of the internal control and risk management system and continuously checking its adequacy and effectiveness;
- updating the internal control and risk management system on the basis of operating conditions and the legislative and regulatory panorama;
- asking the Internal Audit department to check specific operating areas and compliance with internal rules and procedures in the execution of business transactions, also notifying the chairman of the board of directors, the chairman of the control and risks committee and the chairman of the board of statutory auditors;
- reporting promptly to the control and risks committee (or to the Board of Directors) on the issues and criticalities which arose while carrying out his activities or concerning which he has been informed, so that the committee (or the board) can initiate the appropriate actions;
- with the favourable opinion of the Control and Risks Committee and after consultation with the Board of Statutory Auditors, proposing the appointment and removal of the Head of Internal Audit and the definition of his or her remuneration in line with company policies and in compliance with current regulations to the Board of Directors, so that it may resolve in that regard;
- after sharing with and receiving the favourable opinion of the Control and Risks Committee and having consulted with the Board of Statutory Auditors, defining the annual and long-term targets of the Head of Internal Audit and assessing the results achieved, ensuring that they are independent of the targets defined for operating managers.

10.2. Head of the Internal Audit department

The Board of Directors in the meeting of 8 May 2008 has appointed Francesco Paolucci (formerly the head of internal control) as the Head of Internal Audit.

The appointment was made upon the recommendation of the Chairman of the Board of Directors, after consultation with the Control and Risks Committee (formerly the Internal Control Committee).

The Director in charge of the internal control and risk management system determined remuneration for the head of internal audit according to corporate policy and ensured that the latter is provided with adequate resources and a specific budget to carry out his or her responsibilities.

The Head of Internal Audit shall report to the Board of Directors and interact with the Control and Risks Committee, the Director in charge of the internal control and risk management system and the Board of Statutory Auditors so as to ensure constant efficacy and the requirement of independence in carrying out his tasks in compliance with the Company's governance system, with the Code and in line with international best practices. The Head of *Internal Audit* has no operating responsibilities and reports to the board of directors; he/she has direct access to all information that is useful for the performance of his/her duties.

In fulfilling his duties, the Head of Internal Audit shall report to the Director in charge of the internal control and risk management system, to the Board of Statutory Auditors and to the Control and Risks Committee concerning the following:

- providing an annual assessment on the adequacy and effectiveness of the organisation's control and risk management processes
- reporting on significant problems relating to the Company's and its subsidiaries' control systems, proposing possible improvements, and following up on those problems until they are resolved;
- providing periodic updates on the progress and results of the annual audit plan and on the adequacy of the department's resources;
- supervising and coordinating with the other control and monitoring functions.

The Head of Internal Audit shall also be responsible for the following activities:

- developing a flexible annual audit plan based on an appropriate approach for assessing risks, including those identified by management; submitting it to the Board of Statutory Auditors and to the director in charge and to the Control and Risks Committee for examination and approval, and periodically disclosing plan updates;
- executing the annual audit plan as it was approved, if applicable including any specific activities or projects requested by the Board of Statutory Auditors, by the Director in charge and/or by Management;
- ensuring that Internal Audit department staff has sufficient professionalism, abilities and experience to satisfy the requirements of the position;
- providing advisory services, other than Internal Audit's typical assurance services, to support the management in reaching its targets;
- promptly reporting any case of suspected fraud which involves the management or employees in key positions in the company's internal control system to the Director in charge of the internal control and risk management system;
- assisting in the investigation of cases of suspected internal fraud and informing the Director in charge of the internal control and risk management system, the management and the Internal Control Committee of the results.

Within the scope of their activities, the Board of Statutory Auditors and the Control and Risks Committee may ask the Internal Audit department to conduct investigations on specific operating areas or business transactions.

In 2014, the Head of Internal Audit carried out the following activities:

- Devised the 2014 audit plan approved by the Board of Directors, including certain formal requests by the Chairman of the Board of Statutory Auditors, the Director in charge and the Control and Risks Committee;
- Continued the adoption, in the operating companies and in Cementir Holding, of a standard risk assessment and management methodology as envisaged by the Company's Risk Policy, with implementation of the SAP "Governance Risk & Compliance" (GRC) module;
- Updated the risk assessment and management system in the operating companies of the Group.

A whistleblowing management project was implemented in the group by defining a procedure, providing a special call center service available in all the languages spoken in Group companies and related communication and training activities.

10.3. Organisational Model in accordance with Legislative Decree 231/2001

With its Board of Directors resolution of 8 May 2008, the Issuer adopted the Management and Internal Control Organisation Model and a Code of Ethics in accordance with Legislative Decree no. 231/2001, drafted both on the basis of the instructions contained in the Confindustria Guidelines, and existing best practice in this field in Italy

The Model was drafted after analysing the risks associated with the Company's nature as a holding company in the cement and cement derivatives industry, and with its basic organisational structure. Based on an analysis of the risks and the consequent assessment of the existing internal control system, procedures were developed to reduce the risks of criminal conduct relating to sensitive, key activities covered in the aforementioned legislative decree.

With reference to the SB, the "231 Model" establishes the following:

- the requirements of autonomy, independence, professionalism and continuity of action;
- the free access of the SB to the entire corporate organisation and to all functions;
- the SB's access to all corporate information;
- the allocation of a specific budget;
- the SB's ability to use the support of the corporate organisation or of external consultants, with availability of the above budget for such purpose.

In 2012, the appointment given in 2009 to the Supervisory Body - comprising one external, independent member, Prof. Mario Venezia, who serves as Chairman, and one member from within the company, Mr. Francesco Paolucci, the Head of Internal Audit - was renewed for three years (i.e. until approval of the 2014 financial statements).

In addition to its statutory duties, the Supervisory Body is responsible for the following:

- verifying the effectiveness and the adequacy of the model;
- supervising the operation of and compliance with the model;
- overseeing the implementation of the Model;
- upgrading the Model and Code of Ethics so that they always reflect the Company's activities and procedures, and comply with the law;
- monitoring breaches of the model, including breaches of the Code of Ethics.

The Body is governed by its own rules which define the more operational and technical aspects of its activities (scheduling, minuting, information flows, control methods).

In 2014, the Supervisory Body formally met seven times, for the purpose of:

- together with the Head of the Internal Auditing organisational unit, monitoring the progress of the activities to update the 231 Model;
- verifying implementation of the "Organisation, Management and Control Model";
- organising training and information initiatives
- planning work for the year 2015;
- monitoring the implementation of the 231 Model by the Italian subsidiaries and its repercussions on foreign subsidiaries;
- verifying any reports of breaches of Model provisions.

The Chairman of the Board of Statutory Auditors participated in one Supervisory Body meetings. Represented by one or both of its members, the Supervisory Body participated in four meetings of the Board of Statutory Auditors held in 2014 and four meetings of the Control and Risks Committee. The Supervisory Body also met with the director in charge of the internal control and risk management system and the company's General Counsel in 2014.

Minutes are taken at the Body's meetings.

The Body has its own budget, set by the Board of Directors, which is adequate for its operations.

For more information about the 231 Model and the Code of Ethics adopted by the Company, please refer to the Investor Relations/Corporate Governance section of the Company's Website (www.cementirholding.it).

10.4. Independent Auditors

In accordance with the law, an auditing firm registered with Consob has been appointed to audit the Company's accounts. The appointment was made by the Shareholders' Meeting following a justified recommendation by the Board of Statutory Auditors.

KPMG S.p.A. is the auditing firm appointed by the Shareholders' Meeting of 18 April 2012 to conduct auditing activities on the Company's separate financial statements and the consolidated financial statements for the 2012-2020 period. The appointment is due to expire upon approval of the financial statements as at 31 December 2020.

10.5. Manager responsible for preparing the company's financial reports

In accordance with Article 16 of the Company's Articles of Association, in compliance with art. 154 bis of the Consolidated Finance Act, the Board of Directors appoints the manager responsible for preparing the Company's financial reports ("Financial Reporting Manager"), with due regard for the opinion of the Board of Statutory Auditors. The manager is selected among candidates who have accumulated adequate experience in administration, finance and control in large companies or in the exercise of their profession, and who meet the integrity requirements prescribed for Directors.

Should the manager no longer meet such integrity requirements during the term of office, he/she must forfeit the position. In such cases, the manager shall promptly be replaced.

The Financial Reporting Manager shall remain in office for a one-year term, until the Board of Directors meeting subsequent to the Shareholders' Meeting that approves the financial statements for the year.

At the meeting held on 9 May 2014, the Company's Board of Directors renewed the appointment of Mr. Massimo Sala - the Company's Chief Financial Officer, responsible for administration, finance and control - as the Financial Reporting Manager, pursuant to Article 16 of the Articles of Association and Article 154 bis of the Consolidated Finance Act. At the proposal of the Chairman, having received the favourable opinion of the Board of Statutory Auditors, the Board assessed Mr. Sala's background and experience and appointed him to the position until the meeting subsequent to the shareholders' meeting for the approval of the 2014 financial statements, while assigning the Chairman the task of formalising this appointment and vesting him with all powers necessary to carry out his duties.

Implementing the aforementioned resolution, the Financial Reporting Manager has been vested with the powers and means necessary to carry out his duties including the following, merely by way of example:

- in the presence of company deeds and communications disclosed to the market concerning financial reporting, including interim reports, to sign a declaration certifying that the aforementioned deeds and communications comply with the accounting documentation, books and records (Article 154-bis, Paragraph 2 of the Consolidated Finance Act);
- to prepare adequate administrative and accounting procedures for drafting the separate financial statements and the consolidated financial statements as well as any other financial communication (Article 154-bis, Paragraph 3 of the Consolidated Finance Act);

- to certify, in the manner prescribed by law, pursuant to Article 154-bis, Paragraph 5 of the Consolidated Finance Act, in conjunction with the delegated administrative bodies, in a special report to be attached to the annual financial statements (separate and consolidated) and to the condensed half-year financial statements, the adequacy and actual enforcement of the procedures referred to in the previous paragraph, during the period to which the documents refer, and the conformity of these documents with the accounting documentation, books and records and their suitability to provide a truthful and fair representation of the financial position and performance of the Company and the group of companies included within the scope of consolidation, as well as the conformity of the documents to the applicable international accounting standards recognised in the European Community (Article 154-bis, Paragraph 5 of the Consolidated Finance Act);
- to assess, together with the Control and Risks Committee, and having consulted with the Independent Auditor and the Board of Statutory Auditors, the correct use of accounting standards and their homogeneity for the purpose of drafting the consolidated financial statements;
- to participate in Board of Directors meetings during which topics are discussed which affect the financial situation and performance and in the cases in which topics concerning his activities are discussed; he has the right to propose changes to the company processes and procedures for which he is not the process owner, including IT procedures, which have an indirect impact on the drafting of the financial statements or on the company's financial situation and performance;
- to revise existing procedures and, where appropriate, establish new procedures to ensure, within the scope of internal organisational processes, the traceability of information flows, the assignment of duties and responsibilities and their timing, the security of IT systems with regard to information flows, and the existence of an adequate control system;
- to report to the Board, on at least a quarterly basis and in any case at the time of approval of the annual and interim financial statements, on the activities performed, in particular with regard to the procedures for managing and controlling the process of preparing accounting documentation and direct disclosures to the market;
- to report any problems that emerge during the course of the year and any actions taken to address those problems;
- to inform the Board of Directors regarding the use of resources placed at the Manager's disposal;
- to request any organisational modifications necessary and/or advisable for the discharge of his/her duties assigned by law, the Articles of Association and by the Board of Directors, as well as any consulting and/or professional service engagements or the purchase of goods and services strictly instrumental to or necessary for the discharge of the Manager's duties;
- immediately to inform the Board of any impediment that could compromise the proper performance of the above duties.

Relations between the Financial Reporting Manager and the Board of Directors are governed through the Control and Risks Committee, to which the Financial Reporting Manager reports on a half-yearly basis as well as any time circumstances so require concerning:

- the suitability of his powers;
- the suitability of the means and resources made available to him;
- the suitability of the administrative procedures adopted or the need to change them on the basis of issues detected;
- the corrective actions to be adopted in order to overcome the issues found.

The Board of Directors not only supervises to ensure that the Financial Reporting Manager has the aforementioned powers and means, but also supervises effective compliance with administrative and accounting procedures (Article 154-bis, Paragraph 4 of the Consolidated Finance Act).

10.6. Coordination between parties involved in the internal control and risk management system

In accordance with principle 7.P.3 of the Code of Conduct, and in compliance with the *best practices* for listed companies, the company has a procedure for coordinating amongst the various parties involved in the Cementir Holding internal control and risk management system (Board of Directors, Board of Statutory Auditors, Director in charge of the internal control and risk management system, Control and risks committee, Head of Internal Audit, Manager responsible for preparing the company's financial reports).

This coordination was defined by adopting the document "Definition of relations between the bodies and functions responsible for the company's internal control", which defines and harmonises interrelations amongst the various bodies and functions that make up the Cementir Holding internal control system. This document was adopted with the objective of minimising the risk of repercussions on company operations in terms of potential duplications of requests coming from these bodies, and creating a streamlined and efficient company-wide control system.

11. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

On 8 May 2008, the Board of Directors adopted a procedure for handling transactions entered into by the Company and/or its subsidiaries with related parties in order to standardise their approval and implementation. For each of these transactions, in compliance with the general principles established by Consob, the Board adopted rules and procedures that assure their transparency and substantial and formal propriety.

In particular, when establishing the procedure for approving and carrying out transactions with related parties, the Board defined specific transactions and established the criteria for identifying which transactions need to be approved by the Board, in consultation with the Control and Risks Committee.

In 2010, the Board revised this procedure in light of new indications issued by Consob on 12 March 2010, regarding the general principles to which Italian listed companies must adhere in order to ensure the substantial and procedural transparency and propriety of transactions with related parties undertaken either directly or through subsidiaries.

The Board of Directors did not consider it necessary to adopt specific operating solutions to help determine and handle situations in which a director holds individual interests or third-party interests. The Board of Directors shall adopt suitable operating solutions from time to time.

For more information on the aforesaid procedure, please refer to the Investor Relations/Corporate Governance section of the Company's website (www.cementirholding.it).

12. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

Article 15 of the Articles of Association prescribes that the Board of Statutory Auditors shall consist of three Standing Auditors and three Alternate Auditors whose remuneration shall be determined by the Shareholders' Meeting. It should be mentioned that at the meeting of 7 November 2013 the Board of Directors amended the Articles of Association by introducing the principle by which the composition of the Board of Statutory Auditors should in any case ensure a balance between genders, in accordance with the laws in force.

Members of Board of Statutory Auditors are elected on the basis of lists submitted by Shareholders with voting rights representing at least 2% of the share capital or, alternatively, the lower percentage that may be set by applicable laws (for 2014, it was set at 2.5% of the share capital).

The lists shall be filed at the Company's registered office no later than 25 days prior to the date set for the Shareholders' Meeting on first call.

Those submitting the lists must prove that they are Shareholders by depositing, together with the list, the documentation attesting possession of the number of shares required for submission of the list.

In the event that only one list is submitted by the deadline for list submission, or only lists by shareholders who belong to the same group or are parties to a shareholders' agreement concerning the Company's shares have been submitted, shareholders may continue to submit lists for up to three days after the deadline, provided that statutory notice requirements are met. In this case, the percentage threshold for submitting lists shall be reduced by half.

The lists shall be accompanied by information on the shareholders presenting them, indicating the total percentage of shares held, the curriculum vitae of each person on the slate, and a statement from each candidate affirming, under his/her personal responsibility, that he or she meets the requirements established by law and agrees to be a candidate.

The lists for the election of the members of the Board of Statutory Auditors shall contain the names of one or more candidates numbered in sequential order. In no case, however, may the number of candidates on the list exceed the number of auditors to be elected. The lists may be divided into two sections, each of up to 3 candidates (numbered progressively) for the office of standing auditor and alternate auditor.

Each list for the appointment of standing auditors or alternate auditors shall contain a number of candidates belonging to the gender with fewer members so as to ensure a balance between both genders to the extent required by the laws and regulatory provisions in force.

No shareholder may submit or vote, either directly or through another person or a trust company, for more than one list, and each candidate may appear on only one list under penalty of ineligibility.

Once the votes are counted, the Standing Auditors shall be the top two candidates on the list that received the highest number of votes (the "Majority List") and the top candidate of the list - submitted and voted by shareholders who are not connected, directly or indirectly, with the majority shareholders - with the second-highest number of votes (the "Minority List"), who will serve as Chairman of the Board of Statutory Auditors.

The following shall also be elected:

- two Alternate Auditors among the candidates in the "Alternate Auditors" section of the Majority List, progressively numbered;
- one Alternate Auditor among the candidates in the "Alternate Auditors" section of the Minority List according to the progressive number.

If at the outcome of voting the composition of the Board of Statutory Auditors, with its standing and alternate members, does not respect a balance between genders to the extent required by the laws and regulatory provisions in force, the last member on the list receiving the highest number of votes shall be replaced with the first person on the list belonging to the gender with fewer members. If through the scrolling method a balance between genders is not reached to the extent required by the laws and regulatory provisions in force then the Shareholders' Meeting shall resolve on the issue with a majority prescribed by law.

If only one list is submitted or if only one list receives votes, all of its candidates shall be elected on the basis of ordinary majorities as prescribed by law, while still fulfilling the requirement to respect a balance between genders to the extent required by the laws and regulatory provisions in force.

If a Standing Auditor fails to take office or resigns from office, the Alternate belonging to the same list shall take over, while still fulfilling the requirement to respect a balance between genders to the extent required by the laws and regulatory provisions in force; if this replacement does not ensure compliance with the law, the Shareholders' Meeting shall be called immediately to enable compliance with applicable laws.

The Shareholders' Meeting convened to replace members of the Board of Statutory Auditors in accordance with the law shall do so in compliance with the minority representation principle and the requirement to respect a balance between genders to the extent required by the laws and regulatory provisions in force.

Members of the Board of Statutory Auditors must satisfy the requirements of integrity, professionalism and independence set forth by current legislation for Statutory Auditors of companies with listed shares.

Candidates may not be included in lists if they already serve as Auditors for three other listed companies, excluding Group companies.

Members of the Board of Statutory Auditors shall serve a term of three years, which expires on the date of the Shareholders' Meeting convened to approve the financial statements for their third year of office. Outgoing members of the Board of Statutory Auditors may be re-elected.

It should be pointed out that, in implementation of the additions made to the Consolidated Finance Act in July 2011 to ensure a balance between genders within the governing and supervisory boards of companies with listed shares, as well as in light of the implementing provisions laid down by CONSOB in its regulation, and on the basis of the amendments to the Articles of Association as a result, during the first three renewals of the Board of Statutory Auditors subsequent to 12 August 2012, lists with three or more candidates must also include candidates of the less represented gender, which is one fifth of the candidates for the Board of Statutory Auditors for the first subsequent term and one third of the candidates for the Board of Statutory Auditors for two subsequent terms, according to what will be specifically set forth in the shareholders' meeting notice.

13. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting (in accordance with the Articles and Association and applicable laws and regulations) on 17 April 2014 for the 2014-2016 term, until the approval of the financial statements as at 31 December 2016. This appointment was based on the sole list presented by the majority shareholder, Calt 2004 S.r.l., with 81.02% of votes in favour.

The following table shows the structure of the Board of Statutory Auditors as at 31 December 2014:

Office	Name	Birth year	Date of first appointment	In office from	In office until	List(M/m)*	Independent per the Code	%Attendance	No. of Other positions
Chairman	Claudio <i>BIANCHI</i>	1939	16.04.08	Sh. Mtg. 17.04.14	Approval of 2016 Fin. St.	M	X	100	6
Standing auditor	Giampiero <i>TASCO</i>	1951	16.04.08	Sh. Mtg. 17.04.14	Approval of 2016 Fin. St.	M	X	60	23
Standing auditor	Maria Assunta <i>COLUCCIA</i>	1966	17.04.14	Sh. Mtg. 17.04.14	Approval of 2016 Fin. St.	M	X	100	24
Alternate Auditor	Stefano <i>GIANNULI</i>	1965	17.04.14	Sh. Mtg. 17.04.14	Approval of 2016 Fin. St.			/	/
Alternate Auditor	Vincenzo <i>SPORTELLI</i>	1961	16.04.18	Sh. Mtg. 17.04.14	Approval of 2016 Fin. St.	M	X	/	/
Alternate Auditor	Patrizia <i>AMORETTI</i>	1970	18.04.11	Sh. Mtg. 17.04.14	Approval of 2016 Fin. St.	M	X	/	/
AUDITORS RESIGNING DURING THE PERIOD									
Standing auditor	Federico <i>MALORNI</i>	1957	26.07.10	Sh. Mtg. 18.04.11	Approval of 2013 Fin. St.	M	X	100	/

Key
% Attendance: this column shows the percentage of attendance at Board of Statutory Auditor meetings.
Other positions: reports the number of positions held by the Auditor pursuant to Article 148-bis of the Consolidated Finance Act. In accordance with Article 144-quinquiesdecies of the Issuers' Regulations, the complete list of positions held is attached to the report on supervisory activities prepared by the Board of Statutory Auditors pursuant to Article 153, Paragraph 1 of the Consolidated Finance Act.

The meeting attendance of each member is indicated in the table above.

Assessing whether to assign the duties of the 231/01 SB to the Board of Statutory Auditors, it decided to keep the two supervisory bodies separated

No Statutory Auditors left office during the year ending on 31 December 2014 and there were no changes in the composition of the Board of Statutory Auditors from the end of the financial year to the approval of the Report..

For information on the personal and professional qualifications of each statutory auditor, please refer to their CVs, available at the Company's website (www.cementirholding.it), in the section Investor Relations/Corporate Governance/Shareholders' Meetings/2014 Archive/List of candidates for Statutory Auditors.

During the year, the Board of Statutory Auditors met five times.
 On average, the meetings lasted about one and a half hours.
 Five meetings are scheduled for 2015, one of which was already held on 15 January.

The Board of Statutory Auditors, at its meeting of 16 May 2014, verified that its members continued to meet the independence requirements. As part of this assessment process, the Board applied all of the criteria regarding the independence of Directors prescribed by the Code.

The Board of Statutory Auditors monitored the independence of the independent auditors and verified compliance with the applicable provisions of law, as well as the nature and quantity of any services provided to the Company.

For situations in which Auditors are stakeholders on their own behalf or on behalf of others, the procedure for related party transactions (see Section 11 above) shall apply. The procedures state that auditors in such a situation must inform the Board of Directors and the other auditors in a timely, thorough manner, specifying the nature, origin, terms and scope of their interest.

In performing its duties, the Board of Statutory Auditors coordinated its activities with the Internal Audit Department, from which it received updates on the execution of controls in specific operating areas, and with the Financial Reporting Manager.

Furthermore, the Board of Statutory Auditors coordinated its activities with the Control and Risks Committee through the timely exchange of relevant information to fulfil their relative duties and the presence of the Chairman of the Board of Statutory Auditors at Committee meetings. The Board of Statutory Auditors also received updates from Internal Audit on the execution of controls in specific operating areas. This made it possible to continuously exchange information between the various bodies, aimed at monitoring the entire controls system.

The advisability of assigning the supervisory duties under Legislative Decree 231/01 to the Board of Statutory Auditors was assessed and the decision was made to keep the two supervisory bodies separated.

14. SHAREHOLDER RELATIONS

For the purpose of establishing continuous dialogue with institutional investors, with shareholders and with the market, and in order to ensure the systematic dissemination of extensive and timely information on its activities, the Company has set up a dedicated section on its website, www.cementirholding.it, where economic and financial information, as well as data and documents of interest to shareholders are published in both Italian and English in order to exercise their rights in an informed manner.

At its meeting on 31 January 2013, the Board of Directors appointed Mr. Massimo Sala, the Group CFO, as head of relations with institutional investors and with other Shareholders. During the course of such relations, disclosure of any documents and information concerning the Company shall be in accordance with internal procedures. The Company also has a company department in charge of managing investor relations, which is currently under the Administration, Finance and Control department.

15. SHAREHOLDERS' MEETINGS

The rules governing the operations of shareholders' meetings were radically changed following the introduction of provisions into the Italian legal system by Legislative Decree no. 27/2010 and no. 91/2012, meant to facilitate participation in shareholders' meetings by shareholders of listed companies.

Shareholders' Meetings shall be convened in accordance with the procedures established under applicable laws and regulations.

There are no specific quorums for convening meetings or passing resolutions, hence prevailing laws and regulations shall apply. Eligibility to attend the Shareholders' Meeting and exercise the right to vote shall be certified by a notice sent to the Company by the intermediary, in accordance with applicable regulations, on the basis of the data in its accounting records for the end of the accounting day of the seventh business day (record date) before the date set for the first calling of the Shareholders' Meeting.

Shareholders with voting rights may be represented by means of a written proxy, subject to the preclusions and limitations set out in the articles of Association and applicable laws.

The Shareholders' Meeting is responsible for resolving on matters under their competence as laid down by the law, since the Articles of Association do not provide for additional specific duties. It should be reiterated that the Articles of Association, in accordance with art. 2365, Paragraph 2, of the Italian Civil Code, give the Board of Directors the power to resolve on mergers in cases provided for under articles 2505 and 2505-bis of the Italian Civil Code, opening, moving or closing of branch offices, reducing share capital in the case of Shareholder withdrawal, and bringing the Articles of Association in line with applicable laws.

On 19 April 2010, the Shareholders' Meeting approved the amendment of Article 10 of the Articles of Association, and pursuant to Article 2365, Paragraph 2 of the Italian Civil Code, it empowered the Board of Directors to amend the Articles of Association in all instances where it is necessary to bring them into line with new, mandatory legal and regulatory provisions.

The Board also reported to shareholders on the work it carried out and its plans for the future, in response to requests made by shareholders in attendance.

With the amendments to the Articles of Association introduced pursuant to Legislative Decree no. 27/2010, the Company intended to provide shareholders with the opportunity to employ additional instruments to attend Shareholders' Meetings and exercise their voting rights. In particular, the Articles of Association now provide for electronic notification of the proxies according to the procedures established in the convening notice.

The Company may also designate a representative of the shareholders, to whom they may issue a proxy, with voting instructions, on all or some of the agenda items, until the end of the second business day preceding the date set for the Shareholders' Meeting on first or sole call.

The Company's Articles of Association do not currently provide for absentee voting, electronic voting or any audio-visual links since these are not deemed useful in light of the Company's shareholding structure.

For the time being, the Company has not deemed it necessary to adopt formal rules for the Shareholders' Meeting in view of the fact that Meetings have always proceeded normally, and of the limited number of shareholders. It is considered sufficient for the Chairman to continue overseeing the Meetings on the basis of participation rules. The Chairman of the Shareholders' Meeting verifies individual Shareholders' entitlement to participate and ascertains whether the Meeting is duly convened and a quorum is present. The Chairman presides over the proceedings.

Those entitled to vote may request the floor in relation to the matters under discussion, providing comments, requesting information and making proposals. Requests to intervene can be made when the Meeting is convened and - unless a different term is indicated by the Chairman - until the Chairman of the Meeting has announced the end of discussions on a given matter. The Chairman of the Meeting and, at the latter's request, any assistants, respond to questions at the end of all discussions or after each discussion. Those who have requested the floor are entitled to reply.

During financial year 2014, the ordinary shareholders' meeting met one time on 18 April, with the participation of 6 Directors and the entire Board of Statutory Auditors.

The Chairman of the Board of Directors reported to the Shareholders' Meeting on the activities conducted and planned, and it worked to ensure that the shareholders received a suitable disclosure on the elements necessary for them to be able to make the decisions required of the shareholders' meeting with full knowledge of the facts.

Shareholders are regularly informed on the operations of the Appointments and Remuneration Committee, both through this Report and by means of the information contained in the Remuneration Report.

Please note that the Company's market capitalisation increased by 18.0% in 2014 and it amounted to EUR 797,987,000 by the end of 2014. In 2014, the FTSE Italia All Share index decreased by 0.2%, whereas the FTSE Italia Star index rose by 8.5%.

16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

Other than those described above, and than the adoption of an organisational model in accordance with Legislative Decree 231/2001, the Company did not apply any additional corporate governance practices, aside from the obligations prescribed by laws and regulations.

17. CHANGES SINCE YEAR-END

With the exception of the above, there were no significant changes in the Company's corporate governance system since the end of the financial year to the date of this Report.

Rome, 10 March 2015

On behalf of the Board of Directors
The Chairman and Chief Executive Officer
Francesco Caltagirone

ANNEX 1: Paragraph on the “Primary characteristics of the existing risk management and internal control systems in relation to the financial reporting process” in accordance with Article 123-bis, Paragraph 2, letter b) of the Consolidated Finance Act.

1) Foreword

The Internal Control and Risk Management System is a key component of the Corporate Governance system for the companies of the Cementir Holding Group (i.e. Cementir Holding and its subsidiaries). Its purpose is, *inter alia*, to assure the reliability, accuracy and timeliness of financial reporting through an appropriate process of identifying, measuring, managing and monitoring the primary risks.

In order to enable the identification, measurement, management and monitoring of the key risks to which the Company is exposed, a single, centralised Internal Control System has been adopted, which assigns responsibilities at three levels:

- first level - defines and manages the “line” controls inherent in operating processes;
- second level - manages the process of managing and controlling risks related to operations, thereby ensuring consistency with corporate objectives and sufficient organisational segregation to allow for effective monitoring;
- third level - provides “assurance” as to the overall design and operation of the Internal Control System by means of independent assessments and improvement plans defined by Management.

The Company’s risk management system must not be seen as separate from the internal control system with regard to the financial reporting process. Indeed, both are components of the same System aimed at ensuring the reliability, accuracy and timeliness of the financial information provided.

Components of the Internal control system

The most significant components of the Internal control system are:

- a sufficiently clear, formalised organisational system, particularly as concerns the assignment of responsibilities, the definition of hierarchies, and the description of duties;
- manual and/or computerised procedures that regulate activities and provide appropriate controls;
- signatory and authorisation powers assigned in accordance with established organisational and operational responsibilities, including, where necessary, an indication of spending approval limits;
- management control systems designed to provide timely notifications of specific and/or general critical issues;
- a Code of Ethics approved by the Board of Directors in May 2008;
- human resources training and communication.

The components of the internal control system are based on the following principles:

- the verifiability, traceability, consistency and coherence of each transaction;
- the separation of functions and responsibilities (i.e. no one person may manage an entire process autonomously);
- the documentation of controls;
- periodic upgrades to the internal control system, based on risk assessment and changes made to the organisational model

The Board of Directors has ultimate responsibility for the Internal Control System.

The Board of Directors, supported by the Control and Risks Committee defines the guidelines of the internal control System, *by defining the extent to which risks are compatible with the company’s strategic objectives*; it furthermore assesses, at least annually, the adequacy, efficiency and effectiveness of the internal control system *taking into account the characteristics of the Company and its risk profile. 7.C.1*

The Director in charge of the internal control and risk management system is responsible for designing, creating and managing the internal control and risk management system on the basis of guidelines defined by the Board of Directors, delegating that activity to the applicable management. All the tasks provided by criterion 7.C.4. are specified in the report.

The Head of Internal Audit provides assurance to the Director in charge of the internal control and risk management system, the Control and Risks Committee and the Board of Statutory Auditors that the Internal Control and Risk Management System:

- is suitable to promptly react to significant situations of risk which arise both internally and from changes in the environment in which the company operates;
- includes regular activities to control the effectiveness of the Internal Control System, as well as the possibility of activating specific control activities if weaknesses in the Internal Control System are reported;
- includes procedures for immediate communication at an appropriate level of the company, adopting for that purpose suitable organisational solutions which ensure that the functions directly involved in the Internal Control System can access the necessary information as well as corporate management;
- is an integral part of the company’s activities and culture, activating for that purpose suitable information, communication and training processes to facilitate the identification and timely execution of corrective actions.

In addition to the duties listed in the Corporate Governance Report, the Manager Responsible for the Company's financial reports is also in charge of establishing appropriate administrative and accounting procedures for preparing the separate and consolidated financial statements.

2) Description of the primary characteristics of the existing risk management and internal control systems in relation to the financial reporting process

Appointment of the manager responsible for the Company's financial reports and approval of the operating rules

The Board of Directors appointed Mr. Massimo Sala, the Company's CFO, as the Manager Responsible for the Company's financial reports at its meeting held on 23 April 2012 and, at its meeting on 7 November 2012, it approved the Operating Rules for said position. This document establishes the guidelines to be followed within the Cementir Holding Group regarding the obligations deriving from Article 154-bis of Legislative Decree 58/1998 concerning the preparation of Company accounting documents and related certification obligations. In particular, the document:

- defines the powers and responsibilities of the manager;
- defined the appointment of financial reporting Managers within Group companies, as well as the procedures for the appointment;
- to assist in the preparation of the certifications and declarations required of the manager by law, introduced the option for the Financial Reporting Managers of the Group companies to internally certify, through the related internal communications process, the proper operation of administrative and accounting procedures, as well as the completeness and reliability of information and the adequacy and actual application of internal controls in relation to the financial reporting process.

Upgrading the Internal Control System

The Internal Control System was upgraded as a result of the analysis of the risks pertaining to major corporate processes.

A gap analysis was conducted regarding the following internal control principles:

- procedures and regulations;
- segregation of duties;
- signatory and authorisation powers;
- control activities.

Controls on the IT systems

Under the current organisational structure, financial reporting managers for subsidiary operating companies in accordance with Law 262/2005 have been identified and they shall internally certify the proper operation of administrative and accounting procedures, the completeness and reliability of information flows and the adequacy and actual application of internal controls. Once confirmation of application of the required controls has been received from the 262 Managers of the subsidiary operating companies, the Manager Responsible for the Company's financial reports shall verify the figures the economic and financial information and shall certify that such figures match those contained in company documents, books and accounting records.

In accordance with the guidelines for the internal control system, the control mechanisms described above shall be monitored by the management of the operating companies for the areas concerned (first-level control), by the Manager Responsible for the Company's financial reports (second-level control), and by the Internal Audit Department (third-level control).

Risk management system

In 2011, the Company started upgrading the risk assessment and management system. Hence, a Risk Policy was promulgated, defining roles, responsibilities, standards of behaviour, processes and standards to be enforced by all Group companies when assessing and managing risks.

With regard to roles and responsibilities, the Board of Directors has ultimate responsibility for the risk management process of Cementir Holding. The Chief Operating Officer of Cementir Holding and the Chief Operating Officers and Managing Directors of the subsidiaries (Regions and Operating companies) are responsible, *inter alia*, within the risk strategy and the risk policy:

- for developing and implementing an adequate risk management system;
- for submitting a risk strategy proposal to their respective Board of Directors;
- for periodically reporting on risk.

On financial risk matters, the CFO of Cementir Holding is specifically responsible:

- for developing and implementing an adequate risk management system, inclusive of procedures;
- for assessing the status in all risk areas, as well as emerging areas;
- for adapting the company's risk level to the approved risk propensity.

Inclusion of financial risks in the risk report to the Board of Directors is carried out in coordination with the Chief Operating Officer of Cementir Holding.

The Internal Audit department supports the management in risk assessment and management, facilitating the implementation of the risk management system throughout the Group; it also collects, reviews and verifies the risk reports prescribed by the policy.

The risk management and assessment system was implemented at the operating companies Aalborg Portland (Denmark), Aalborg Portland Anqing (China), Aalborg Portland Malaysia, Cimentas (Turkey), Cementir Italia, Vianini Pipe and Gaetano Cacciatore (USA), Neales Waste Management (Gran Bretagna) at the Cementir Holding and it will be extended to the operative Sinai White Cement in 2015.

According to the method, management is to act on the risk proceeding along these steps:

- ❖ risk identification: the management, using workshops, brainstorming sessions and other instruments, classifies risk according to the following categories:
 - strategic: competition, changes in demand, structural changes in the industry, launch of new products and services, political climate, investor relations, mergers/acquisitions/sales, reputation and brand name;
 - operating: distribution channels, information security, company viability plans, compliance with external and internal regulations (e.g. the Company Code of Ethics), health and safety, environment and crash or malfunction of the IT system;
 - financial: cash management, credit, forecast cash flows, treasury, fraud, changes in interest rates and taxes;
 - image: unfavourable publicity or brand name impairment;
 - compliance: Code of Ethics, issues with legal or regulatory non-compliance, regulatory changes.
- ❖ risk assessment: for each identified risk, management expresses an assessment in terms of likelihood and impact on the business, using a 5-level scoring system;
- ❖ risk management: an “owner” is identified for each risk, making him/her responsible for verifying that the agreed initiatives are undertaken promptly and within the specified budget limits and that the initiatives effectively contribute to mitigate risk. Management must be involved, in particular for risks assessed as high;
- ❖ risk reporting: the Chief Operating Officer is responsible for the report (risk register) based on the main risks at the operating company and region level. Financial risks are included in coordination with the Chief Financial Officer. The report includes the ten most significant risks identified;
- ❖ risk monitoring: the monitoring activities pertain to mitigation and control, as key components in the management of risk exposure.