

# REMUNERATION REPORT

## Remuneration of Director

### Foreword

It is worth highlighting that the main financial results in 2019 that could influence the Group Remuneration were:

- a) Net Financial Debt being EUR 239.6 million (EUR 255.4 million in 2018). It should be considered that 2019 is impacted by the implementation of the Accounting Principle IFRS 16 that resulted in an increase of the level of Net Financial Debt of EUR 84.3 million, due to the recognition of right-of-use assets and lease liabilities on 1 January 2019.
- b) EBIT at EUR 151.7 million (EUR 153.2 million 2018). The variance is due to the decrease of the financial performance in Turkey, balanced by additional three months contribution of LWCC and by the performance in the other Regions.

The Board of Directors composition during 2019 changed as Carlo Carlevaris resigned on 2019 November 13<sup>th</sup>. The Remuneration Policy has not been changed in 2019 compared to 2018.

This Section defines the principles and guidelines by which Cementir Holding N.V. (hereinafter "Cementir Holding or "Company") determines and monitors its compensation policy and implements it with reference to the Executive and Non-Executive Directors- (hereinafter the "Remuneration Report").

In this Remuneration Report, Cementir Holding intends to strengthen transparency on the contents of its remuneration policies and their implementation, allowing investors to obtain information about bonus schemes and also enabling a more accurate valuation of the Company, thus allowing shareholders to be well informed, when exercising their rights.

The Remuneration Report consists of the following sections:

- **Section I**, illustrating the policy of Cementir Holding with regard to the remuneration of the Executive and Non-Executive Directors for the year 2020, as well as the procedures used to adopt and implement the policy.
- **Section II**, the amounts paid during 2019 to the Directors, providing a representation of each pay component.

The Remuneration Report is drafted pursuant to articles 2:135, 2:135a and 2:135b of the Dutch Civil Code (hereinafter "DCC") and Chapter 3 of the Dutch Corporate Governance Code (hereinafter the "Code"). It was approved by the Board of Directors upon proposal of the Remuneration and Nomination Committee at the meeting on 5 March 2020. Section I is to be submitted to the approval of the Shareholders' Meeting called on 20 April 2020. Section II is to be submitted to the advisory vote of the Shareholders' Meeting called on 20 April 2020.

The Remuneration Report is made available on the Company's website ([www.cementirholding.com](http://www.cementirholding.com)) after the shareholders meeting and will be accessible for 10 (ten) years, in compliance to the procedures and within the terms prescribed by current regulations.

## SECTION I - Remuneration Policy 2020

This section describes, in a comprehensive manner, the principles and guidelines with which Cementir Holding determines and monitors the remuneration policy and its implementation within the Company (hereinafter the "**Remuneration Policy**" or the "**Policy**").

The Remuneration Policy has the main purpose of summarising the remuneration policies applied within the Group and ensuring a fair and sustainable remuneration system, in line with the long-term corporate strategies and objectives, with regulations and with Stakeholders' expectations. The Policy is also intended to attract and retain members of staff with the professional qualities needed to manage and operate successfully in an international environment characterised by competitiveness and complexity and is also designed to recognise and reward good performance.

Cementir Holding intends to adopt a competitive remuneration system that better guarantees compliance with the delicate balance between strategic objectives and the recognition of the merits of Group employees. By utilising short- and medium/long-term variable pay components, the Policy is designed to facilitate the alignment of staff interests with the pursuit of the priority objective - creation of value - and the fulfilment of financial targets. This objective is pursued also by linking a significant part of remuneration to the achievement of set performance targets, by means of both the short-term incentives scheme (STI) and the long-term incentives scheme (LTI). The LTI is applied for staff only.

The Remuneration Policy is made available on the Company's web site ([www.cementirholding.com](http://www.cementirholding.com)) upon approval by the shareholders meeting and during the period of its applicability in compliance to Art. 2:135a paragraph 7 DCC.

## 1.1 Definition and approval of the Remuneration Policy

### 1.1.1 Parties involved in preparing and approving the Remuneration Policy

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

The Policy is approved by the Board of Directors at the recommendation of the Remuneration and Nomination Committee, and it is submitted to the annual Shareholders' Meeting for its approval. The Policy is deemed approved with the favorable vote of at least  $\frac{3}{4}$  of the votes casted at the shareholders meeting. In case the Policy is not approved by the shareholders meeting, the Company applies the existing policy and submits to the approval of next shareholders meeting a revised policy.

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

#### Shareholders' Meeting

With regard to remuneration, the Shareholders' Meeting:

- adopts the remuneration policy upon proposal of the Board, pursuant to Article 7.4.1 of the Company's Articles of Association;
- determines compensation for Executive and Non-Executive Directors as well as for the members of the Board Committees (Audit Committee, Nomination and Remuneration Committee), in accordance with the remuneration policy, as provided for under Article 7.4.2 of the Company's Articles of Association;
- expresses a vote, each year, on the first section of the remuneration report, i.e. on the Remuneration Policy;
- shall receive adequate disclosure about the implementation of remuneration policies and express an advisory vote, each year, on the second section of the remuneration report, i.e. on the report on compensation paid;
- shall make decisions on any remuneration plans based on shares or other financial instruments and intended for Directors, employees and other workers, including Key Executives.

#### Board of Directors

With regard to remuneration, the Board of Directors:

- submit a proposal of remuneration policy to the Shareholders' Meeting according to Article 7.4.1 of the Company's Articles of Association drafted with the assistance of the Remuneration and Nomination Committee;
- develops the strategy for realising long-term value creation.
- shall approve the Remuneration Report in accordance with article 2:135 and 2:135a of the Dutch Civil Code, to be submitted to the annual Shareholders' Meeting;
- shall prepare any remuneration plans based on stocks or other financial instruments and submits them to the Shareholders' Meeting for approval;
- implements the remuneration plans based on shares or other financial instruments, after authorization from the Shareholders' Meeting.

### Non-Executive Directors

The Non-Executive Directors among their duties are responsible for the supervision of:

- the performance of the Executive Directors;
- the supervision for developing a general strategy, including the strategy for realising long-term value creation.

### Executive Directors

The Executive Directors and in particular the CEO:

- sets performance targets for the Cementir Group;
- shall submit to the Remuneration and Nomination Committee the stock incentive, stock option, corporate shareholding and similar plans motivating and retaining the managers of the Group companies controlled by the Company or, if the case warrants it, they shall assist the Committee in their drafting, with the support of the Group's Human Resources Office as well;
- shall enforce the Company's Remuneration Policy in accordance with this document.

### Remuneration and Nomination Committee

In compliance with the recommendations contained in the Code and with the Board Rules, the Remuneration and Nomination Committee:

- prepares the Board's decision-making (including proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments;
- submits a proposal to the Board concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and in any event it covers:
  - (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of best practice provision 1.1.1 of the Code;
  - (b) the scenario analyses carried out in advance;
  - (c) the pay ratios within the Company and the business;
  - (d) the development of the market price of the shares;
  - (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
  - (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
  - (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

### Human Resources Office

The Company's HR Department is involved in defining and approving the proposals for the remuneration plan of the Company's personnel, monitoring and checking that those proposals are fully implemented with the aim of collecting market data in terms of practice, policies and benchmarking and if necessary, resorting to the services of independent experts.

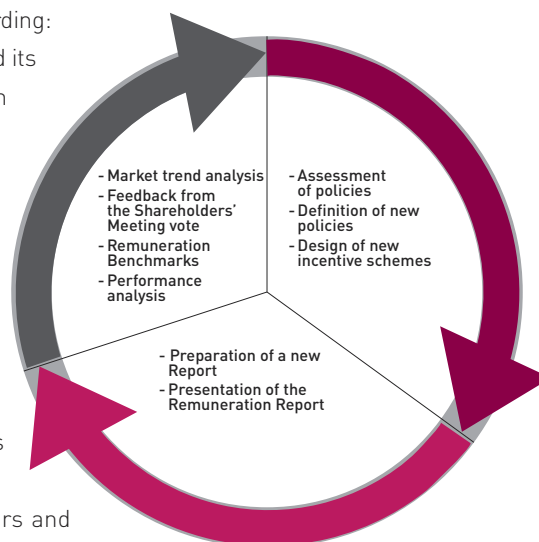
#### 1.1.2 Activities, remuneration, composition, remit and functioning of the Remuneration and Nomination Committee

At the date of approval of this Report, the Remuneration and Nomination Committee is composed of four Non-Executive Directors, three of them are independent and two of them have financial and accounting experience which the Board of Directors considers adequate, appointed by the Board of Directors at its meeting of 5 October 2019:

<b>Paolo Di Benedetto</b>	Independent non-executive director and Chairman of the Committee
<b>Veronica De Romanis</b>	Independent, non-executive director, Committee Member, experienced in financial matters
<b>Chiara Mancini</b>	Independent non-executive director and member of the Committee
<b>Mario Delfini</b>	Non-executive director, Committee Member, experienced in financial matters

The Remuneration and Nomination 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 prepares the Board of Directors' decision making regarding:

- the periodical assessment of size and composition of the Board and its Committees, and the proposal for the profile of the Board also in regard to the professional roles whose presence within the Board or the Board Committees is considered to be necessary in order for the Board to express its strategy to shareholders before the new Board is appointed, also taking into account the results of the annual assessment of the Board and the Board Committees as required by the Code;
- the drawing-up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
- the drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;
- the proposal of candidates for the position of Executive Directors and Non-Executive Directors;
- the supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management;
- the drawing up of the Company's diversity policy for the composition of the Board.



It also:

- Submits proposals to the Board of Directors regarding the remuneration policy for Executive and Non-Executive Directors, periodically assessing the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- Submits proposals or express opinions to the Board of Directors regarding the remuneration of Executive Directors and other Directors with specific duties, and on the setting of performance targets related to the variable-pay component;
- Evaluates and formulates proposals to the Board of Directors with regard to stock incentive, stock option, corporate shareholding and similar plans designed to motivate and retain the managers and employees of the Group companies controlled by the Company;
- Reports to the Board on the ways it performs its duties;
- Examines the annual Remuneration Report to be approved by the Board and submitted to the shareholders meeting vote as part of the annual financial reports meeting;
- Provides 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.

The Non-Executive Directors, including those forming the Remuneration and Nomination Committee, can access the information and contact company departments as necessary, in order to fulfil its duties.

The Remuneration and Nomination Committee meets during each financial year according to a calendar scheduled at the beginning of such year depending on the financial calendar and any time it may deem appropriate, upon notice issued by the Chairman of the Committee so as to ensure the correct execution of its tasks. No Executive Director shall participate to any Committee meeting in which are made proposals related to his remuneration.

Meetings of the Remuneration and Nomination Committee are attended - when deemed appropriate and at the invitation of the Committee - by Company's management (General Counsel, Chief Financial Officer and Chief Human Resources Officer).

When the financial statements are approved each year, the Remuneration and Nomination Committee reports to the Board in relation to its work.

During 2019, the Appointment and Remuneration Committee met on 11 February and on 5 March to approve the remuneration policy for 2019 and to define the Remuneration Report to be submitted, after approval by the Board of Directors, to the Shareholders' Meeting in accordance with Section 123-ter of the Italian Consolidated Finance Act, applicable at such date, and to verify the adequacy, cohesion and implementation of the remuneration policy adopted in the previous year. Furthermore, at the meeting of 11 November, the current long term incentive scheme (hereinafter "Long Term Incentive Scheme" or "LTI") was analysed in order to assess the modification of the performance targets for those participating both in the 2017-2019 and 2018-2020 cycles, in relation to the new levels of result expected as a consequence of the devaluation of the Turkish lira, starting from July 2018, as well as the socio-political instability of the Sinai region.

### 1.1.3 Independent experts who contributed to preparing the Remuneration Policy

As mentioned in the previous report, in 2017 the Company availed itself of the services of the independent consultant Willis Towers Watson. This consultant carried out an international benchmark analysis in order to align the Long-Term Incentive Scheme to the market's best practices.

In 2020, the company will take advantage of the advice of the independent expert Korn Ferry - Haygroup to conduct international benchmark analyses to align the remuneration policy with peers and market best practices.

## 1.2 Content of the Remuneration Policy

### 1.2.1 Content of the Remuneration Policy and main changes compared to 2019.

The Policy defines the principles and guidelines adopted by the Board in order to define the remuneration of its members and in particular of Executive and Non-Executive Directors as well as members of the members of the Committees. It provides detailed information designed to provide stakeholders with more information about pay policies, practices adopted and results obtained, and shows that the policies are consistent with the business strategy and company performance.

Cementir Holding pursues a Remuneration Policy aimed at motivating, attracting and retaining people who, thanks to their professional skills and personal ability to apply those skills in fulfilling business objectives, are able to build value for the Company's Stakeholders.

The principles applied in defining the Policy are intended to ensure that Cementir Holding is appropriately competitive in its sector and international markets, on three main fronts:

- Promotion of merit and performance in order to reward actions and behaviours that reflect the values of the company, the principles of the code of ethics and the strategic objectives;
- External competitiveness and internal fairness in order to make sure that pay packages are in line with best practices, and to ensure that they are consistent with the complexity and responsibilities of the role;
- Align the interests of Management with those of the Shareholders and with the medium-and long-term strategies of the Company.

The Policy has the primary objective of creating sustainable value over the medium to long term by creating a strong bond between individual performance and the Group on the one hand, and remuneration on the other. The 2020 Remuneration Policy does not envisage any substantial change compared to that approved in 2018, and which was characterized in particular by the simplification and standardization of the overall structure of the system of short-term variable incentives, and by the preservation and confirmation of long-term incentives for the period 2017-2021.

## 1.2.2 Description of fixed and variable pay components with particular regard to their weightings within the overall remuneration, and distinguishing between the short and medium-and long-term variable components

The remuneration of directors has been defined as follows, with reference to the fixed and variable components.

### **Remuneration of the Board of Directors**

The Remuneration Policy for the Board of Directors set by the Shareholders' Meeting comprises the following elements:

- A)** compensation of Directors for the office and for attendance at Board meetings;
- B)** compensation of Executive Director(s) and Chief Executive Officer (also referred to as "CEO") for performing the executive duties, powers and responsibilities;
- C)** compensation of Non-Executive Directors who are members of the Audit Committee and of the Remuneration and Nomination Committee and of the Chairman of those Committees.

### ***Remuneration of Directors***

The remuneration to be paid to Directors (see letter A) shall be in the form of an allowance for attendance at individual Board of Directors' meeting, and of a fixed annual payment for the office of director, payable to each director (both Executive and Non-Executive Directors) and established, in accordance with the provisions of the law, by the Shareholders' Meeting.

The current annual remuneration for all Directors is:

- a fixed annual allowance of EUR 5,000.00;
- an attendance fee of EUR 1,000.00 for each Board meeting they attend.

The same is confirmed as policy for 2020.

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

The compensation to be paid to Directors tasked with specific duties (letters B and C above) is quantified, at the proposal of the Remuneration and Nomination Committee, by the Board of Directors, taking into account the work actually required of each of them and any powers vested in addition to the compensation due to all Directors.

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

- (i)** the Chairman of the Board of Directors;
- (ii)** the Chief Executive Officer;
- (iii)** the Directors who participate in Board Committees (the Audit Committee and the Remuneration and Nomination Committee).

The Directors (i) called upon to be members of the Remuneration and Nomination Committee and of the Audit Committee and (ii) those who are appointed as Chairman of such Committees, shall receive an additional fixed compensation, commensurate with the work required from each of them in the performance of their aforesaid duties.

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

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

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

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

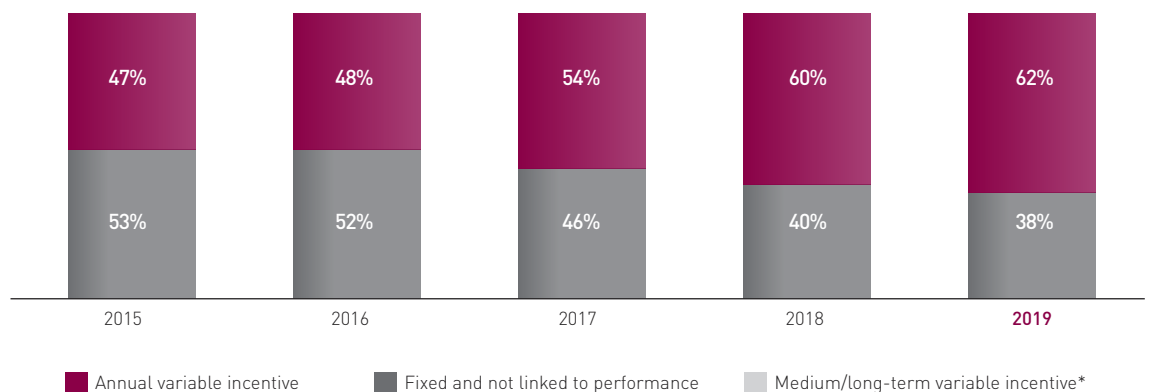
In particular, remuneration is determined on the basis of the following criteria:

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

In detail, in line with the resolution approved in previous years, the variable component is set at 2% of the cash flow produced by the Group in the referent, year and is defined according to a formula that enables a quick reference with the consolidated accounts figures, from which the fixed pay component should be deducted. The variable component, which is before taxes and can only have a value of zero or above, can be preliminarily calculated and paid out as payment on account when the Board of Directors approves the Group's half-year financial statements; when the Group's annual financial statements are approved by the Shareholders' Meeting, the variable component is definitively determined, and the relative balance is paid out. The fixed component is also confirmed consistently with previous years. The fixed component proposed for the Chairman and Chief Executive Officer is EUR 1.8 million per year before taxes, payable on a monthly basis.

The reference to operational cash flow generated by the Group has been identified as it is considered that this value, better than others, represents the link between annual performance (short-term) and the value of the company, and therefore appropriately aligns the results obtained by the CEO with the objective of creating value for all shareholders. The following is the historical trend of the pay mix that is, the percentage weight of the various components of pay in relation to Annual Total Compensation (excluding benefits):

#### Pay Mix Chairman and Chief Executive Officer



\*As the Chairman and CEO expresses the will of the Company's controlling shareholders and is a shareholder himself, there is an alignment of the interests of Executive Director(s) with the interest of all shareholders and stakeholders of the Company, consequently there is no need for an (additional) medium-/long-term incentive plan.

#### Remuneration of Non-Executive Directors

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

Remuneration of Non-Executive Directors proposed for 2020 confirms the structure and the order of magnitude defined in the previous years.

The current annual remuneration for Non-Executive Directors is:

- a fixed annual allowance of EUR 5,000.00 determined for all Directors (see letter A above);
- an attendance fee of EUR 1,000.00 for each Board meeting they attend (see letter A above);
- an annual compensation at EUR 60,000.00 for the Non-Executive Director to be appointed as Chairman of both the Audit Committee and of Remuneration and Nomination Committee for those positions;
- EUR 20,000.00 for each position of Non-Executive Directors in the Committees.

### Short Term Incentive and Long Term Incentive Schemes

In addition to the remuneration described above for Executive and non-Executive Directors, Cementir Holding N.V. adopts, for the Managers within the Company, a compensation scheme in order to create value, for its Stakeholders, achieving ever improving performance levels within the sustainable value creation structure that is the Company’s true objective.

#### Short-term variable component

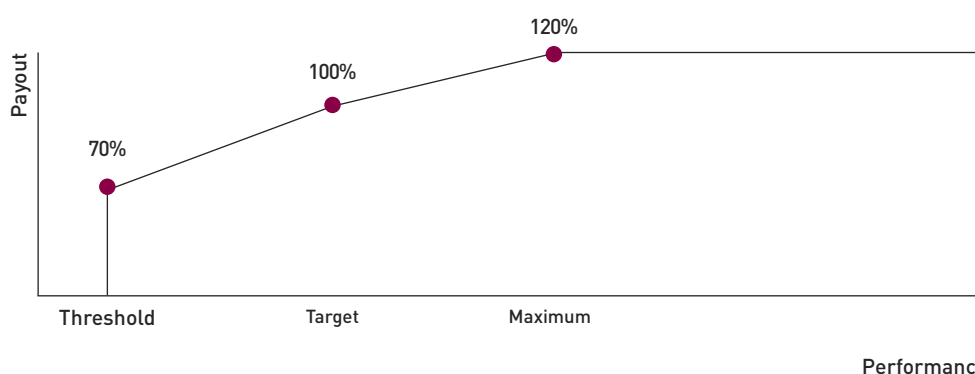
The variable component is based on a (STI). The system evaluates the performance of the Company and of the beneficiary on an annual basis and directs the actions of the management towards strategic objectives in line with the Group’s short-term business priorities.

It is based on the Group’s and/or subsidiaries’ financial targets, which are the factor that enables access (Gate) to the system. Other objectives may be defined based on indicators linked to company performance and quality-related individual performance. Each objective is matched with a minimum performance, target performance and maximum performance level, correlated to a payout curve within the range 90%-120%.

The structure and weighting of the various objectives, which is standardised at the Group level, is shown in the following table:

<b>30% Economic-Financial Targets (Gate)</b>	<b>60% Individual Targets</b> based on Operational Projects/Results and sustainability of operating	<b>10% Organisational Development and Growth Targets</b>
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Performance Payout



For the purposes of incentivization and the final bonus, overall performance, taking into account the entry gate and results of each objective, cannot be less than 70%.

In order to encourage managers to pursue their annual budget targets, the short-term incentive plan is addressed to all managers within the Group with exactly the same scheme as described above being adopted. Target incentive levels expressed as percentages of fixed remuneration, depend on the responsibility and complexity of the role covered, whilst maintaining a single structure throughout the Group.



### Medium/long-term incentives - The LTI

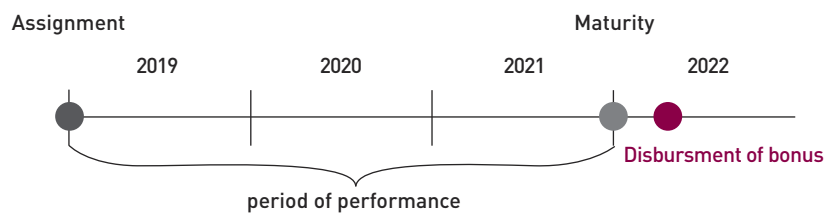
The LTI is intended for Executive Managers with strategic responsibilities, and a selected group of managerial staff, chosen from those who have the greatest impact on the Group's medium/long-term results.

As the CEO is also a major shareholder, he does not participate in this plan.

The LTI consists of three-year cycles based on the medium/long-term performance of the Group in relation to the existing Business Plan, and it has the following aims:

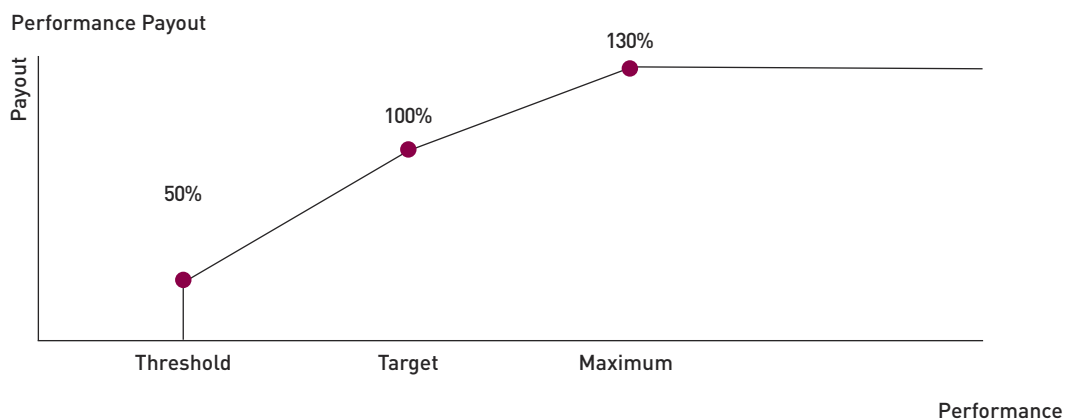
- Incentivise the aforementioned Executive Managers to achieve the objectives set out in the Business Plan;
- To converge the interests of Executive Managers with those of shareholders to create sustainable medium/long-term value;
- To introduce a motivation and retention plan.

The LTI also provides for the annual award of the right to receive a monetary performance bonus measured over a three-year period, in line with the company's medium-term strategic planning (vesting period).



Bonus opportunities for beneficiaries differ, and amount to 30% or 40% of annual gross remuneration to be assigned on achieving the target; the incentive payable at the end of the vesting period is determined on the basis of the performance achieved and varies from 50% to 130% of the value of the bonus.

This incentive may rise to up to 52% (the "cap") of gross annual remuneration upon achievement of levels of performance higher than the target levels.



Performances below the target will see a reduction in the bonus of up to 20% of gross annual salary, when a performance threshold is reached.

No bonus will be awarded if the results are below the threshold.

The award of the bonus depends on two performance conditions being met. These conditions operate separately, and each have a weighting of 50% in the calculation of the bonus:

- Three-year cumulative Free Cash Flow
- Three-year cumulative EBIT

The threshold, target and maximum amount are set in line with the Company's medium-term business plan.

### **Clawback and malus clauses**

A clawback clause applies to the LTI and STI. This allows the Board of Directors to ask the beneficiaries to return all or part of the bonuses paid if they find that the performance targets were achieved on the basis of inaccurate or false data.

During the 2019, no clawback is deemed required and consequently no clawback is been applied.

### **1.2.3 Criteria used in evaluating performance targets underlying the award of shares, options, other financial instruments and variable pay components**

The criteria used in evaluating performance targets is based on the financial results of the Group. For more information, refer to the contents of paragraph 1.2.2 above.

### **1.2.4 Information designed to highlight the cohesion between the Remuneration Policy and the pursuit of the Company's long-term interests and risk management policy**

As described above, the Remuneration Policy pursues the objective of creating sustainable value over the medium to long term, for the Company and its shareholders.

Therefore the remuneration of Executive Directors and key executives is structured so as to:

- Ensure that the overall retribution structure is balanced, with an adequate balance of the fixed and variable components, with the aim of creating sustainable value over the medium to long term, for the Company;
- Coordinate the variable remuneration with the reaching of operational and financial targets, in line with the creation of value over the medium to long term and the actual results achieved by the Company;
- Ensure that overall pay levels reflect the professional value of individuals and their contribution to creating sustainable value over the medium to long term.

For Non-Executive Directors please refer to Page 69.

### **1.2.5 Vesting period, deferred payment schemes, indication of deferment periods and criteria used to determine them, as well as ex-post adjustment mechanisms and information about clauses on the inclusion of financial instruments in the portfolio after acquisition, with details of the holding periods and criteria used to determine them**

The Company has not adopted any Remuneration Plan based on shares or any other financial instruments nor does it award shares or other financial instruments as variable performance-based pay components. In addition, no clauses were determined for the retention in portfolio of financial instruments after their acquisition, meaning clauses that include the obligation of non-portability on a relevant portion of the shares awarded.

### **1.2.6 Policy on indemnities applied after termination of contract or resignation**

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

With regard to the above, it is consistent that on the one hand the Chairman and CEO is among the main shareholders of the Company, but on the other hand, it must be considered that the payment to be assigned to the other Directors takes the form of an attendance fee and a fixed annual remuneration of a modest entity to be assigned to each director, thus limiting the risk of any claim related in any way to the termination of office as Director, and in any case the corresponding amount.

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

Where necessary, the Company may request the signature of a non-competition agreement by an outgoing Director, which includes the payment of an indemnity related to the terms and extension of such obligation. The violation of this agreement will lead to a refusal to pay the indemnity or its return, as well as an obligation to refund the damage for a convened amount (i.e. the double of the accorded indemnity).

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

#### **1.2.7 Information about the presence of insurance cover, welfare or pension provision**

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the Board of Directors.

In case of employment relationship with the Company, pension or welfare provision are in line with the practices applied for Managers of the Company.

#### **1.2.8 Information about the use of benchmark pay policies from other companies**

The Remuneration Policy was devised by the Company without using as reference the policies of other companies.

The current Remuneration Policy is valid 1 (one) year and is therefore revised yearly by the Remuneration and Nomination Committee and by the Board of Directors and submitted to approval of the Shareholders meeting.

## **SECTION II - Payments received during 2019 by the members of the Board of Directors**

This section of the Report sets out the remuneration paid in 2019 to each member of the Board of Directors. This remuneration was paid in application of the principles as set out in the Remuneration Policy.

On 4 March 2020, the Remuneration and Nomination Committee verified the correct application of the Remuneration Policy approved in 2019.

## **2.1 Part I - Pay components**

### **Remuneration of Directors**

#### *Fixed component*

The Shareholders' Meeting of 19 April 2018 awarded all Directors, for the duration of their term of office, a fixed annual allowance of EUR 5,000.00, plus an attendance fee of EUR 1,000.00 for each Board meeting they attend. The Shareholders' Meeting of 28 June 2019, which confirmed the Board of Directors after the Cross Border Conversion, confirmed also the aforementioned remuneration for the term of office due to expire with approval of the draft financial statements 2019.

#### *Variable component*

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

#### *Monetary and non-monetary benefits*

In keeping with best practices, provision has been made for a Directors & Officers (D&O) Liability insurance policy covering the third-party liability of the governing bodies.

#### *Reimbursement of expenses*

Directors are entitled to reimbursement for the reasonable expenses incurred because of their office on the basis of the arrangements with the Company.

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

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

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

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

<b>Francesco Caltagirone</b>	Chairman and Chief Executive Officer
<b>Paolo Di Benedetto</b>	Chairman of the Remuneration and Nomination Committee Chairman of the Audit Committee
<b>Chiara Mancini</b>	Member of the Remuneration and Nomination Committee Member of the Audit Committee
<b>Veronica De Romanis</b>	Member of the Remuneration and Nomination Committee Member of the Audit Committee
<b>Mario Delfini</b>	Member of the Remuneration and Nomination Committee Member of the Audit Committee
<b>Adriana Lamberto Floristán</b>	Member of the Audit Committee

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

With respect to the remuneration of the Chairman and the Chief Executive Officer Francesco Caltagirone, the Shareholders meeting of 28 June 2019 confirmed the remuneration and remuneration policy already in force and unchanged from the previous term of office, as detailed herebelow and in the chart in 2.2.1.

#### *Fixed component*

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

#### *Variable component*

The variable components for 2019 was estimated at EUR 3.125 million, before tax. The achievement was calculated as 2% of Net Operating Cash Flow.

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

The Board of Directors' meeting of 23 April 2018, called upon to decide on the remuneration of Directors with specific duties, resolved, that in virtue of the commitment required for the performance of their respective duties, the members of the newly-constituted committees shall be paid an additional annual fee as well as that decided by the Shareholders' Meeting for the position of director, and more specifically:

- to the Chairman of the Remuneration and Nomination Committee, of the Audit Committee, and of the Related-Party Transaction Committee (ceased on 5 October 2019), fixed compensation of EUR 60 thousand, before taxes and any law-mandated surcharges;
- to other members of the Remuneration and Nomination Committee and the Audit Committee: fixed compensation of EUR 20 thousand for each office held, before taxes and any law-mandated surcharges.

- to the other members of the Related-Party Transaction Committee, an attendance fee of EUR 1,000.00 for each Committee meeting they attend, before taxes and any law-mandated surcharges.

The Shareholders meeting of 28 June 2019 confirmed the remuneration and remuneration policy already in force and unchanged from the previous term of office, as detailed here below and in the chart in 2.2.1.

#### **Remuneration of Statutory Auditors**

The Shareholders' Meeting of 19 April 2017 resolved to set annual compensation at EUR 60 thousand for the Chairman of the Board of Statutory Auditors and EUR 40 thousand for each Standing Auditor.

The Statutory Board of Auditors carried out supervisory activities as established by Italian Law and in compliance with Legislative Decree 58 dated 24 February 1998. The Board of Statutory Auditors ceased on 5 October 2019.

#### **Monetary and non-monetary benefits**

There are no monetary and non-monetary benefits awarded to statutory auditors.

\*\*\*

In general, the practice applied by the Company is in line with the 2019 remuneration policy.



## 2.2 Part II - Compensation paid in financial year 2019

### 2.2.1 Compensation paid to the members of the board of directors and of the board of statutory auditors.

The table below shows the compensation paid in Financial Year 2019, for any reason and in any form, by the Company and by subsidiaries and affiliates, to the members of the board of directors and to the members of the boards of statutory auditors. It should be noted that the remuneration paid in the affiliates is disclosed within the context of the report on remuneration of the parent company Caltagirone S.p.A., published in accordance with the provisions of law applicable to listed companies, to which reference should be made.

#### Cementir Holding N.V. - Year 2019

#### Compensation paid to the members of the administration and control bodies, to the general manager and to the managers with strategic responsibilities

Name of Director, position	Fixed Remuneration		
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work
<b>(in thousands of Euros)</b>			
<b>BOARD OF DIRECTORS</b>			
Francesco Caltagirone, Chairman of the Board of Directors and CEO	7	1,805	81
Carlo Carlevaris, Senior Non-Executive Director**	0	5	N/A
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	3	5	N/A
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	6	5	N/A
Edoardo Caltagirone, Non- Executive Director	5	5	N/A
Saverio Caltagirone, Non- Executive Director	7	5	N/A
Mario Delfini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	5	5	N/A
Roberta Neri, Non-Executive Director	3	5	N/A
Adriana Lamberto Floristan, Non-Executive Director, Member of the Audit Committee	7	5	N/A
Fabio Corsico, Non-Executive Director	6	5	N/A
Paolo Di Benedetto, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	7	5	N/A
Chiara Mancini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
Veronica De Romanis, Non-Executive Director, Memebr of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
<b>BOARD OF STATUTORY AUDITORS</b>			
Silvia Muzi, Chairman of the Board of Statutory Auditors	N/A	60	N/A
Claudio Bianchi, Standing Auditor	N/A	40	N/A
Maria Assunta Coluccia, Standing Auditor	N/A	46	N/A
<b>TOTAL</b>	<b>70</b>	<b>2,011</b>	<b>81</b>

\*Includes the adjustment relating to the 2018 variable compensation.

\*\*Resigned on 13<sup>th</sup> November of 2019

Compensation for participation in committees	Variable Compensation (non equity)			Other fees	Total	Proportion of fixed and variable remuneration
	Bonuses and other incentives* STI	LTI	Non-monetary benefits			
N/A	3,125	N/A	6	N/A	5,024	62% variable remuneration 38% fixed remuneration
N/A	N/A	N/A	N/A	N/A	5	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	8	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	10	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
40	N/A	N/A	N/A	N/A	50	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	8	100% fixed remuneration
20	N/A	N/A	N/A	N/A	32	100% fixed remuneration
N/A	N/A	N/A	N/A	225	236	100% fixed remuneration
60	N/A	N/A	N/A	N/A	72	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	60	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	40	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	46	100% fixed remuneration
<b>200</b>	<b>3,125</b>	<b>0</b>	<b>6</b>	<b>225</b>	<b>5,718</b>	

Cementir Holding N.V. - Year 2018

Compensation paid to the members of the administration and control bodies, to the general manager and to the managers with strategic responsibilities

Name of Director, position	Fixed Remuneration		
	Token of presence	Compensation approved by the Shareholders' Meeting or by the BoDs	Compensation for employee work
<b>(in thousands of Euros)</b>			
<b>BOARD OF DIRECTORS</b>			
Francesco Caltagirone, Chairman of the Board of Directors and CEO	7	1,805	81
Carlo Carlevaris, Vice Chairman	5	5	N/A
Alessandro Caltagirone, Directors	4	5	N/A
Azzurra Caltagirone, Directors	6	5	N/A
Edoardo Caltagirone, Directors	6	5	N/A
Saverio Caltagirone, Directors	7	5	N/A
Mario Delfini, Directors	7	5	N/A
Roberta Neri, Directors	7	5	N/A
Adriana Lamberto Floristan, Directors, Member of the Audit Committee*	5	5	N/A
Fabio Corsico, Directors	5	5	N/A
Paolo Di Benedetto, Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	6	5	N/A
Chiara Mancini, Directors, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	6	5	N/A
Veronica De Romanis, Directors, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	7	5	N/A
Mario Cilberto, Directors**	N/A	N/A	N/A
<b>BOARD OF STATUTORY AUDITORS</b>			
Silvia Muzi, Chairman of the Board of Statutory Auditors	N/A	60	N/A
Claudio Bianchi, Standing Auditor	N/A	40	N/A
Maria Assunta Coluccia, Standing Auditor	N/A	46	N/A
<b>TOTAL</b>	<b>78</b>	<b>2,011</b>	<b>81</b>

\*Starting from 19<sup>th</sup> April 2018

\*\*From 1<sup>st</sup> January 2018 to 2<sup>nd</sup> January 2018

\*\*\*Includes the adjustment relating to the 2017 variable compensation.



Compensation for participation in committees	Variable Compensation (non equity)			Other fees	Total	Proportion of fixed and variable remuneration
	Bonuses and other incentives*** STI	LTI	Non-monetary benefits			
N/A	2,852	N/A	6	N/A	4,751	60% variable remuneration 40% fixed remuneration
N/A	N/A	N/A	N/A	N/A	10	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	9	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	11	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	12	100% fixed remuneration
14	N/A	N/A	1	N/A	25	100% fixed remuneration
N/A	N/A	N/A	N/A	200	210	100% fixed remuneration
60	N/A	N/A	N/A	N/A	71	100% fixed remuneration
40	N/A	N/A	N/A	N/A	51	100% fixed remuneration
40	N/A	N/A	N/A	N/A	52	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	0	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	60	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	40	100% fixed remuneration
N/A	N/A	N/A	N/A	N/A	46	100% fixed remuneration
<b>194</b>	<b>2,852</b>	<b>0</b>	<b>7</b>	<b>200</b>	<b>5,423</b>	

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

No stock-option plans for members of the Board of Directors nor for sake of completeness for the General Manager, other Key Executives or employees of the Company.

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

There are no incentive plans based on financial instruments other than stock options (restricted stock, performance share, stock plan, etc.); for the members of the Board of Directors nor for sake of completeness for the Director General, for the other Key Executives or employees of the Company.

The Group did not grant loans to directors, statutory auditors or key management personnel during the reporting period and did not have loan assets due from them at 31 December 2019.

The following table shows a comparison of the total remuneration of directors over the last five years, based on Cementir Holding N.V. directors who served as directors in 2019. Compensation data are reported for the last five years although the Cementir Holding N.V. is a Dutch-listed company starting from 2019.

	2019	2018	2017	2016	2015
<b>BOARD OF DIRECTORS</b>					
Francesco Caltagirone, Chairman of the Board of Directors and CEO	5,023.6	4,751	4,068	3,705	3,503
Carlo Carlevaris, Senior Non-Executive Director**	5	10	12	11	12
Alessandro Caltagirone, Non-Executive Director and Vice-Chairman	8	9	9	9	8
Azzurra Caltagirone, Non-Executive Director and Vice-Chairwoman	11	11	10	11	10
Edoardo Caltagirone, Non- Executive Director	10	11	10	11	10
Saverio Caltagirone, Non- Executive Director	12	12	11	78	80
Mario Delfini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	50	52	32	32	32
Roberta Neri, Non-Executive Director	8	12	8	N/A	N/A
Adriana Lamberto Floristan, Non-Executive Director, Member of the Audit Committee	32	24.9	N/A	N/A	N/A
Fabio Corsico, Non-Executive Director	236	210	11	9	11
Paolo Di Benedetto, Non-Executive Director, Chairman of the Audit Committee and Chairman of the Remuneration and Nomination Committee	72	71	70	70	71
Chiara Mancini, Non-Executive Director, Member of the Audit Committee and Member of the Remuneration and Nomination Committee	52	51	52	51	35
Veronica De Romanis, Non-Executive Director, Memebr of the Audit Committee and Member of the Remuneration and Nomination Committee	52	52	51	52	35
<b>BOARD OF STATUTORY AUDITORS</b>					
Silvia Muzi, Chairman of the Board of Statutory Auditors	60	60	60	N/A	N/A
Claudio Bianchi, Standing Auditor	40	40	60	N/A	N/A
Maria Assunta Coluccia, Standing Auditor	46	46	46	48	46
<b>Company Performance</b>					
EBIT	151.7	153.2	140.6	94.7	97.6
<b>Average fixed remuneration on a full-time equivalent basis of employees (€)</b>					
Average fixed remuneration of employees	60,424	57,755	49,364	45,126	48,990

### Internal pay ratio

The pay ratio of CEO compensation compared to the average employee compensation during 2019 is 83:1. Last year the ratio was 82:1.

This ratio consists of the CEO's total direct compensation during 2019 of EUR 5,024 thousand as reported in the Total direct compensation, pension and other benefits table in this appendix, compared to the average compensation of all employees. The average compensation of all employees was calculated from the numbers as reported in Note 24.

Selected operating expenses and additional information (wages and salaries) / average number of payroll employees = EUR 184,897 million/3,060 people= EUR 60,424.



Royal Opera House, Oslo, Norway