

Ordinary and Extraordinary Shareholders' Meeting 19 April 2018

Directors' explanatory report on the agenda

pursuant to Article 125-ter Legislative Decree n. 58 of 24 February 1998 as amended

The Italian text prevails over the translation into English

Dear Shareholders,

According to Article 125-ter of Legislative Decree n. 58 of 24 February 1998 (“Consolidated Financial Act”), as amended, and Article 84-ter of Consob Resolution No. 11971 of May 14, 1999 (“Issuers’ Regulation”), as amended, the Board of Directors of Cementir Holding S.p.A. submits to you a report illustrating the matters on the agenda of the Ordinary and Extraordinary Shareholders’ Meeting convened at the head office of the company in Corso di Francia n. 200, on single call, for **19 April 2018** at **11.30** a.m.

AGENDA

Ordinary Session

1. Financial statements as of 31 December 2017. Reports of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors. Allocation of the net result for the year. Related resolutions. Presentation of the Group’s consolidated financial statements at 31 December 2017.

Extraordinary Session

1. Proposal not to reconstitute, pursuant to Article 13, paragraph 2 of law 342/2000, the revaluation reserve as per law no. 266/2005 and the revaluation reserve as per law no. 342/2000, entirely used to cover the residual loss recorded in the year 2017. Related and consequent resolutions.

Ordinary Session

2. Motion for the distribution of a dividend. Related and consequent resolutions.
3. Election of the Board of Directors for the 2018-2020 term:
 - a. Determination of the number of members of the Board of Directors;
 - b. Appointment of the members of the Board of Directors;
 - c. Determination of the remuneration of the members of the Board of Directors.
4. Remuneration Report: resolutions in relation to the first section pursuant to Article 123-ter, paragraph 6 of Legislative Decree No. 58/98.

ORDINARY SESSION

1. FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017. REPORTS OF THE BOARD OF DIRECTORS, THE BOARD OF STATUTORY AUDITORS AND THE INDEPENDENT AUDITORS. ALLOCATION OF THE NET RESULT FOR THE YEAR. RELATED RESOLUTIONS. PRESENTATION OF THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017.

Dear Shareholders,

The document "Annual Report at 31 December 2017" of Cementir Holding S.p.A., made available at the Company's registered offices, on the Company's website www.cementirholding.it, and on the authorized storage device managed by Spafid Connect S.p.A. at www.emarketstorage.com, not later than twenty-one days before the scheduled date of the Shareholders' Meeting (within 29 March 2018), includes the draft of the financial statements of Cementir Holding S.p.A. and the consolidated financial statements, jointly with the Directors' report and the statement pursuant to Article 154-bis, paragraph 5 of the Consolidated Financial Act.

Reports of the Independent Auditors and of the Board of Statutory Auditors are available to the public together with the Annual Report.

Therefore, you are invited to refer to these documents.

The foregoing being understood, we recommend that the Shareholders' Meeting should adopt the following resolution:

The Shareholders' Meeting:

- having examined the Company's separate financial statements for the year ended 31 December 2017 showing a loss of EUR 123,242,525;
- having examined the Directors' report on operations, the Board of Statutory Auditors' report to the Shareholders' Meeting and the Independent Auditors' report;
- having examined the consolidated financial statements for the year ended 31 December 2017 showing a Group net profit of EUR 71,471,265;

RESOLVES

- a) to approve the Company's separate financial statements – including the balance sheet, the income statement and the explanatory notes for the year ended 31 December 2017 – showing a loss of EUR 123,242,525;
- b) to cover the year's loss of EUR 123,242,525 by using the merger surplus reserve for EUR 21,332,162 and by carrying forward the residual loss of EUR 101,910,363, without prejudice to the following resolutions in extraordinary session.

EXTRAORDINARY SESSION

1. PROPOSAL NOT TO RECONSTITUTE, PURSUANT TO ARTICLE 13, PARAGRAPH 2 OF LAW 342/2000, THE REVALUATION RESERVE AS PER LAW NO. 266/2005 AND THE REVALUATION RESERVE AS PER LAW NO. 342/2000, ENTIRELY USED TO COVER THE RESIDUAL LOSS RECORDED IN THE YEAR 2017. RELATED AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,

The Ordinary Shareholders' Meeting has approved the Financial Statements for the financial year 2017 resolving to carry forward the residual loss of the period equal to EUR 101,910,363, without prejudice to subsequent resolutions in the extraordinary session.

The suggestion in the extraordinary session is to cover the residual loss through the entirely utilisation of the "Revaluation Reserve as per Law 266/2005" for EUR 4,178,091, and through the entirely utilisation of the "Revaluation Reserve as per Law 342/2000 (years 2000 and 2003)" for EUR 97,732,272.

To this purpose, the Law 266/2005 references Article 13 paragraph 2 of Law 21 November 2000 No. 342 ("Law 342/2000"), which states that: *"in case of use of the reserve to cover losses, it will not be possible to distribute profits until the reserve has been re-established or reduced down by the corresponding amount with a resolution adopted by the Extraordinary Shareholders' Meeting, whilst 2nd and 3rd paragraphs of Article 2445 of the Civil Code shall not be applicable"*.

In order to benefit of a major flexibility in the allocation of the Company's future profits and avoid limitations to the distribution of the dividend, we suggest to resolve not to reconstitute the above-mentioned reserves by restoring the amount used to cover the residual loss for the financial year 2017.

The Shareholders' Meeting is therefore invited to adopt the following resolution:

The Shareholders' Meeting

- as per Article 1, paragraph 469, and subsequent, of Law 266/2005 and the thereby referenced Article 13, comma 2 of Law 342/2000;

RESOLVES

- a) to cover the residual loss of EUR 101,910,363 through the entirely utilisation of the "Revaluation Reserve as per Law 266/2005" for EUR 4,178,091 and through the entirely utilization of the "Revaluation Reserve as per Law 342/2000 (years 2000 and 2003)" for EUR 97,732,272;
- b) to not reconstitute the Revaluation Reserve as per Law 266/2005 and permanently reduce it by the amount of EUR 4,178,091 used to cover the loss;
- c) to not reconstitute the Revaluation Reserve as per Law 342/2000 (years 2000 and 2003) and permanently reduce it by the amount of EUR 97,732,272 used to cover the loss.

ORDINARY SESSION

2. MOTION FOR THE DISTRIBUTION OF A DIVIDEND. RELATED AND CONSEQUENT RESOLUTIONS.

Dear Shareholders,

In relation to the distribution of a dividend, the Board of Directors proposes to pay for each ordinary share a dividend of EUR 0,10, using, for this purpose, total Euro 15,912,000 of retained earnings from years closed before 31 December 2007.

The foregoing being understood, we recommend that the Shareholders' Meeting should adopt the following resolution:

The Shareholders' Meeting

RESOLVES

- a) to allocate the total amount of EUR 15,912,000 as a payable dividend to the shareholders, equal to EUR 0.10 per each ordinary share, gross of any withholding tax, using retained earnings from years closed before 31 December 2007;
- b) establish the Record Date as of 22 May 2018 according to Article 83-terdecies of the Legislative Decree 58/98;
- c) to set out 21 May 2018 as the ex-dividend date;
- d) to pay the dividend, gross of any withholding tax, on 23 May 2018.

3. THE ELECTION OF THE BOARD OF DIRECTORS FOR THE 2018-2020 TERM: a) DETERMINATION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS, b) APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS, c) DETERMINATION OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Dear *Shareholders*,

With the approval of the Financial Statements for the year ended 2017, the term of office of the appointed Board of Directors will end; the Shareholders' Meeting is therefore requested, pursuant to Article 5 of the Articles of Association of the Company, to appoint new members of the Board of Directors that will remain in office for three financial years and up until approval of the Financial Statements for the year ended 31 December 2020.

According to the Articles of Association, the Company shall be managed by a Board of Directors of no fewer than five and no more than fifteen members, being the Shareholders' Meeting in charge of determining their number within such limits.

In accordance with the recommendations of the Corporate Governance Code, the Board of Directors, in relation to the forecoming renewal of the board composition, with the support of the Appointment and Remuneration Committee, expressed its position on the qualitative and quantitative composition of the new Board ("BoD advice") available, on the Company's website www.cementirholding.it.

On this regard, also considering the BoD advice's indications and the positive activities of the corporate body operations in the last three years, the expiring Board of Directors considers the current number of thirteen board members an adequate figure.

According to the Articles of Association, the members of the Board of Directors will be elected by slate voting presented by Shareholders.

Shareholders that, on their own or along with the other shareholders contributing towards the submission of the slate, taken together own at least 2% (or such lesser figure as might be provided for by the applicable provisions of law or regulations) of the share capital entitled to vote at the ordinary Shareholders' Meeting, are entitled to submit slates. In this regard, it is pointed out that Consob, with its decision no. 20273 of 24 January 2018, established in 1% the threshold for the submission of the slates of candidates at Cementir Holding.

Each shareholder may file, alone or with others, only one slate containing a maximum number of fifteen candidates listed in consecutive order and vote only one slate. Each candidate may appear only on one slate, under penalty of having his/her candidacy rejected.

Please note that the Articles of Association provides that the composition of the Board of Directors shall in any case ensure balanced gender representation in accordance with the rules and regulations in force at the time and therefore each slate containing a number of candidates equal to or greater than three should be composed in such a way to ensure that the less represented gender be reserved a share of at least one third of the appointed Directors. Where the application of the allocation criterion between genders does not result in a whole number of members of the Board of Directors belonging to the less represented gender, this number is rounded up to the next higher.

Besides, according to the Articles of Association, candidates possessing the independence requisites requested by the law must be indicated in the slates.

Therefore, each slate with not more than seven candidates named has to contain and expressly name at least one Independent Director (i.e. meeting the requirements of independence applicable to the statutory auditors of listed companies, which are defined by Article 148 of the Consolidated Financial Act referenced by Article 147-ter of the Consolidated Financial Act). If the slate is made up of more than seven candidates, such list shall include and expressly name at least two Independent Directors.

Moreover, since Cementir Holding S.p.A. is listed in the STAR segment and is subject to more stringent governance requirements according to the regulations and Instructions of Borsa Italiana S.p.A. and adheres to the Corporate Governance Code, it is recommended that if the shareholder (by himself or along other shareholders) intends to (i) determine from 5 to 8 the number of components of the Company's Board of Directors, it shall present a list containing the names of (at least) 2 independent candidates pursuant to the Corporate Governance Code; (ii) determine from 9 to 14 the number of components of the Company's Board of Directors, it shall present a list containing the names of (at least) 3 independent candidates pursuant to the Corporate Governance Code. However, it is recommended to nominate (at least) 4 independent candidates, as per the Corporate Governance Code, in case the shareholder (by himself or along other shareholders) intends to set to 15 the number of components of the Company's corporate body.

All candidates shall also meet the integrity requirement applicable to the statutory auditors of listed companies under Article 148, paragraph 4, of the Consolidated Financial Act, which also applies to directors pursuant to Article 147-quinquies, of the Consolidated Financial Act.

It is to be noted that, pursuant to the Company's Articles of Association, the Directors may not be appointed for a term of office of more than three financial years and may always be reelected.

As to the composition of the slates, and also considering the BoD advice's indications, the current Board wishes that the upcoming renewal will follow a principle of continuity, so as to grant stability and coherence with the business goals and business plans, and recommends that the different components and competences now possessed by those in charge may be substantially confirmed in the new Board; therefore, the current incumbents, pursuant to the current situation, highlights the importance to:

- ensure a balanced combination of professional profiles, expertise, experiences and different skills, with an adequate representation of the share capital, encouraging those competencies related to industrial and financial businesses and market-orientation;
- ensure that the Board is provided with such specific professional competencies, relevant for supervision of the internal control and risk management systems, as already present in the current Board of Directors;
- ensure the presence of at least one expert in financial matters;
- ensure the presence of an adequate number of Directors with independence requirements, in consideration of the recommendation of Article 3 of the Corporate Governance Code promoted by the Italian Stock Exchange (not less than two independent Directors);
- ensure the presence of an adequate number of Directors belonging to both genders, so that the Board of Directors' composition respects the gender balance required by the current regulations;
- maintain the current ratio between executive and non-executive Directors, confirming a governance model focused on a single CEO;
- ensure the seniority distribution among Directors, considering the opportunity to maintain the presence of a suitable number of Directors currently in charge, and, at the same time, confirming the significance of the diversification in members' age.

In case there will be an adjustment to the current structure of the Board of Directors, a further enhancement of the combination of competences, including eminent professionals with international experience, would be recommended.

The procedure for electing Directors will be as follows:

- all the Directors to be elected but one will be taken from the list that obtains the highest number of votes cast by the Shareholders in the order of their rankings in the list itself;
- the remaining Director will be taken from the list that obtains the next highest number of votes at the Shareholders' Meeting; this list must not be linked, even indirectly, with the Shareholders that submitted or cast their vote in favour of the list that obtains the highest number of votes.

If the composition of the Board of Directors at the end of voting procedure does not respect the balanced gender representation required by the current regulations as referred above, the candidate of the more represented gender who is the last elected in the list that obtains most votes will be replaced by the highest ranked candidate of the less represented gender that has not been elected in the same list according to the consecutive order, subject to compliance with the minimum number of Directors who meet the independence requirements laid down by law. This replacement process will be repeated until the composition of the Board of Directors conforms to the current regulations. Finally, if this procedure does not achieve this result, the Shareholders' Meeting will make the necessary additions, resolving by the statutory majority.

If only one list is presented or allowed to voting procedure, the candidates of this list will be appointed as Directors according to their rankings in the list. If necessary, the procedure described in the previous paragraph shall apply.

If no list is presented, the Shareholders' Meeting will resolve by statutory majority without following the procedure provided for above, subject to compliance with the current laws and regulations governing balanced gender representation.

Please note that, according to the Article of Association as to the allocation of Directors to be elected, slates that fail to receive a percentage vote that is at least half the percentage required to present a slate shall be disregarded.

The slates shall be filed by the shareholders at the Company's registered office (in Corso di Francia no. 200 – 00191 Rome – from Monday to Friday from 9:00 am to 5:00 pm) or by fax to No. +39 0632493324 or by an electronic communication sent to the certified mail address: legale@pec.cementirholding.it at least twenty-five days before the Shareholders' Meeting (25 March 2018).

The slates must be filed along with the documentation and information required by the Articles of Association and by applicable laws, including

- (i) information on the identity of the Shareholders presenting slates and information about the percentage of their overall investment held;
- (ii) the curriculum vitae illustrating the personal information and professional qualifications of each candidate, as well as the statements in which the individual nominees certify, under their own responsibility, that no cause of ineligibility or incompatibility exists, as well as and that they possess the requisites prescribed by the laws and regulations in force and that they accept their candidacies, and (if applicable) the possession of the independence requirements established by law and the possibility to qualify as independent in accordance with the Corporate Governance Code;
- (iii) a statement from Shareholders presenting the slates other than those that hold, also jointly, a controlling stake or relative majority, certifying the absence of any relationships of affiliation with such Shareholders

pursuant to Article 144-quinquies of Issuers' Regulation, taking also into account the recommendations made by Consob with Communication no. DEM/9017893 of February 26, 2009.

Please note that Consob, with Communication No. DEM/9017893 of February 26, 2009, has recommended to shareholders who submit a minority slate for the election of the Board of Directors to file, together with such slate, a statement "in which it is certified the lack of relationships of affiliation, also indirectly, as provided in Article 147-ter, paragraph 3, of the Consolidated Financial Act and in Article 144-quinquies of Issuers' Regulation, with those shareholders who own, also on a jointly basis, a controlling or a relative majority stake. The statement also specify any significant relationship that may exist with the shareholder holding the relative majority of shares, if this party can be identified, and the reasons for which the relationship is not considered to determine the existence of such a relationship, or the absence of such a relationship must be declared.

Shareholders presenting slates shall prove that they hold the number of shares required, submitting documents issued by an intermediary authorised in compliance with applicable legislation, concerning shares that are registered in their name on the day when the slates are filed with the Company. When not available at the time the slates are filed, these documents shall be received by the Company no later than twenty-one days before the date of the Shareholders' Meeting, (by 29 March 2018, which is the date when the slates are disclosed to the public).

The slates which do not meet the above requirements shall be treated as not submitted.

The slates will be made available at the Company's registered office, on the Company's website www.cementirholding.it, and on the authorized storage device managed by Spafid Connect S.p.A. at www.emarketstorage.com at least twenty-one days prior to the date set for the Shareholders' Meeting (by 29 March 2018).

Finally, Article 9 of the Company's Articles of Association provides that the members of the Board of Directors are entitled to a compensation determined by the Shareholders' Meeting and that, once adopted, the related resolution applies during subsequent accounting periods until the Shareholders' Meeting resolves otherwise.

With regard to the foregoing, the Shareholders' Meeting is requested to determine – on the basis of the proposals that may be made by Shareholders during the Meeting itself – the compensation to which the members of the Board of Directors are entitled.

Those Shareholders that are willing to submit a slate are recommended to prepare and file, together with the slate, a motion concerning the remuneration and the number of members of the Board of Directors.

You are reminded that the 2015 ordinary Shareholders' Meeting assigned to all Directors an attendance allowance of EUR 1,000.00 for each Board of Directors meeting they attend, plus an annual allowance of EUR 5,000.00.

The above being understood, the Board of Directors, based on the provisions of Article 5 of the company's Articles of Association on the composition and methods of appointing the Board of Directors, which are to be referred to, calls upon the Meeting:

- to fix the number of members of the Board of Directors;

- to vote on the lists of candidates for the position of Director of the Company submitted and made known using the methods and within the time limits provided in Article 5 of the company Articles of Association;
- to determine their remuneration.

4. REMUNERATION REPORT: RESOLUTION IN RELATION TO THE FIRST SECTION PURSUANT TO ARTICLE 123-TER, PARAGRAPH 6 OF LEGISLATIVE DECREE NO. 58/98.

Dear Shareholders,

The Remuneration Report, approved during the meeting of Board Directors held on 8 March 2018 sets out the principles and guidelines which Cementir Holding S.p.A. complies with while determining the remuneration of all Board Members and of the Managers with strategic responsibilities in their ordinary activities.

The Remuneration Report is prepared on the basis of the guidelines contained in Article 6 of the Corporate Governance Code, as amended, taking into account Article 123-ter of the Consolidated Financial Act, as amended, as well as Article 84-quater of the Issuers' Regulation, as amended, and is made available to the public at the Company's registered office, at the Company's website at www.cementirholding.it and on the authorized storage device Spafid Connect S.p.A. at www.emarketstorage.com, no later than twenty-one days before the scheduled date of the Shareholders' Meeting (29 March 2018).

Therefore, you are invited to refer to this document.

Pursuant to Article 123-ter paragraph 6 Consolidated Financial Act, the Shareholders' Meeting will be asked to resolve in favour or against the first section of the Remuneration Report envisaged in Article 123-ter paragraph 3 Consolidated Financial Act; this resolution shall not be binding.

The first section of the Remuneration Report shows (i) the policy of Cementir Holding S.p.A. in regard to remuneration of the members of the Board of Directors and of the executives with strategic responsibilities in regard to the 2018 financial year; (ii) the procedures used for the adoption and implementation of this policy.

The foregoing being understood, we recommend that the Shareholders' Meeting should adopt the following resolution:

The Shareholders' Meeting:

- having seen Articles 123-ter of Legislative Decree n. 58 of February 24, 1998 and 84-quater of Consob Regulation no. 11971/99;
- having taken note of the Remuneration Report prepared by the Board of Directors;
- having considered that, pursuant to Article 123-ter, paragraph 6, of Legislative Decree n. 58 of February 24, 1998, this resolution shall not be binding for the Board of Directors;

RESOLVES

- a) to give its favourable opinion on the first section of the Remuneration Report prepared by the Board of Directors pursuant to Article 123-ter of Legislative Decree n. 58 of February 24, 1998, with particular regard to the remuneration policy of Cementir Holding S.p.A.

Rome, 8 March 2018

Cementir Holding S.p.A.

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