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GRUPPO CALTAGIRONE

Board of Auditors Report to be submitted to the Shareholders' Meeting **Pursuant to article 153 Legislative Decree No. 58/98 and article 2429, paragraph 3 of the Civil Code**

Dear Shareholders,

Over the course of the financial year which ended on 31 December 2017, the Board of Auditors carried out its supervisory activity as established by law and by the articles of association, in compliance with the regulations in force governing joint-stock companies listed in regulated markets and in compliance with Legislative Decree No. 58 dated 24 February 1998, as statutory auditing falls under the responsibility of the Independent Auditors KPMG S.p.A.. The activities carried out by the Board of Auditors have also been carried out in full respect of the Code of Conduct established by the National Board of Chartered Accountants and Accounting Experts.

This report is prepared in compliance with the instructions provided by CONSOB through its notifications. The Board of Auditors has acquired and verified the information detailed below, both by participating in the Shareholders' Meetings, in meetings of the Board of the Directors and in those of the Internal Board Committees, as well as through the constant exchange of information with the independent Auditors and other corporate departments: Finance, Legal, Internal Audit, Risk & Compliance and last but not least, the Supervisory Body.

THE BOARD OF AUDITORS IN OFFICE FOR THE THREE-YEAR PERIOD 2017-2019

The Board of Auditors in office as of the date of this report was appointed by the Shareholders' Meeting held on 19 April 2017; the Board of Auditors in office for the financial years 2017-2019 comprises the following members: Silvia Muzi (Chairperson), Claudio Bianchi (Statutory Auditor) and Maria Assunta Coluccia (Statutory Auditor); Alternate Auditors: Patrizia Amoretti, Antonio Santi and Vincenzo Sportelli.

CONSIDERATIONS ON TRANSACTIONS WITH THE GREATEST FINANCIAL IMPACT PERFORMED BY THE COMPANY IN 2017

The Board of Auditors obtained all the information deemed useful regarding the activities carried out in the financial year 2017, both by the Parent Company and the subsidiary companies, in full respect of the contents of article 151, paragraph 1 of the Consolidated Finance Act (TUF).

With regard to the most significant economic, financial and investment transactions carried out in the financial year, also through subsidiary companies, the Board may reasonably state that the actions resolved and adopted were in compliance with the law and the articles of association and that they were not evidently imprudent, risky or in conflict with the Shareholder Meeting's resolutions or such as to threaten the integrity of the Company's assets. Concerning the elements and data acquired during the meetings of the Board of Directors, the Board of Auditors can confirm that there is no evidence that the Directors carried out transactions in potential conflict of interest. The transactions of particular importance that marked corporate activity have been described in detail in the Directors' Report, to which reference is made.

The Board of Auditors carried out supervision to ensure that the resolutions were supported by adequate explanatory documentation and, whenever necessary, by the opinion of experts as additional support to the financial appropriateness of the transactions performed.

The Board of Directors, in compliance with Regulation EU No. 596/2014 and CONSOB Resolution No. 11971 dated 14 May 1999, has verified that a review of the Internal Dealing Code – that the Company had already adopted in 2006 – was carried out. In particular, the updating of such Code was decided by the Board of Directors on 27 July 2017, along with the Code of Ethics.

Furthermore, the Board carried out supervision as regards the provisions of article 115-bis of the Consolidated Finance Act (TUF) and the Issuers' Regulation, i.e. on the updating of the Register of individuals with authorization to access privileged information.

ATYPICAL AND/OR UNUSUAL TRANSACTIONS, INCLUDING THOSE PERFORMED WITHIN THE GROUP OR WITH RELATED PARTIES

Over the course of the financial year, the Board of Auditors did not identify, and did not receive notifications from the Board of Directors, Independent Auditors and Internal Audit Department, regarding any atypical and/or unusual transactions performed with the companies of the Group, with third parties or related parties.

In this respect, please note that transactions with related parties are performed according to a specific internal procedure, which was supplemented during the year and approved by the Board of Directors, on 3 March 2017.

In the notes to the financial statements, in accordance with the instructions established by IAS 24 and CONSOB Communication No. 17221 dated 12 March 2010, the Directors provide information on the intra-group transactions highlighting the relationships with subsidiaries and associates and with the reference shareholder, whether of a financial or commercial nature. In light of the verifications carried out, the Board of Auditors can specifically state that the intra-group transactions fall within the ordinary management transactions of the company and have been carried out under market conditions. Please refer to the Directors' Report for details. It is acknowledged that the transactions detailed therein have been performed in compliance with the methods established in the specific procedure, adopted in compliance with article 2391 bis of the Civil Code and CONSOB implementation regulations.

PRINCIPLES OF PROPER ADMINISTRATION AND ADEQUACY OF THE ORGANIZATIONAL STRUCTURE

The Board of Auditors received information and carried out supervision, within the limits of its power, on the adequacy of the Company organisational structure, on compliance with the principles of proper administration, and on observance of the law and the Articles of Association. It monitored the prompt application of the provisions issued by Cementir Holding S.p.A. to its subsidiaries pursuant to Article 114, paragraph 2, of Legislative Decree No. 58/98, through the acquisition of information provided by managers of the competent internal company departments.

The Board of Auditors verified the implementation of the independence criteria and of the verification procedures adopted by the Board of Directors, both for independent Directors and for members of the Board of Auditors. It acquired said declarations and referred to them over course of its activity. The relative documents are held in the Company records, which fulfilled all required information obligations. It should be noted that the current Board of Directors consists of twelve members, four of whom are independent.

The Board of Auditors verified the requirements established by the Voluntary Self-Regulatory Code for Listed Companies regarding the non-existence of causes of ineligibility, as well as regarding the application of best practices in terms of composition, gender and professional experience.

The Board of Auditors verified the actual implementation of the Corporate Governance regulations established by the Voluntary Self-Regulatory Code and by article 149, paragraph 1, letter c-bis of the Consolidated Finance Act (TUF), carrying out the related verifications pursuant to article 36, paragraph 1 of the CONSOB Regulation No. 20249/2017 (Markets).

During the meeting held on 8 March 2018, the Board of Directors approved the remuneration policy adopted and the relative information established by article 123-ter of Legislative Decree No. 58/98; the Board had nothing to report in this regard.

The Chairman of the Board of Auditors attended the meetings of the Appointment and Remunerations Committee, reporting to the Statutory Auditors on the matters discussed and their conclusions.

The Board of Auditors also verified the adequacy and reliability of the administrative and accounting system to properly represent management events with the Manager Responsible for Financial Reporting, as required by Article 16 of the Articles of Association, thanks to a constant exchange of information. The organizational changes that took place during the year mainly concerned the Company's top management, with the appointment of the General Manager in May 2017.

ADEQUACY OF INTERNAL CONTROL AND RISK MANAGEMENT. ACTIVITIES CARRIED OUT BY INTERNAL AUDIT AND CORPORATE AND RISK MANAGEMENT DEPARTMENTS

The Board of Auditors assessed and supervised the adequacy of the internal control and risk management system, as well as the works to update the Internal Audit plan, constantly interacting with the Internal Audit, Management Control, Corporate Risk Management, and Legal and Corporate.

The Chairman of the Board of Auditors attended the meetings of the Control and Risks Committee, reporting to the Statutory Auditors on the matters that were subject of specific reviews, from which no significant elements to report emerged.

The Board of Auditors met with the Internal Audit Department on the occasion of each meeting of the Board, as well as in other circumstances deemed useful or necessary. The progress status of the work plan undertaken was monitored, also through a follow-up of the activities carried out over the course of the year and, last but not least, through an analysis of the risk management approach by the Company and the information system with regard to the Control and Risk Committee, the Board of Auditors and the Board of Directors. The Board of Auditors, together with the Control and Risk Committee, also acknowledged the risk assessment plan prepared in accordance with the provisions of the Voluntary Self-Regulatory Code, application criteria 1. C. 1, letter b).

During the periodic meetings, monitoring activities were performed on the organization of the Internal Audit department, examining and acquiring the related quarterly reports brought to the attention of the Board, requesting and obtaining information on the organizational and procedural activities connected with both the characteristics of the Group and compliance with current regulations, verifying that any corrective actions taken were adequate and exhaustive solutions.

Finally, the Board of Auditors maintained a constant exchange of information and conversation with the Supervisory Body, which provided a detailed report on the activities carried out during the year. The organizational model pursuant to Legislative Decree 231/2001 is up to date, in accordance with current legislation.

ADEQUACY AND RELIABILITY OF THE ADMINISTRATIVE SYSTEM TO REPRESENT MANAGEMENT EVENTS

With reference to this activity, the Board of Auditors monitored the financial information process and the adequacy of the administrative and accounting system. Further to verifications, the accounting administrative system was considered adequate and capable of properly representing both management events and the preparation of the separate financial statements, the consolidated financial statements and the Directors' Report.

The Board of Auditors performed the verifications by obtaining information from the Administration Finance and Control Department of the Company and from the Manager Responsible for Financial Reporting, as well as by reviewing company documentation and the results of the work carried out by the Independent Auditors, in compliance with the provisions of article 154-bis of the TUF.

The Board of Auditors also verified compliance with the procedures for the publication and filing of the annual financial statements and interim reports, monitoring the preparation and dissemination of communications on significant financial information.

RELATIONS WITH THE INDEPENDENT AUDITORS PURSUANT TO ARTICLE 150, PARAGRAPH 3 OF LEGISLATIVE DECREE 58/98

The Board of Auditors met with the Independent Auditors KPMG S.p.A., which is in charge of auditing the separate financial statements and consolidated financial statements, both during Board meetings and on other occasions to discuss specific matters. Regarding the results of the financial statements for the financial year which ended on 31 December 2017, the appropriate technical in-depth analyses were performed on the most significant entries in the document in constant cooperation with the independent auditors, in line with their respective areas of competence and responsibility. Pursuant to article 150, paragraph 3, of Legislative Decree No. 58/98, the meetings were aimed at the reciprocal exchange of information and opinions, verifying the correct use of the accounting standards and their consistency in the preparation of the separate and consolidated financial statements.

Cementir Holding S.p.A. has prepared the Financial Statements for the year 2017 and the consolidated financial statements in compliance with the IAS-IFRS international accounting standards recognized by the European Union pursuant to the EC Regulation No. 1606/2002 and pursuant to articles 2 and 3 of Legislative Decree No. 38/2005, as well as the CONSOB Resolution No. 15519. Over the course of the verifications performed, no events or situations emerged that required mention in this Report. With the cooperation of the corporate departments in charge, the assessment criteria related to the new accounting standards adopted by the Group and to IFRS 5 were reviewed with specific regard to the transactions for the sale of the Italian assets, Cementir Italia S.p.A., finalised on 2 January 2018.

Moreover, the Board of Auditors has verified the completeness of the information provided by the Directors in the Directors' Report, thus confirming that said document is in compliance with the law and reference accounting standards. The exchange of opinions on said document naturally also involved the Company KPMG S.p.A. especially regarding instructions on the consistency of the aforementioned Directors' Report and financial statements on which the Independent Auditors has to express its opinion.

Pursuant to art. 17, paragraph 9, of the Legislative Decree No. 39/2010, the Board of Auditors has verified that the requirement of independent status of the independent auditors had been met and that no omissions or reprehensible facts or irregularities took place. At the same time, during supervisory activity, no significant events occurred that were such to require notification to the supervisory bodies or mention in this report; The Board of Auditors acknowledges that certification of the separate financial statements and of the consolidated financial statements pursuant to art.154 bis paragraphs 3 and 4 of the Consolidated Finance Act (TUF) is the responsibility of the Chairman of the Cementir Holding Board of Directors and the Manager Responsible for Financial Reporting.

On 27 March 2018, the appointed Independent Auditors issued its report – and the additional report provided from this year pursuant to art. 11 of Regulation (EU) No. 537/2014 – with a favourable opinion on the approval of the financial statements submitted to the Shareholders' Meeting. The opinion was “clean”. For the financial year 2017, the following remuneration for statutory auditing tasks was paid to the independent auditors KPMG and its network:

- Separate financial statements EUR 41,800;
- Consolidated financial statements EUR 32,600;
- Limited audit of the condensed consolidated half-year report EUR 10,260;
- Signing of the Unified Tax Form EUR 1,060.

The total amount paid to the independent auditors has been disclosed in the financial report pursuant to article 149-duodecies of the Issuers' Regulation, to which reference is made.

CORPORATE GOVERNANCE

The Company adheres to the Voluntary Self-Regulatory Code for listed companies, prepared on the initiative of Borsa Italiana. The current governance of the Company is in line with the Voluntary Self-Regulatory Code recommendations.

The annual report on corporate governance, prepared in accordance with Article 123-bis of the Consolidated Finance Act (TUF), was approved by the Board of Directors on 8 March 2018: in line with best practices and with the approach adopted in previous years, expressing the recommendations of the code adopted and those for which it was deemed appropriate not to adhere based on the principle of "*comply or explain*". The Issuer and its subsidiaries with strategic importance are not subject to non-Italian provisions of law that influence the Issuer's own corporate governance structure.

CLAIMS UNDER ARTICLE 2408 OF THE ITALIAN CIVIL CODE AND FILING OF STATEMENTS

During the financial year to which the financial statements pending your approval refer, the Board of Auditors has not received any claims under Article 2408 of the Italian Civil Code, or any statements or notifications of any type.

Opinions provided in accordance with law during the financial year

Over the course of the financial year 2017 the Board of Auditors issued opinions required by law and by the Articles of Association, on the appointment of the General Manager and for the appointment of the Manager Responsible for Financial Reporting, adopted by Board of Directors on 11 March 2017.

SUSTAINABILITY REPORT - NON-FINANCIAL STATEMENT AS PER LEGISLATIVE DECREE 254/2016

Effective from the financial year 2017, the Board of Auditors has been called upon to express its opinion on the Sustainability Report 2017, pursuant to Legislative Decree No. 254 dated 30 December 2016, which transposed Directive 2014/95/EU as regards disclosure of non-financial and diversity information on the composition of the administration, management and control bodies by certain large undertakings and groups. While pointing out that the Company has been preparing its own Environmental Report for more than ten years, in order to prepare the 2017 edition, the Board of Auditors used the following as reference:

- CONSOB Resolution No. 20267 dated 18 January 2018 through which the "*Regulation implementing Legislative Decree No. 254 dated 30 December related to the disclosure of information of a non-financial nature*" was adopted;
- The document issued by the National Association of Chartered Accountants entitled "*Sustainability disclosure: Legislative Decree No. 254/2016 on the disclosure of non-financial information and on diversity*" dated 15 February 2017;
- The document issued by the National Board of Chartered Accountants and Accounting Experts "*Disclosure of non-financial information - international and national trends in reporting and certification*" dated December 2017;
- The Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (the so-called IESBA Code).

Pursuant to Legislative Decree No. 254/2016, the Board of Directors has carried out supervision on the correctness of the data reported in the Sustainability Report – Non Financial Statement 2017, also based on the discussions held with the audit firm PWC S.p.A., in charge of the so-called "*limited assurance engagement*", which by issuing the Certification Letter on 27 March 2018, had nothing to report.

CONCLUSIONS

While carrying out its activity in the 2017 financial year, the Board met six times, participated in the Shareholders' Meeting held on 29 April 2017 -- on which occasion the Board of Auditors for the three-year period 2017/2019 was appointed - and attended seven meetings of the Board of Directors.

While also taking into consideration the activities carried out at the beginning of the 2018 financial year, the Board of Auditors participated in five meetings of the Risk and Control Committee, three meetings of the Related Parties Committee and two meetings of the Appointments and Remuneration Committee.

In view of the work performed during the financial year and discussion with the Independent Auditors KPMG S.p.A., the Board of Auditors did not identify any impediments within its area of responsibility to the approval of financial statements. Specifically, the Board of Auditors:

- expresses its favourable opinion on approval of the final financial statements of Cementir Holding S.p.A. as at 31 December 2017 and the Directors' Report, as well the financial statements of the Group and of the Company, which accompany it;
- sees no reason to object to the Directors' proposal to cover the losses for the year 2017 of EUR 123,242,525, using EUR 21,332,162 from the negative goodwill reserve, EUR 4,178,091 from revaluation reserve pursuant to Law 266/2005, and full use of the revaluation reserve pursuant to Law 342/2000 in the amount of EUR 97,732,272;
- It agrees to the Directors' proposal not to reconstitute the revaluation reserve pursuant to Law 266/2005;
- it sees no reason to object to the Directors' proposal to distribute a dividend of EUR 0.10 per share, for a total of EUR 15,912,000, using profits carried forward for this purpose.

Lastly, the Board of Auditors has reviewed the consolidated 2017 Financial Statements of the Cementir Holding Group and has acknowledged the favourable opinion expressed in its respect by the independent auditors KPMG S.p.A.

Rome, 27 March 2018

The Board of Auditors of Cementir Holding S.p.A.

Silvia Muzi

Claudio Bianchi

Maria Assunta Coluccia