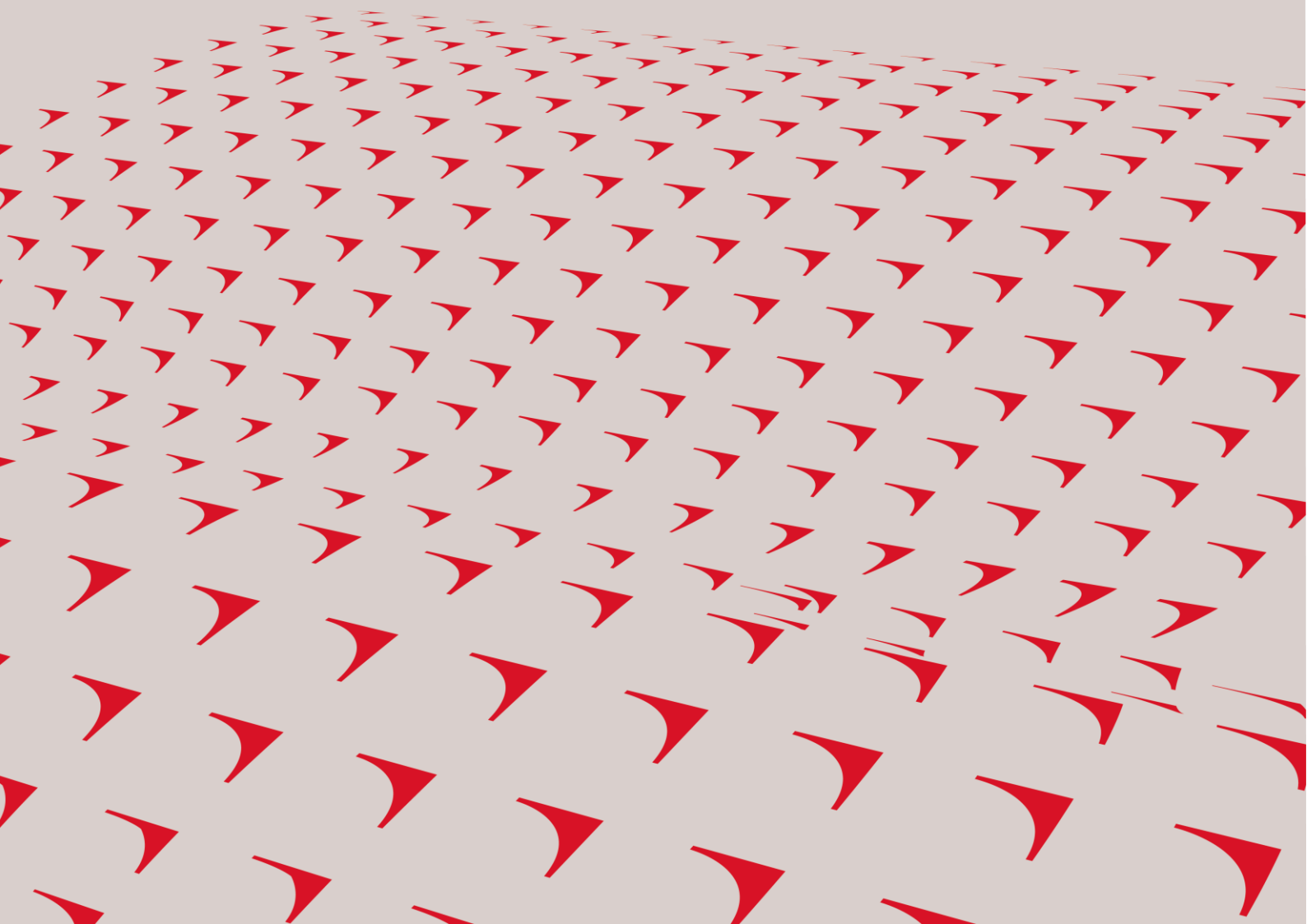




Ordinary and extraordinary general meeting of the shareholders

JUNE 8 2020



CIR S.p.A.

COMPAGNIE INDUSTRIALI RIUNITE

Public Limited Company (Società per Azioni): Registered Office: Via Ciovassino, 1 - 20121 Milan - Tel. +39 02 72270.1 - www.cirgroup.com

Share Capital € 638,603,657.00 - R.E.A. no. 1950112 - Milan Register of Companies/Tax Code/IVA no. 01792930016

Company subject to management and coordination by FRATELLI DE BENEDETTI S.p.A.

Rome office: Via del Tritone, 169 - 00187 Rome

BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI (*)
Chief Executive Officer and General Manager	MONICA MONDARDINI (*)
Directors	MASSIMO CREMONA (1) (2) (3) EDOARDO DE BENEDETTI MARCO DE BENEDETTI PAOLA DUBINI (1) (2) FRANCESCO GUASTI (1) (2) PIA HAHN MAROCCO (2) MARIA SERENA PORCARI (2)
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	RICCARDO ZINGALES
Statutory Auditors	TIZIANO BRACCO ANTONELLA DELLATORRE
Alternate Auditors	LUIGI NANI LUIGI MACCHIORLATTI VIGNAT PAOLA ZAMBON

INDEPENDENT AUDITORS

KPMG S.p.A.

Notice in accordance with the recommendation of Consob contained in its Communiqué no. DAC/RM797001574 of February 20 1997

- (*) Powers as per the Corporate Governance of the Company
- (1) Member of the Appointments and Compensation Committee
- (2) Member of the Control, Risk and Sustainability Committee
- (3) Lead Independent Director

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CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE

Milan – Via Ciovassino 1

**Share Capital: Euro 638,603,657,00 fully paid up – Company Register and Tax Code no.
01792930016**

Company subject to management and coordination by F.Ili De Benedetti S.p.A.

NOTICE OF ANNUAL GENERAL MEETING

The Shareholders are invited to attend the Ordinary and Extraordinary sessions of the Annual General Meeting of the Shareholders to be held on June 8 2020 at 11.00 a.m., at a single call, in the Registered Office in Via Ciovassino 1 in Milan to discuss and pass resolution on the following

AGENDA

Ordinary Part

1. Financial Statements for the year ended December 31 2019. Resolutions on the same.
Presentation of the Consolidated Financial Statements for the year ended December 31 2019.
2. Financial Statements for the year ended December 31 2019 of "CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE" C.F. 00519120018 incorporated into "COFIDE - Gruppo De Benedetti S.p.A." C.F. 01792930016 (now "CIR S.p.A. - COMPAGNIE INDUSTRIALI RIUNITE"). Resolutions on the same.
3. Determination of the number of Directors, appointment of the members of the Board of Directors for the years 2020-2022 and decision as to their fees.
4. Appointment of the Board of Statutory Auditors for the years 2020-2022 and decision as to their fees.
5. Proposal to cancel the resolution of April 29 2019 regarding the authorization to buy back and dispose of own shares.
6. Report on compensation policy and compensation paid out. Resolutions on the same
7. Proposal for the approval of Stock Grant Plan 2020.

Extraordinary Part

8. Proposal to cancel the authorization given to the Board of Directors to increase the share capital and to issue bonds, approved by the Extraordinary General Meeting of the Shareholders on April 27 2018, and award of new authorizations as per the terms of Articles 2443 and 2420 *ter* of the Civil Code.

INFORMATION ON THE SHARE CAPITAL

The share capital amounts to € 638,603,657.00 and consists of 1,277,207,314 ordinary shares each with a nominal value of € 0.50 and all with voting rights except for the own shares for which voting rights are suspended.

Each share is assigned one vote or two votes as per the terms of Art. 8 of the Company Bylaws if the Board of Directors has ascertained that such a right exists.

ATTENDING THE SHAREHOLDERS MEETING IN PERSON AND BY PROXY

As per the terms of Art. 106, paragraph 4, of Decree Law no. 18 of March 17 2020 (the "Cure Italy Decree"), Shareholders are allowed to attend the Annual General Meeting only through the Designated Representative Studio Segre S.r.l., following the procedures and terms specified later on in this notice.

Entitlement to take part in the Meeting and exercise a vote is attested by a notification – made by an authorized intermediary as per the terms of Art. 83-*sexies* of D.Lgs. no. 58/98 and subsequent amendments and additions (TUF) – in favour of the individual who has the right to vote based on evidence available at the close of business on Thursday May 28 2020, the seventh trading day preceding the date fixed for the single call of the Shareholders Meeting. Any persons who obtain entitlement only after that date will not have the right to attend or vote at the Meeting.

Any holders of shares that have not yet been dematerialized should first present their share certificates to an authorized intermediary for input into the centralized clearing system in electronic form, in accordance with the provisions of Article 36 of the single Measure on post-trading issued by Consob and Bank of Italy on August 13 2018, and should request that the notification be sent in as above.

Persons with voting rights can appoint a proxy to represent them at the Shareholders Meeting in accordance with Art. 2372 of the Civil Code and with any other rules or regulations applicable. The proxy form at the bottom of the notification issued by the authorized intermediary may be used or alternatively there is a proxy form that can be downloaded from the company website www.cirgroup.com in the section Governance.

As stipulated in paragraph 4 of Article 106 of the Cure Italy Decree, and as per the terms of Art. 135-*novies* of the TUF, the proxy or sub-proxy form must be given exclusively to the Designated Representative Studio Segre S.r.l. and sent electronically to the certified e-mail address segre@legalmail.it together with the voting instructions and a copy of a currently valid identity document of the person appointing the proxy. Alternatively, as per the terms of Art. 135-*undecies* the proxy form can be given to the same Designated Representative by signing the appropriate form that can be found in the above section of the website. In this case the signed form must be delivered to the Designated Representative by certified e-mail to the address segre@legalmail.it by the close of the second trading day before the date fixed for the AGM at a single call (i.e. by Thursday June 4 2020). The proxy is not valid for the motions for which no voting instructions have been given. The proxy and the voting instructions are revocable until the dates by which they must be given.

The notice sent to the company by the authorized intermediary attesting the Shareholder's entitlement to attend the meeting is needed even when the Designated Representative of the Company is appointed as proxy. Therefore, in the absence of the above-cited notification the proxy will not be valid.

RIGHT TO ASK QUESTIONS ON THE ITEMS ON THE AGENDA

As per the terms of Art. 127-*ter* of the TUF, Shareholders who wish to ask questions regarding the items on the Agenda of the Shareholders Meeting may send their questions by registered post with advice of receipt (A.R.) to the Company's Registered Office or by certified e-mail to the address segre@legalmail.it attaching either the certification issued by an authorized intermediary proving that they are entitled to exercise this right or the notification attesting their entitlement to attend the Shareholders Meeting and to exercise their right to vote. Questions must be received by the close of the fifth day preceding the date fixed for the AGM at the single call, i.e. by Monday June 1 2020.

The Company will give a response in writing by 12.00 midday on Thursday June 4 2020 on its website in the section Governance. Questions with the same content will receive a single response.

ADDITIONS TO THE AGENDA

AND PRESENTATION OF NEW RESOLUTION PROPOSALS

As per the terms of Art. 126-*bis* of the TUF, Shareholders representing even jointly at least one fortieth of the share capital may request, within ten days of the publication of this notice, an addition to the items on the Agenda to be dealt with, indicating in their request the further items proposed, or they may submit proposed resolutions on subjects already on the Agenda. It should be remembered, however, that any such addition is not allowed for the items on which the Shareholders, as per the terms of the law, vote on a proposal made by the Directors or on a plan or a report prepared by the same, other than those included in Art. 125-*ter*, paragraph 1 of the TUF.

Requests should be made by registered post with advice of receipt (A.R.) to the Registered Office of the Company or by certified e-mail to the address segre@legalmail.it and must be accompanied by a report on the subjects being put forward as well as by the certification(s) issued by an authorized intermediary attesting the person's entitlement to exercise this right. Notice will be given of any additions to the Agenda and of any new proposed resolutions in the same form as those in this notice of meeting, at least fifteen days before the date fixed for the single call of the Shareholders Meeting, by which time the report prepared by the proposers of the same will be made available to the public.

As per the terms of Art. 126-bis, clause 1, third paragraph, of the TUF, given the procedures for attending the General Meeting of the Shareholders, those entitled to vote can individually present resolution proposals on the items on the Agenda by May 25 2020. Such proposals must be sent by registered post with advice of receipt (A.R.) to the Registered Office of the Company or by certified e-mail to the address segre@legalmail.it and must be accompanied by the text of a resolution on the item on the Agenda and by the certification(s) issued by an authorized intermediary attesting the entitlement to exercise the right to vote.

The proposals submitted will be published on the Company website www.cirgroup.com in the section Governance by June 1 2020 so that holders of voting rights may view them in order to assign proxies or sub-proxies to the Designated Representative.

In the case of resolution proposals on items of the Agenda that are alternative versions to those presented by the Board, the proposal of the Board (provided it is not withdrawn) will be put to the vote first and only if this proposal is rejected will the proposals of the Shareholders be put to the vote. Such proposals, where there are more than one, will be submitted to the Shareholders Meeting starting from the proposal presented by the Shareholders who represent the highest percentage of the share capital. Only if the first proposal to be put to the vote is rejected will the next proposal in order of percentage of capital represented be put to the vote and so on.

APPOINTMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

The appointment of the Board of Directors and the Board of Statutory Auditors takes place in accordance respectively with the terms of Articles 147-ter and 148 of the TUF and of Articles 11 and 22 of the Company Bylaws to which reference should be made.

The Directors are appointed by the Shareholders Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order.

Only Shareholders who alone or together with other Shareholders represent at least 2.5% (two point five per cent) of the share capital can present lists both for the appointment of the Directors and for the appointment of the Statutory Auditors. Shareholders who intend to present lists for the appointment of the Board of Directors and the Board of Statutory Auditors are invited to consult the recommendations contained in Consob Communiqué DEM/9017893 of February 26 2009.

The lists, signed by the Shareholder or Shareholders who are presenting them or even by one of them delegated to do so by the other, accompanied by the required documentation, must be filed by the presenting Shareholders with the Registered Office of the Company or sent to the following certified email address: segre@legalmail.it by May 14 2020 and will be published in accordance with current regulations.

The lists must be accompanied by the following:

- The information relating to the identity of the Shareholders who have presented them, with an indication of the percentage of their total shareholding interest and with one (or more) certificate(s), to be filed at the Registered Office at the same time or, in any case, by May 18 2020 at the latest. This information should show their entitlement as of the date on which the lists were presented;
- A declaration by Shareholders other than those holding, even jointly, a controlling interest or a relative majority, attesting that they have no connection with the latter as indicated by current legislation and regulations on this subject;
- An exhaustive description of the personal and professional characteristics of the candidates together with a declaration by the same candidates, attesting that they possess the requisites

- required by current regulations and by the Company Bylaws and in which they accept their candidature; there should also for the election of the Directors be an indication of whether they are suitable to be qualified as Independent as per the terms of the law or of regulations and for the election of the Statutory Auditors the list of other positions as director or statutory auditor that they hold in other Companies.

Lists presented that do not comply with the rules stated above will be considered as not having been presented. A Shareholder or a group of Shareholders cannot present or vote for more than one list, even through an intermediary or a fiduciary company. Nobody can be a candidate on more than one list and acceptance of candidature on more than one list means that that person cannot be elected.

APPOINTMENT OF THE BOARD OF DIRECTORS

With reference to the third item on the Agenda, it should be remembered that, as per the terms of Article 30 of the Company Bylaws, on the date on which the CIR-COFIDE merger took place the mandate of the Board of Directors of the incorporating company COFIDE S.p.A. (now called CIR S.p.A.) came to an end. At this AGM, therefore, the new Board members for the years 2020-2022 will have to be elected. Without prejudice to what is stated above regarding the appointment of the two corporate boards, the candidates for the position of Member of the Board of Directors must possess the requisites necessarily required by current regulations and must also declare any other positions that they hold for competing companies. Pursuant to the terms of Art. 11 of the Company Bylaws, in the event that only one list is presented or admitted to the voting, all the Directors will be drawn from that list. In the event that no list is presented or that fewer Directors are elected than the number determined by the Shareholders, another General Meeting must be convened to elect the entire Board of Directors. Lists must contain candidates belonging to both genders in at least the proportion prescribed by current rules on the subject of gender balance.

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

With regard to item 4 on the Agenda, it should be noted that with the coming Annual General Meeting the mandate of the Board of Statutory Auditors will come to an end; at this AGM, therefore, the new members of the Board of Statutory Auditors for the years 2020-2022 will have to be elected. Anyone who exceeds the limit imposed by current laws and regulations as to the maximum number of positions that can be held on boards of directors and/or boards of statutory auditors of companies cannot take on the position and if elected will lapse. Each list is made up of two sections: one for the candidates for the position of Statutory Auditor and the other for the candidates for the position of Alternate Auditor and the candidates in each section are listed in numerical order. If on the final date for the presentation of lists only one list has been filed, or if the only lists presented are by Shareholders who are connected to each other as per the terms of the applicable rules, as per Art. 144-*sexies* of the Rules for Issuers approved with Consob Resolution no. 11971 and subsequent amendments and additions, lists can be presented up to the third day following that date i.e. by May 17 2020 (which becomes May 18, the first working day). In this case, the threshold for the presentation of lists is reduced by one half and thus to 1.25% (one point two five per cent) of the share capital. If only one list is presented or admitted to the voting, all the members of the Board of Statutory Auditors will be taken from that list. Lists containing three or more candidates must include in each section candidates belonging to both genders.

FURTHER INFORMATION

It should be pointed out that the information contained in this notice of meeting – and, more specifically, the date, the place and/or time of the AGM, the time limits for the Shareholders to exercise their rights, the procedures for attending the meeting and/or the way in which the meeting will be held – may be subject to changes, updates or further details in view of the current situation of emergency caused by COVID 19 and the consequent measures that may be introduced in due course by the competent Authorities. This will allow the Company to fully comply with the basic principles for safeguarding the health and safety of the Shareholders, employees, exponents and consultants of the Company. Any changes, updates or further details regarding the information given in this notice will be made available promptly on the Company website www.cirgroup.com in the section Governance and through any other means permitted by law.

DOCUMENTATION

The documentation relating to the items on the Agenda, as required by current legislation, which includes, among other things, the complete text of the proposed resolutions, will be available to the public as per the terms of the law at the Company's Registered Office (in Via Ciovassino 1, Milan), from Borsa Italiana S.p.A., on the authorized storage mechanism eMarket STORAGE website www.emarketstorage.com and on the Company's website www.cirgroup.com in the section Governance. Shareholders have the right to obtain a copy of this documentation.

The Financial Statements for the year 2019 will be made available to the public in the same way.

The Company Bylaws are available on the Company website www.cirgroup.com in the section Governance/System of Governance.

Milan, April 27 2020

For the Board of Directors
The Chairman – Rodolfo De Benedetti



DETERMINATION OF THE NUMBER OF DIRECTORS, APPOINTMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS FOR THE YEARS 2020-2022 AND DECISION AS TO THEIR FEES

Dear Shareholders,

On March 11 2019, CIR and COFIDE signed the Merger Agreement that regulates and governs, among other things, the preparatory and/or functional activities necessary to implement the Merger, the provisional management of the Participant Companies and the corporate governance of the company resulting from the Merger.

In particular, on the subject of corporate governance, the parties agreed on a transitional clause in the Company Bylaws on the strength of which the Board of Directors of the incorporating company Cofide will lapse automatically on the date on which the merger is completed, with the obligation to call without delay an Ordinary General Meeting of the Shareholders to elect a new Board of Directors, with the aim of benefiting from the experience and professional competences present in the administrative bodies of the two companies.

On February 3 2020 the deed of merger was signed and will take effect as from February 19 2020.

The Shareholders' Meeting of your company is called upon to:

- a) Determine the number of board members
- b) Establish their fees
- c) Appoint the Directors using the list vote method.

We would remind you of the terms of Art. 11 of the Company Bylaws, which for ease of reference we have reproduced below:

- "1. The Company is administered by a Board of Directors comprising from five to twenty-one members, who need not necessarily be shareholders, the length of whose mandate shall be determined by the Meeting of the Shareholders but shall not in any case be more than three years, and the said members can be re-elected.*
- 2. The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number has been adopted.*
- 3. Minority Shareholders are entitled to elect one member of the Board of Directors.*
- 4. The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order. The lists, signed by the Shareholders who have presented them, must be filed within the terms and following the procedures prescribed by applicable legislation.*
- 5. Only Shareholders who alone or together with other shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the terms and following the procedures laid down in legislation applicable.*
- 6. Lists which include a number of candidates equal to or higher than three must include candidates belonging to both genders, in at least the proportion specified in current legislation on the subject of gender balancing.*
- 7. Any lists presented that do not comply with these instructions shall be considered as not having been presented.*



8. No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same control, in accordance with Art. 93 of the Financial Intermediation Consolidation Act, or those taking part in the same shareholder pact for voting purposes may present or contribute to the presentation of just one list.

9. Each Shareholder can vote for just one list.

10. Each candidate can stand only in one list otherwise he or she cannot be elected.

11. Together with the presentation of the list, and with the same time frame as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected nor is there any incompatibility prescribed by law and by current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or she has the necessary requisites to be an independent Director in accordance with the terms of the law and with regulations.

12. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

13. In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.

14. To elect the members of the Board of Directors the following procedure will be used:

- a. From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;
- b. The other director will be the first name on the list that obtains the second most votes and must not be connected in any way, not even indirectly, to the Shareholders who presented and voted for the first list that received the most votes.

When application of the procedure described in a) and b) above does not give the gender balance required by current legislation, the last director elected from the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list belonging to the least represented gender, in compliance with the requirements of the law. Otherwise, the Shareholders' Meeting shall make up the number of the administrative body with the majorities required by law, ensuring compliance with the terms of the law.

15. All the Directors elected must possess the requisites of integrity and professionalism required by current rules. If they do not have these qualities appointment will lapse.

16. In the event that only one list is presented for the vote, all the Directors shall be drawn from that list.

17. In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.

18. When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with."

With reference to paragraph 5 of Art. 11 of the Company Bylaws, we should inform you that Consob, with its Executive Decision no. 30 of March 06 2020, specified 2.50% of the share capital as the minimum percentage for presenting a list of candidates.

We would remind you that on January 1 2020 Law no. 160 of 27/12/2019 took effect. This has, among other things, changed Art. 147-ter paragraph 1-ter of D.Lgs. no. 58 of 24/2/1998 to the effect that the proportions of the directors to be elected must be calculated in such a way as to ensure that the least represented gender obtains at least two fifths of the directors elected.

We would like to remind you that the lists must be filed with the registered office or be sent to the certified email address segre@legalmail.it by May 14 2020. The said lists will be published through the eMarket STORAGE service and on the website www.cirgroup.com by May 18 2020.



Shareholders other than the controlling shareholder who intend to present a list are asked to consult the recommendations given by Consob in its Communiqué no. DEM/9017893 of 26/2/2009 that can be found on the website www.consob.it.

In consideration of the terms of Art. 125-ter of D.Lgs. 58/1998 and subsequent amendments and additions to the same (T.U.F.) on the subject of the need to make the proposed resolutions available, your Board took it upon itself to ask the controlling Shareholder of its intentions on the subject of fees and the number of the members for the Board of Directors.

The controlling Shareholder informed the Board of its intention to reserve the right to subsequently establish the number of members of the Board of Directors in a range of between ____ and ____, and to submit the following proposals to the approval of the Shareholders:

- To establish __ (a number between ____ and ____)* as the number of members of the Board of Directors;
- To establish euro 20,000 per year gross *pro-rata-temporis* as the fee to which each Member of the Board of Directors is entitled, as per the terms of Art. 2389, paragraph 1, of the Civil Code;
- To allow the Directors thus appointed to hold other positions, as per the terms of Art. 2390, paragraph 1, of the Civil Code.

Given the above, your Board is submitting to your approval the following two draft resolutions:

1) In relation to the determination of the number of members of the Board of Directors

“The General Meeting of the Shareholders of CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE:

- having acknowledged the report of the Board of Directors
- having taken due note of the proposal made by the Shareholder F.LLI DE BENEDETTI S.p.A.
- bearing in mind the terms of the law and of the Bylaws

RESOLVES

- To establish __ (a number between ____ and ____)* as the number of members of the Board of Directors for the years 2020-2022, i.e. until the AGM that will examine the Financial Statements for the year ended December 31 2022;
- To allow the Directors thus appointed to take on other positions, as per the terms of Art. 2390 of the Civil Code.”

2) In relation to the fees of the Directors:

“The General Meeting of the Shareholders of CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE:

- having acknowledged the report of the Board of Directors
- having taken due note of the proposal made by the Shareholder F.LLI DE BENEDETTI S.p.A.
- bearing in mind the terms of the law and of the Bylaws

RESOLVES



- to assign to each member of the Board of Directors a gross annual fee of Euro 20,000 on a *pro-rata-temporis* basis, as per the terms of Art. 2389, paragraph 1, of the Civil Code”.

Lastly, we should remind you that you must either vote for one of the lists presented or abstain, say that you are against all the lists or else not take part in the vote at all.

* the number that will be set by the Shareholders based on the lists presented, taking into account that the Company Bylaws allow a minimum of 5 and a maximum of 21 Board members.



APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS FOR THE YEARS 2020-2022 AND DECISION AS TO THEIR FEES

Dear Shareholders,

The Board of Statutory Auditors appointed by you at the Shareholders' Meeting held on April 29 2017 for financial years 2017-2019, has now lapsed with this Shareholders' Meeting as the three year mandate has come to an end.

We should remind you of the terms of Art. 22 of the Company Bylaws, of which for your ease of reference we are reproducing the relevant part below:

- "1. The Board of Statutory Auditors consists of three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be re-elected.*
- 2. Minority shareholders have the right to elect one Statutory Auditor and one Alternate Auditor.*
- 3. The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders in two sections: one section for the candidates for the position of Statutory Auditor and the other containing the candidates for the position of Alternate Auditor, and in each section the candidates are listed in numerical order. Lists that include a number of candidates equal to or higher than three must include in each section candidates belonging to both genders.*
- 4. The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the time frames and following the procedures prescribed by legislation applicable.*
- 5. Only Shareholders who, either alone or with others, represent at least 2.5% of the share capital or any other percentage that may be established by law or by regulations, have the right to present lists and they are required to provide proof of ownership of the required number of shares within the time limits and following the procedures laid down by law.*
- 6. Lists presented that do not comply with the above rules will be considered as not having been presented.*
- 7. No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control, as per the terms of Art. 93 of the Financial Intermediation Consolidation Act, or those who take part in the same Shareholder agreement for voting purposes can present or jointly present just one list.*
- 8. Each Shareholder can vote for just one list.*
- 9. Candidates can be present in only one list otherwise they will be excluded from election.*
- 10. Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market included in the list as per articles 63 and 67 of D.Lgs. no. 58/1998 cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation or regulations on the subject. Those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations will also be excluded.*
- 11. Together with each list and within the above-mentioned time limit, a declaration signed by each candidate will be submitted. This declaration will attest that the candidate, under his or her own responsibility, accepts his or her nomination and will certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for the members of Boards of Statutory Auditors.*
- 12. The lists must also be accompanied by a curriculum vitae with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies.*
- 13. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list to be put to the vote.*
- 14. The election of the members of the Board of Statutory Auditors will take place as follows:*



- 1) Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;
- 2) The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and which must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;
- 3) If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list. When application of the procedure described in 1), 2) and 3) above does not give the gender balance required by current legislation, the last person elected from the section of the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list and the same section belonging to the least represented gender. Otherwise, the Shareholders' Meeting shall make up the number of the Board of Statutory Auditors with the majorities required by law, ensuring that the requirement is complied with.
15. The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors. If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the position of Chairman of the Board of Statutory Auditors.
16. Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.
17. Should a Statutory Auditor need to be replaced, the individual taking his or her place will be selected from the same list of candidates as his or her predecessor, ensuring that the terms of the law and of the Bylaws are complied with, taking specifically into account the obligation to have gender balance.
18. The remuneration of the Statutory Auditors is established by the Shareholders' Meeting."

With reference to paragraph 5 of Art. 22 of the Company Bylaws, we inform you that Consob, with a managerial decision n. 30 of March 6 2020, set 2.5% as the minimum percentage required to present a list of candidates.

We would remind you that on January 1 2020 Law no. 160 of 27/12/2019 took effect. This has, among other things, changed Art. 148 paragraph 1-bis of D.Lgs. no. 58 of 24/2/1998 to the effect that the proportions of the members of the Board of Statutory Auditors to be elected must be calculated in such a way as to ensure that the least represented gender obtains at least two fifths of the auditors in office.

With its Communiqué no. 1/20 of January 31 2020 Consob established that the criterion for rounding up to the higher unit as set out in paragraph 3 of Art. 144-undecies.1 ("Gender Balance") of Consob's Rules adopted with resolution no. 11971 of May 14 1999 and subsequent amendments ("Rules for Issuers") is to be considered not applicable as it is arithmetically impossible for boards consisting of three members. Therefore, for such boards, Consob says that rounding down to the unit below is in line with the new rules.

We would also remind you that the lists must be filed with the registered office of the Company or must reach the certified e-mail address segre@legalmail.it by March 30 2020.

In the event that on the date when the term for presenting lists expires only one list has been filed, or only lists presented by Shareholders who are connected as per the terms of applicable regulations, as per Art. 144-sexies of the Rules for Issuers approved with Consob Resolution no. 11971 and subsequent amendments and additions, lists can be presented up to and including the third day after that date and that is by April 2 2020. This fact will be announced with a notice on the Company's website www.cirgroup.com. In this case the minimum requirement for the presentation of lists is reduced by one half and thus to 1.25% of the share capital.

The lists will be published through the eMarket STORAGE service and on the website www.cirgroup.it by April 3 2020.



Shareholders other than the controlling shareholder who wish to present a list are requested to familiarize themselves with the recommendations made by Consob in Communiqué no. DEM/9017893 of 26/2/2009, which can be found on the website www.consob.it.

In consideration of the terms of Art. 125-ter of D.Lgs. 58/1998 and subsequent amendments and additions to the same (T.U.F.) concerning the need to make the proposed resolutions available, your Board took it upon itself to ask the controlling Shareholder of its intentions regarding the fees to be assigned to the members of the Board of Statutory Auditors.

The controlling Shareholder informed the Board of its intention to submit to the approval of the AGM the proposal of giving an annual fee *pro-rata temporis* of euro 75,000 to the Chairman of the Board of Statutory Auditors and of euro 50,000 to each of the Statutory Auditors in office.

Given the above, your Board puts before you for your approval the following resolution:

“The Annual General Meeting of the Shareholders of CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE:

- having acknowledged the report of the Board of Directors
- having acknowledged the proposal of the Shareholder F.LLI DE BENEDETTI S.p.A.
- bearing in mind the terms of the law and of the Company Bylaws

RESOLVES

- to establish an annual fee *pro-rata-temporis* of euro 75,000 for the Chairman of the Board of Statutory Auditors and of euro 50,000 for each of the Statutory Auditors in office.”

Lastly, we would remind you that you must either vote for one of the lists presented or abstain, state that you are opposed to all the lists or not take part in the voting at all.



PROPOSAL TO CANCEL THE RESOLUTION OF APRIL 29 2019 REGARDING THE AUTHORIZATION TO BUY BACK AND DISPOSE OF OWN SHARES

Dear Shareholders,

On April 20 2020 the Board of Directors of CIR duly acknowledged the evolution of the economic scenario compared to that at the date of the last Board Meeting held on March 9 2020, and the issue of the recent D.L. no. 23 of April 8 2020 (the “Liquidity Decree”), Article 1 of which allows businesses to access bank loans using guarantees issued by SACE S.p.A. on condition that the beneficiary company, “or any other company with headquarters in Italy belonging to the same group as the beneficiary, does not approve the distribution of dividends or the buyback of own shares during 2020”.

In this changed regulatory environment given the overall situation of the market that the operating companies of the group will have to face, so as not to prevent them from accessing bank loans assisted by the SACE guarantee, the Board of Directors has voted to revoke, for the part not yet executed, the resolution adopted on April 29 2019 authorizing the buyback of own shares.

Given all of the above, we propose that the existing authorization be cancelled for the period until its expiry and that the following resolution be adopted:

“The Annual General Meeting of the Shareholders of CIR S.p.A. – Compagnie Industriali Riunite:

- Having acknowledged the proposals of the Board of Directors
- Having heard the opinion of the Board of Statutory Auditors

RESOLVES

To cancel, for the part not yet utilized and for the period between the day after this Meeting and its natural expiry date, the resolution authorizing the buyback of own shares adopted by the Ordinary Annual General Meeting of the Shareholders on April 29 2019 and, as a consequence of the above, the related authorization to dispose of the same shares.



REPORT ON COMPENSATION POLICY AND COMPENSATION PAID

FOREWORD

This **Report on compensation policy and compensation paid** (hereinafter also referred to as the **"Report"**) has been prepared in conformity with the terms of Art. 84-*quater* of Consob Regulation no. 11971/99 in implementation of Art. 123-*ter* of the T.U.F. as amended by D.Lgs. no. 49 of 10.05.2019 - and in compliance with the recommendations contained in Art. 6 of the Code of Conduct for Listed Companies of Borsa Italiana S.p.A. (the **"Code of Conduct"**).

In the preparation of the Compensation Report it was taken into account that effective February 19 2020 the Company COFIDE S.p.A. incorporated the Company CIR S.p.A. (the **"Companies taking part in the merger"**), assuming the name of the latter Company. Therefore throughout the previous year and until 31.12.2019 the Companies taking part in the merger paid compensation to the members of the administrative bodies and the Executives with strategic responsibilities in accordance with the policy adopted for the year 2019, as set out in Section I of their respective Compensation Reports submitted to their Annual General Meetings on April 29 2019.

This report is organized in two sections as required by the regulations.

The first section has the aim of providing the Shareholders' Meeting with information regarding the policy of the Company on the subject of the compensation of the Members of the Board of Directors, of the Board of Statutory Auditors and of the Executives with strategic responsibilities and the procedures for adopting and implementing this policy.

The second section, in order to give adequate information about the compensation paid in 2019 by the Companies taking part in the merger, gives a representation of each of the items that makes up the compensation and illustrates to the market the compensation paid out or at least assigned in the previous year to the Members of the Board of Directors and the Board of Statutory Auditors and to Executives with strategic responsibilities of both of the Companies taking part in the merger.

The Annual General Meeting of the Shareholders, convened to approve the Financial Statements for the year ended December 31 2019, as per the terms of Art. 123-*ter* of the T.U.F., is called upon to express a vote as follows:

- a binding vote as per the terms of Art. 123-*ter*, paragraph 3-*ter* of the T.U.F. on section I of the Report;
- a non-binding vote as per the terms of Art. 123-*ter*, paragraph 6 of the T.U.F. on section II of the Report.

The result of the vote will be disclosed to the public.



List of definitions

For the purposes of this Report the terms and expressions listed below have the meaning given alongside each of them:

“Shares”: the ordinary shares of CIR S.p.A.

“Code of Conduct”: Code of Conduct for Listed Companies published by Borsa Italiana S.p.A..

“Executives with strategic responsibilities”: individuals defined as such in Annex 1 to Consob Regulation no. 17221 of March 12 2010 and subsequent amendments giving instructions on the subject of related-party transactions and identified in Art. 2.2.3 of the “Rules for related-party transactions” adopted by CIR S.p.A.

“Group”: the company CIR S.p.A. and the companies controlled by the same.

“Plan”: Stock Grant Plan 2020

“Policy”: compensation policy of the Company.

“Regulations”: regulations defining the criteria, procedures and terms and conditions for implementing the Plan

“Rules for Issuers”: Consob Resolution no. 11971/99

“Company”: CIR S.p.A.

“T.U.F”: Legislative Decree no. 58/98.



SECTION I

This section describes the policy of the Company on the subject of compensation for the Members of the Board of Directors, the Members of the Board of Statutory Auditors, the General Manager and the Executives with strategic responsibilities for the year 2020 and the procedures for the adoption and implementation of the policy. The policy establishes the principles and guidelines on the basis of which the compensation is determined.

a) Bodies and individuals involved in the preparation and approval of the compensation policy, specifying their respective roles, and the bodies or individuals responsible for the correct implementation of the same policy

The Policy is prepared by the **Appointments and Compensation Committee** and is submitted annually by the said Committee to the examination and approval of the Board of Directors.

After examining and approving the policy, the **Board of Directors** submits it to the binding vote of the Annual General Meeting of the Shareholders.

In implementation of the Policy adopted by the Company, the appropriate bodies carry out the following additional activities:

The General Meeting of the Shareholders :

- i) Establishes the fixed fee for the members of the Board of Directors when they are appointed and for the entire duration of their mandate.
- ii) Approves the share-based compensation plans for the Chairman and for the Chief Executive Officer of the Company and for employees of the Group, delegating the Board of Directors to approve the regulations, identify the beneficiaries and the number of rights to assign to each of them.

The Board of Directors

- i) At the proposal of the Appointments and Compensation Committee and having heard the opinion of the Statutory Auditors, establishes the compensation of Directors with special positions.
- ii) Establishes the compensation of non-executive Directors for being on one or more committees.
- iii) Approves the regulations of the share-based compensation plans, identifying the beneficiaries and the number of rights to assign to each of them.

The Chief Executive Officer establishes the compensation of the Executives with strategic responsibilities who are not members of the Board of Directors.

The Appointments and Compensation Committee has the tasks and functions described in detail in paragraph b).

b) Intervention, where applicable, of a Compensation Committee or any other committee with competence on the subject, with a description of its composition, competences and the way it works

As indicated above, the Appointments and Compensation Committee takes part in the preparation of the Policy to be submitted to the Board of Directors.

The Appointments and Compensation Committee carries out the following functions relating to compensation:

- It submits to the Board of Directors proposals relating to the compensation policies for Directors and



Executives with strategic responsibilities;

- Gives opinions jointly with the Control, Risk and Sustainability Committee on proposals relating to the compensation policies for the head of internal auditing and the executive responsible for the preparation of the Company's financial statements and governance documents;
- It puts forward proposals for the compensation of the Chief Executive Officer and the Directors holding special positions, which can also include compensation plans involving the assignation of stock options or other share-based incentives;
- It puts forward proposals to the Board on the subject of share-based compensation plans for employees (preparing the specific Regulations of the same), identifying the beneficiaries and the number of options to assign to each of them and, at the indication of the Chief Executive Officer, on the criteria for the compensation of the managerial staff of the Company;
- It periodically assesses the adequacy, the overall consistency and the practical application of the compensation policy for Directors and Executives with strategic responsibilities.

c) Possible intervention of independent experts

In the preparation of the Policy no independent experts were involved.

d) Aims pursued with the compensation policy, principles underpinning it and any changes in the compensation policy from the previous financial year

The compensation policies are aimed at guaranteeing competitiveness in the labour market in line with the objectives of growth and rewarding the loyalty of human resources, as well as using different instruments of compensation for different types of professionalism, competences and roles in the Company.

The guidelines of the Policy are established according to criteria that can attract, retain and motivate persons with adequate professional qualities to manage the Group effectively.

The Company ensures that compensation is aligned with market benchmarks, applying bonus compensation criteria and parameters in particular situations of merit.

It was not necessary to draw up agreements allowing the company to obtain repayment of variable items of compensation because the assignment of the same through financial instruments is linked to a combination of two elements: the passage of time and the appreciation of the stock in the market, both of which are established upfront and are measurable, as is illustrated in full in the following paragraphs g), h) and i).

The policy for this year has changed substantially compared to the Policy of the previous year, which was very simple as it referred only to the payment of fees approved by the Annual General Meeting to the members of the Board of Directors as operations were concentrated in the subsidiary. It referred more specifically to the following:

- Compensation to the directors in cash without any variable components
- A fixed fee in cash assigned by the Board of Directors to the Directors holding special positions (Chairman)
- A fee assigned to Directors for sitting on one or more committees; the fee is determined annually, is a fixed amount and is commensurate with the commitment required
- Taking out an insurance policy (Directors&Officers) to cover the liability of the members of the Company's boards towards third parties
- No non-monetary benefits or variable items of compensation were involved or the award of financial instruments or other monetary benefits linked to the termination of directors' mandate



- No fee was paid to the executive responsible for the preparation of the Company's financial statements and corporate governance documents as the person concerned was paid for his role as an executive of CIR S.p.A.

The new guidelines of this Policy, as described in detail in the following paragraphs, were drawn up to take into account the new governance structure of the Company resulting from the merger referred to in the Foreword and exclusively for the purpose of continuity between the Policy of the company resulting from the merger with the Compensation Policy for 2019 of the incorporated company CIR S.p.A..

e) Description of the policies on the subject of fixed and variable items of compensation with particular reference to an indication of their respective weighting in the overall compensation and distinguishing between the variable items in the short versus the medium-long term

The compensation (as per Art. 2389 of the Civil Code) assigned to the Chairman (as an Executive Director), and to the non-executive Directors for being on one or more committees, is established every year as a fixed amount on the basis of the commitment required of each of them. The Chief Executive Officer is remunerated with a further variable fee.

The compensation assigned to the Chairman of the Board of Statutory Auditors and the Statutory Auditors in office is established by the AGM as a fixed amount for each year pro rata temporis: the last renewal of the Board of Statutory Auditors was at the Annual General Meeting held on 28.04.2017 for the three years 2017-2018-2019.

The pay structure for the General Manager and the Executives with strategic responsibilities consists of a part in cash and a part in financial instruments.

The compensation plans based on the shares of the Company are approved by the Shareholders' Meeting and take into account the indications given in Art. 6 of the Code of Conduct, with a view to the pursuit of the top-priority objective of creating value for the Shareholders in the medium-long term. More specifically:

- The Units that are the subject of the Plan vest every three months as from the first day of the second year from the grant date and for a period of time that is substantially in line with the one recommended in the Code of Conduct (three years);
- Exercise of part of the units assigned is subject to reaching the performance objectives linked to the performance of the share;
- A period of unavailability of part of the shares granted (10% of the total) is established for 5 years from the grant date.

f) Policy followed in relation to non-monetary benefits

The Chairman of the Company is the beneficiary of insurance policies. There are no (non-monetary) benefits for the Directors.

In line with market practice, the compensation package of Executives with strategic responsibilities also includes insurance schemes and a healthcare plan. The Executive responsible for the preparation of the financial statements and corporate documents has been assigned a company car for business and private use as well as membership of the Company's welfare programme.



g) *In relation to variable items, a description of performance objectives on the basis of which the former are assigned, distinguishing between short and medium-long term variables, and information on the link between the change in results and the change in compensation*

Share-based compensation plans are one of the instruments used to supplement the compensation package with loyalty-rewarding benefits which are deferred over an adequate time-frame and a part of them linked to the achievement of certain performance targets. The aim is to create value for the Shareholders in a long-term horizon.

In accordance with the terms of the merger plan described in the Foreword and the merger agreement, the companies taking part in the merger carried out some preliminary activities before the same merger took place. These included the adoption by the incorporating company of a new incentive plan (a stock grant) the content of which was substantially in line with the Stock Grant Plan of the Company being incorporated and as such was able to ensure that any rights that had already vested but had not been exercised or that were at the vesting stage could be exercised by the beneficiaries of the plans.

The ordinary General Meeting of the incorporating company held on July 19 2019 took on the commitments by adopting resolutions in this regard.

More specifically, the said merger, which took effect on February 19 2020, is being submitted to the approval of the Annual General Meeting of the Shareholders called to approve, among other things, the Financial Statements for the year ended December 31 2019, the Stock Grant Plan for 2020 – which in accordance with what is stipulated involves the grant of rights (“Units”), free of charge and not transferable between living persons, each of which gives the right to be assigned free of charge, one Share, when certain circumstances are met. The Units are divided into two categories:

- “Time based Units”, the vesting of which is subject to the directorship (or employment) continuing for a certain period of time;
- “Performance Units”, in a number equal to at least 50% of the total Units assigned, the vesting of which is subject not only to the directorship or the employment continuing for a certain period but also to the Share reaching certain objectives in terms of performance on the Stock Exchange in relation to the FTSE Italia Mid Cap index.

For a more detailed description of the characteristics of the Stock Grant Plan see the Information Document prepared in accordance with the terms of Art. 84-bis of the Rules for Issuers and made available for the Shareholders’ Meeting called to approve the Financial Statements as of December 31 2019. The document can be found on the Company’s website www.cirgroup.com in the section Governance.

h) *Criteria used for assessment of the performance objectives on which the assignation of shares, options, other financial instruments or other variable items of compensation is based*

The criterion for measuring the performance objectives is that of correlating the performance of the Company's shares with that of the index to which it belongs (the FTSE Italia Mid Cap). The number of Units assigned to each Beneficiary is determined in relation to the role occupied by that person in the Company and the importance of the function carried out by each of them.

i) *Information which aims to show how the compensation policy is consistent with the pursuit of the long-term interests of the company and with the risk management policy, where it has been formalized*

When defining the compensation systems, the Board of Directors ensured that these systems take into good account the policies for pursuing the medium-long term objectives of creating value for the shareholders.



To this end, as specified in point g) above, the share-based component takes into consideration two main elements: the passage of time and the appreciation of the share in the market in relation to the FTSE Italia Mid Cap index.

It was deemed appropriate to measure the performance of the CIR stock not in absolute terms but in relation to the general trend of the market, in order to separate out, where possible, the evaluation of the actual performance of the Share from general dynamics that may not necessarily be connected to the specific performance of the Company.

The Board is of the opinion that the presence of these two elements (time and performance) is appropriate in order to give the loyalty of the beneficiaries of the plan an adequate reward even in cases where the Company stock does not appreciate in relation to the FTSE Italia Mid Cap index. The continuation of the relationship with personnel, which is considered key, is in itself a value for the Company and therefore also for its Shareholders. The incentive to improve performance is ensured by the assignment of Units the exercise of which is subject to reaching certain results in terms of appreciation of the CIR stock in the market compared to the FTSE Italia Mid Cap index, which is a parameter that the Board considers appropriate to foster an alignment of the interests of management with those of the Shareholders in the long term.

In defining systems of compensation, the Board of Directors also made sure that these systems gave appropriate consideration to the “Guidelines on the subject of the system of control and risk management” approved by the Board on October 29 2012.

Then in both situations (Performance Units and Time-based Units), again with a view to ensuring that the interests of management are aligned with those of the Shareholders over the medium-long term, there is a deferred vesting period and a “minimum holding” requirement (see point j) below).

j) The vesting period, any deferred payment systems, with an indication of the periods of deferral and the criteria used to determine these periods and, where applicable, ex post correction mechanisms

As stated in the previous point e), Stock Grant Plan 2020 stipulates that the Units assigned to the beneficiaries will vest as from two years after they are assigned, according to the following timetable:

- Up to a maximum of 12.5% of the total Time-based Units assigned as from April 30 2022;
- Up to a maximum of 25% of the total Time-based Units assigned as from July 31 2022;
- Up to a maximum of 37.5% of the total Time-based Units assigned as from October 31 2022;
- Up to a maximum of 50% of the total Time-based Units assigned as from January 31 2023;
- Up to a maximum of 62.5% of the total Time-based Units assigned as from April 30 2023;
- Up to a maximum of 75% of the total Time-based Units assigned as from July 31 2023;
- Up to a maximum of 87.5% of the total Time-based Units assigned as from October 31 2023;
- Up to a maximum of 100% of the total Time-based Units assigned as from January 31 2024.

The Units that have vested must in any case be exercised by the final maturity of April 24 2030.

The periods of deferment give the beneficiaries a reasonable time horizon in which to achieve the economic benefits of the Plan, in line with the objectives of rewarding loyalty and aligning the interests of management with those of the Shareholders (in the long term) that the plan aims to fulfil.



k) Information on any clauses relating to holding the financial instruments after their acquisition, with an indication of the holding periods and of the criteria used to determine such periods

Stock Grant Plan 2020, which will be submitted to the approval of the Shareholders' Meeting, includes a minimum holding requirement for the Shares assigned: in the event that the Units have vested and the relative Shares have been assigned, each beneficiary irrevocably undertakes to hold at least 10% of the Shares assigned until the fifth anniversary of the Grant Date. During this period, the Shares will be subject to a bond of inalienability, unless the Board of Directors should authorize otherwise.

l) Policy in relation to what benefit is applicable when the position or the employment terminates, specifying which circumstances give rise to the right to such benefit and any link between the said benefit and the performance of the Company.

The Chairman receives an end of mandate benefit (TFM) as per the terms of rules currently in force, subject to approval by the Board of Directors.

Regarding the Chief Executive Officer and General Manager, the contract with the company establishes specific rules for termination that stipulate, in the event of the following:

- a. Termination by the company of the managerial position, with the sole exclusion of the case of a dismissal for a just cause;
- b. Termination by the manager in the event of revocation, non-reappointment, non-assignment of the powers and duties agreed upon or reduction of the same as Chief Executive Officer of CIR;
- c. Termination by the manager in the event of the suspension, for a reason other than the renouncement and/or the cancellation for a just cause of the position of Director and/or Chief Executive Officer of CIR;
- d. Termination by the manager in the event of a just cause for resigning from the managerial position with CIR, and/or a just cause for resigning from the position of Director and/or Chief Executive Officer of CIR;
- e. Termination by the manager because of a change of control compared to that existing when the contract was signed;
- f. Termination by the manager in the event of non-compliance with the financial obligations established in the contract;

the payment of a one-off indemnity equal to twice the total compensation (meaning the sum of the gross fixed compensation received as an employee at the date of the termination, of the fees received as director as of the date of termination and of the average of the last three years of what was paid as the variable fee/compensation).

Except when application of the law requires otherwise, no sum is payable when the mandate of a Director terminates.

Regarding Executives with strategic responsibilities, bound to the Company by an employment relationship, the rules of law and the agreements of the National Contract for Industry Executives apply on the subject of termination of employment.

m) Information on the presence of possible insurance cover, or of pension plans other than those that are obligatory

In line with best practice, an insurance policy (Directors&Officers) has been taken out against civil liability towards third parties for the various corporate bodies and the Executives in the exercise of their functions



with the aim of protecting the Group from the risk of having to pay compensation, except for in cases of wilful misconduct or gross negligence.

n) Compensation policy followed where applicable in relation to: (i) independent directorships, (ii) committee membership and (iii) special positions (chairman, deputy chairman etc.)

Compensation, in addition to the ordinary fee, is envisaged for Independent Directors who sit on any Committees.

Directors holding special positions (Chairman and Chief Executive Officer) benefit from the compensation described in the preceding paragraphs.

o) If the compensation policy has been defined using the compensation policies of other companies as a reference, the criteria used for the choice of any such companies

The compensation Policy was prepared without any specific reference to the policies of other companies. In fact it is considered that the Policy is consistent both with the objectives of the Group and with the typical characteristics of the same, in terms of business carried out and size.

p) Exceptional circumstances in the presence of which the Company can temporarily make exceptions to the compensation policy

The Company can make exceptions to this compensation policy temporarily in the presence of exceptional circumstances, meaning, as per the terms of Art. 123-ter paragraph 3-bis of the T.U.F., situations in which waiving the compensation policy is necessary in order to pursue the interests and sustainability in the long term of the Company as a whole and to ensure that it is able to remain in the market.

In the event of such waiver, the Company must give an indication of the specific elements waived and of the circumstances that gave rise to the waiver, providing evidence that they were exceptional, of the specific aim and the procedure followed.



SECTION II

As indicated in the Foreword, in order to give adequate information on the compensation paid in 2019 by the Companies taking part in the merger, Section II illustrates each of the items that makes up the compensation and the sums actually paid out in the previous year to the Members of the Board of Directors, the Members of the Board of Statutory Auditors and the Executives with strategic responsibilities of both Companies.

a) COFIDE S.p.A. (Incorporating Company) - CIR S.p.A. from February 19 2020 -

I.1 Part One

1.1 Items making up compensation

Board of Directors

The compensation of the Directors consists of a fixed amount determined by the Shareholders' Meeting on their appointment for the whole duration of their mandate.

Directors holding special positions

The Chairman receives a further fixed item of compensation.

Non-executive Directors

Non-executive Directors receive a further fixed fee if they are on any of the Internal Committees (Control, Risk and Sustainability Committee; Committee for Related Party Transactions; Appointments and Compensation Committee).

Board of Statutory Auditors

The fee is determined as a fixed amount by the Shareholders' Meeting on their appointment for the whole duration of their mandate. The fee for the Chairman is different from that of the Statutory Auditors in office.

Executives with strategic responsibilities

The Company has no Executives with strategic responsibilities as the Executive responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an Executive of CIR S.p.A.

1.2 With particular reference to agreements involving compensation in the event of the early termination of the relationship, the following information applies:

1.2.1 Existence of such agreements

No agreements have been entered into involving any compensation paid to Directors in the event of early termination of the directorship.

1.2.2 Criteria for determining the compensation entitlement of each individual.

Not applicable.



1.2.3 Presence of any performance criteria to which the assignation of the compensation is linked

No performance objectives are associated with the assignation of compensation.

1.2.4 Effects of the termination of the relationship on the Units assigned within the scope of the share-based incentive plans or cash pay-outs

Not applicable.

1.2.5 Cases in which the right to compensation exists

See point 1.2.1. above.

1.2.6 The existence, where applicable, of agreements involving the assignation or the maintenance of non-monetary benefits in favour of individuals who no longer hold the position or have signed a consulting contract for a period following the termination of their employment relationship

No agreements of this kind have been signed.

1.2.7 Existence of agreements providing for compensation for non-competition undertakings

No agreements have been signed involving compensation for non-competition undertakings.

1.2.8 With reference to Directors who left their positions during the year, any changes in the determination of the compensation compared to the terms of the agreement on the same

Not applicable.

1.2.9 Where there are no specific agreements on the subject, specify what criteria are used to determine the leaving indemnity matured

During the year 2019 no leaving indemnity was paid out.

1.2 Part Two

In the annexes are Charts 1 and 2 required by the Schedule no. 7-*bis* of the Rules for Issuers.

Equity investments

As per the fourth paragraph of Art. 84-*quater* of the Rules for Issuers, an annex to this Report shows the shares held in the Company or in its subsidiaries by Directors and Statutory Auditors, as well as by their spouses unless legally separated and minor children, directly or through subsidiaries, fiduciary companies or third persons, as resulting from the Shareholder Book, from any notification received or any other information obtained from the same Directors and Statutory Auditors (Chart 1 of Schedule no. 7-*ter* of the Rules for Issuers).



b) CIR S.p.A. (Incorporated Company)

I.1 Part One

1.1 Items making up compensation

Board of Directors

The compensation of the Directors consists of a fixed part determined by the Shareholders' Meeting on their appointment and for the whole duration of their mandate.

Directors holding special positions

The Chairman and the Chief Executive Officer and General Manager receive a further fixed item of compensation. The Chief Executive Officer and General Manager is the beneficiary of share-based compensation plans.

Non-executive Directors

Non-executive Directors receive a further fixed fee if they sit on any of the Internal Committees (Control, Risk Committee, Committee for Related Party Transactions, Appointments and Compensation Committee,).

Board of Statutory Auditors

The fee is determined as a fixed sum by the Shareholders' Meeting on appointment for the whole duration of the mandate. The fee for the Chairman is different from that of the Statutory Auditors in office.

Executives with strategic responsibilities

The compensation package is made up of the following: a fixed salary plus share-based compensation plans. In addition, there are insurance schemes and private healthcare in line with the terms of the applicable National Contract for Industry Executives and as from 2016 a company car for business and private use.

1.2 With particular reference to agreements involving compensation in the event of the early termination of the relationship, the following information applies:

1.2.1 Existence of such agreements

No agreements have been entered into involving any compensation paid to Directors in the event of early termination of their directorships.

Executives with strategic responsibilities receive compensation in the event of their employment relationship being terminated without a just cause or without any good reason given by the employer, in accordance with the National Contract for Industry Executives and with the terms of the law, which establish quantitative limits.

1.2.2 Criteria for determining the compensation entitlement of each individual

Executives with strategic responsibilities are entitled to compensation in the cases envisaged by the National Contract for Industry Executives.

1.2.3 Presence of any performance criteria to which the assignation of the compensation is subject

There are no performance objectives connected with the assignation of compensation.



1.2.4 Possible effects of the termination of the relationship on the Units assigned within the scope of the share-based incentive plans or cash settlement thereof

The Units allocated under the Stock Grant Plans are assigned to the Beneficiaries personally and cannot be transferred on any account by deed between living persons. The right to exercise the Units is also subject to the employment or the directorship relationship continuing between the beneficiary and the Company or the subsidiary of the same.

In the event of the termination of the employment or directorship relationship, for whatever reason, including the death of the beneficiary, the beneficiaries or their heirs will keep entitlement only to the Units that had already vested when the relationship terminated.

1.2.5 Cases in which the right to compensation exists

See point 1.2.1. above.

1.2.6 The existence, where applicable, of agreements involving the assignation or the maintenance of non-monetary benefits in favour of individuals who no longer hold the position or have signed a consulting contract for a period following the termination of their employment relationship

No agreements of this kind have been signed.

In the event of termination of the employment or directorship for whatever reason, including the death of the beneficiary, the Stock Grant Plan provides that the beneficiaries or their heirs keep the entitlement to the Units that had already vested at the time of the termination of the relationship.

The Board of Directors, at its own discretion, has the right to decide, and this decision cannot be contested, whether to allow one or more beneficiaries or their heirs to keep the rights resulting from the Plan even when these rights would cease to exist, and in particular to keep part or all of the Units that have not yet vested.

1.2.7 Existence of agreements providing for compensation for non-competition undertakings

No agreements have been signed involving compensation for non-competition undertakings.

1.2.8 With reference to directors who left their positions during the year, any changes in the determination of the compensation compared to the terms of the agreement on the same

Not applicable.

1.2.9 Where there are no specific agreements on the subject, specific information on the criteria used to determine the leaving indemnity matured

During the year 2019 no leaving indemnity was paid out.



I.2 Part Two

In the annexes are Charts 1, 2 and 3A required by the schedule no. 7-*bis* of the Rules for Issuers.

Equity investments

As per the fourth paragraph of Art. 84-*quater* of the Rules for Issuers, an annex to this Report shows the equity investments held in the Company or in its subsidiaries by Directors, Statutory Auditors and Executives with strategic responsibilities, as well as by the spouses unless legally separated and minor children, directly or through subsidiaries, fiduciary companies or third persons, as resulting from the Shareholder Book, from notification received or from any other information obtained from the same Directors, Statutory Auditors and Executives with strategic responsibilities (Charts 1 and 2 of Schedule no. 7-*ter* of the Rules for Issuers).



PROPOSED RESOLUTIONS

On Sections I and II of the Report on Compensation Policy and Compensation Paid as per Art. 123-ter of the T.U.F.

Dear Shareholders,

As per the terms of Art. 123-ter of the T.U.F. – as amended by D.Lgs. 49 of May 10 2019 - you are called upon to adopt a resolution on the Report on Compensation Policy and Compensation Paid (hereinafter also referred to as the “Report”) prepared in accordance with the terms of Art. 84-quater of Consob’s Rules for Issuers, in conformity with Annex 3A, Schedule 7-bis of the above-mentioned Rules. On the strength of the amendments introduced by the above-cited D.Lgs. no. 49 of May 10 2019 you are being called upon to express your vote as follows:

- **with a binding resolution** in compliance with Art. 123-ter paragraph 3-ter of the T.U.F. on Section I of the Report on the policy of the Company in relation to the compensation of the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and the Executives with strategic responsibilities for the year 2020 and the procedures used to adopt and implement the said policy and
- **with a non-binding resolution** in compliance with Art. 123-ter paragraph 6 of the T.U.F. on Section II of the Report on the compensation paid to the individuals specified in Art. 123-ter paragraph 4 of the T.U.F.

Given the above, your Board of Directors submits to you the following Proposed resolutions

ON SECTION I

“The Ordinary General Meeting of the Shareholders of CIR S.p.A.,

- having seen the terms of current regulations
- having acknowledged the Report on compensation policy and compensation paid
- given that the Report on compensation policy and compensation paid was filed and made available within the time limits laid down by law

RESOLVES

To approve the Company’s Policy on Compensation as per Section I of the Report on Compensation Policy and Compensation Paid approved by the Board of Directors at the meeting held on March 9 2020.”

ON SECTION II

“The Ordinary General Meeting of the Shareholders of CIR S.p.A.,

- having seen the terms of current regulations
- having acknowledged the Report on compensation policy and compensation paid
- given that the Report on compensation policy and compensation paid was filed and made available within the time limits laid down by law
- given that Section II of the same Report has been verified by the firm of auditors KPMG S.p.A. in compliance with Art. 123 *ter* paragraph 8 bis of the T.U.F.,

ADOPTS A RESOLUTION

in favour of Section II of the Report on compensation policy and compensation paid approved by the Board of Directors at the meeting held on March 9 2020.”



Part Two – a) COFIDE S.p.A. (Incorporating Company) – CIR S.p.A. from February 19 2020
SCHEDULE 7-BIS - TABLE 1: Fees paid to members of the administrative and control bodies, general managers and executives with strategic responsibilities
(in euro)

Last name and first name	Position	Period in which the position was held 2019	Expiry of mandate	Company preparing financial statements and subsidiaries and associates	Fixed fees (1)	Fees for being on committees (2)	Variable (non-equity) compensation (3)		Non-monetary benefits (4)	Other fees (5)	Total (6)	Fair value of compensation in equity (theoretical value: see note V) (7)	End of mandate or leaving indemnity (8)	Notes
DEBENEDETTI RODOLFO	Chairman	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	160,000						160,000			1/2
				Subsidiaries	1,725,000				23,508		1,748,508			1/II
				Total	1,885,000				23,508		1,908,508			
CREMONA MASSIMO	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000	17,000					27,000			1/3a/3b
	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000						10,000			1
				Subsidiaries	20,000						20,000			1
DEBENEDETTI EDOARDO				Total	30,000						30,000			
	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000						10,000			1/4
				Subsidiaries	245,000						245,000			1
DUBINI PAOLA				Total	255,000						255,000			
	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000	17,000					27,000			1/3a/3b
	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000						10,000			1
FERRERO PIERLUIGI				Subsidiaries	80,000						80,000			1
				Total	90,000						90,000			
	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000	17,000					27,000			1/5/3a/3b
GUASTI FRANCESCO				Subsidiaries	10,000						10,000			
				Total	10,000						10,000			
	Director	1.1-31.12	Appr. Fin. Stat. 2021	COFIDE S.p.A.	10,000	10,000					20,000			1/3b



Last name and first name	Position	Period in which position was held 2019	Expiry of mandate	Company preparing financial statements and subsidiaries and associates	Fixed fees (1)	Fees for being on committees (2)	Variable (non-equity) compensation (3)		Non-monetary benefits (4)	Other fees (5)	Total (6)	Fair value of compensation in equity (theoretical value: see note V) (7)	End of mandate or leaving indemnity (8)	Notes
PORCARI MARIA SERENA	Director	1.1-31.12	Appr. bil. 2021	COFIDE S.p.A.	10,000	10,000					20,000			1/3b
ZINGALES RICCARDO	Chairman Board of Statutory Auditors	1.1-31.12	Appr. Fin. Stat 2019	COFIDE S.p.A.	35,000						35,000			
				Subsidiaries	91,500						91,500			6
DELLATORRE ANTONELLA				Total	126,500						126,500			
	Statutory Auditor	1.1-31.12	Appr. Fin. Stat 2019	COFIDE S.p.A.	20,000						20,000			6
				Subsidiaries	10,000						10,000			
BRACCO TIZIANO				Total	30,000						30,000			
	Statutory Auditor	1.1-31.12	Appr. Fin. Stat 2019	COFIDE S.p.A.	20,000						20,000			

NOTE

- (1) Fees for the position of Director in the company preparing the financial statements of € 10,000 approved by the AGM and the Board of Directors as per paragraph 3 of Article 2389 of the Civil Code.
- (2) Fees for € 150,000 approved by the Board of Directors for the position of Chairman.
- (3) Fees for sitting on the committees of the company preparing the financial statements include:
 - a) Appointments and Compensation Committee € 5,000 plus € 1,000 for attending each meeting.
 - b) Control, Risk and Sustainability Committee € 5,000 plus € 1,000 for attending each meeting.
- (4) All of the fees are paid to MDB Consulting S.r.l.
- (5) All of the fees are paid to the Guasti Law Firm.
- (6) Fees in subsidiaries that include remuneration for the positions of Statutory Auditor.
- (1) Fees in subsidiaries for the position of Director and for special positions as per paragraph 3 of Article 2389 of the Civil Code.
- (II) Fees in subsidiaries for the position of Chairman and/or for special positions as per paragraph 3 of Article 2389 of the Civil Code. The non-monetary benefits refer to insurance policies.

a) COFIDE S.p.A. (Incorporating Company) - CIR S.p.A. from February 19 2020

SCHEDULE 7-BIS - TABLE 2: Stock options assigned to members of the Board of Directors, General Managers and Executives with strategic responsibilities

Last name and name	Position held	Options held at start of the year			Options assigned in the year							Options exercised in the year			Options that expired in the year	Options held at end of the year	Options pertaining to the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)-(5)-(11)-(14)	(16)
		Plan	Number of options	Strike price	Period of possible exercise (from-to)	Number of options	Strike price	Period of possible exercise (from-to)	Fair value at grant date (amounts in thousands of euro)	Grant date	Market price of underlying shares at grant date	Number of options	Strike price	Market price of underlying shares at date of exercise	Number of options	Number of options	Fair value (theoretical value: see note) (amounts in thousands of euro)
DEBENEDETTI RODOLFO	CHAIRMAN																
Stock option plan		2009 2nd tranche	1,750,000	1.5449	from 28/02/2010 to 28/02/2020											1,750,000	--
Stock option plan		2010 1st tranche	1,750,000	1.6208	from 30/09/2010 to 30/09/2020											1,750,000	--
Stock option plan		2010 2nd tranche	1,750,000	1.4982	from 28/02/2011 to 28/02/2021											1,750,000	--
TOTAL (*)			5,250,000	1.5546												5,250,000	--

(*) These are Stock Option Plans issued by the subsidiary CIR S.p.A.

(16) This is the notional cost for the company recognized to the income statement in personnel costs, with offset in special equity reserve

a) COFIDE S.p.A. (Incorporating Company) - CIR S.p.A. from February 19 2020

SCHEDULE 7-TER - TABLE 1: shares owned by members of the administrative and control bodies and general managers

Last name & first name	Position	Company in which shares are owned	No. of shares owned at December 31 2018	No. of shares acquired in the year 2019	No. of shares transferred in the year 2019	No. of shares owned at December 31 2019	Notes
DE BENEDETTI Rodolfo	Chairman	COFIDE S.p.A.	0	0	0	0	
DE BENEDETTI Rodolfo	Chairman	CIR S.p.A.	8,207,746	0	0	8,207,746	1
DE BENEDETTI Rodolfo	Director	GEDI Gruppo Editoriale S.p.A.	0	0	0	0	
DE BENEDETTI Rodolfo	Director	SOGEFI S.p.A.	0	0	0	0	
FERRERO Pierluigi	Director	COFIDE S.p.A.	0	0	0	0	
FERRERO Pierluigi	No position	CIR S.p.A.	250,000	0	0	250,000	
FERRERO Pierluigi	No position	GEDI Gruppo Editoriale S.p.A.	20,000	0	0	20,000	
FERRERO Pierluigi	No position	SOGEFI S.p.A.	15,000	0	0	15,000	

(1) Shares that are all owned: of which 1,007,746 owned directly, 5,200,000 owned indirectly through the company Rodolfo De Benedetti Società Semplata and 2,000,000 indirectly through the company Rodolfo De Benedetti S.r.l..



Part Two - b) CIR S.p.A. (Incorporated Company)

SCHEDULE 7-BIS - TABLE 1: Fees paid to the members of the administration and control bodies, general managers and executives with strategic responsibilities

(in euro)

Last name and first name	Position	Period in which the position was held 2019	Expiry of the mandate	Company preparing the financial statements and subsidiaries and associates	Fixed fees (1)	Fees for being on committees (2)	Variable (non-equity) compensation (3)		Non-monetary benefits (4)	Other fees (5)	Total (6)	Fair value of compensation in equity (theoretical value: see note 2) (7)	End of mandate or leaving indemnity (8)	Notes
DE BENEDETTI RODOLFO	Chairman	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	1,680,000				23,508		1,703,508	0		1a, 1b, 3
				Subsidiaries	45,000						45,000			4
				Total	1,725,000				23,508		1,748,508	0		
MONDARDINI MONICA	Chief Executive Officer and General Manager	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	1,220,000			344,973			1,564,973	1,169,645		1a, 1b, 1c, 1d, 2
				Subsidiaries	225,000						225,000			5, 6
				Total	1,445,000			344,973			1,789,973	1,169,645		
BERTHERAT PHILIPPE	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000	13,000					33,000			1a, 1f
BOTTICINI MARISTELLA	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000	14,000					34,000			1a, 1e
DE BENEDETTI EDOARDO	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000						20,000			1a
DEBENEDETTI FRANCO	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000						20,000			1a
DE BENEDETTI MARCO	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000						20,000			1a
				Subsidiaries	225,000						225,000			7
				Total	245,000						245,000			
GIANNINI SILVIA	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000	14,000					34,000			1a, 1e
PASINELLI FRANCESCA	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000	14,000					34,000			1a, 1e

Last name and first name	Position	Period in which position was held 2019	Expiry of mandate	Company preparing the financial statements and subsidiaries and associates	Fixed fees (1)	Fees for being on committees (2)	Variable (non-equity) compensation (3)		Non-monetary benefits (4)	Other fees (5)	Total (6)	Fair value of compensation in equity (theoretical value: see note 2) (7)	End of mandate or leaving indemnity (8)	Notes
							Bonuses and other incentives	Profit sharing						
RECCHI CLAUDIO	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000	27,000					47,000			1a, 1e, 1f
TABELLINI GUIDO	Director	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	20,000	13,000					33,000			1a, 1f
MANZONETTO PIETRO	Chairman of the Board of Statutory Auditors	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	75,200						75,200			
ALLIEVI ANNA MARIA	Statutory Auditor	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	50,000						50,000			
ZINGALES RICCARDO	Statutory Auditor	1.1-31.12	Appr. Fin. Stat. 2019	CIR S.p.A.	50,000						50,000			
				Subsidiaries	41,500						41,500			8
				Total	91,500						91,500			
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES				CIR S.p.A.	197,996				3,177		201,173	174,945		1c, 2, 9
				Subsidiaries		25,000					25,000			
				Total	197,996	25,000			3,177		201,198	174,945		

NOTES

(1) Fees for the position of Director in the company preparing the financial statements:

- Fees of € 20,000 approved by the AGM
- Special positions as per Art. 2389 paragraph 3 of the Civil Code approved by the Board of Directors in favour of Benedetti Rodolfo and Mondardini Monica
- Employee salary
- Bonus as variable compensation linked to reaching objectives in terms of a result to be established
- Control and Risk Committee
- Appointments and Compensation Committee

(2) This is the notional cost for the company recognized to the income statement in personnel costs, with an offset in the special equity reserve; IAS carrying values not yet received by the director that are for the moment only potential.

(3) Non-monetary benefits refer to insurance policies approved by the Board of Directors in favour of De Benedetti Rodolfo.

(4) Fixed fees for the position of Director of the subsidiaries GEDI S.p.A. (€ 25,000) and Sogefi S.p.A. (€ 20,000).

(5) The fees include remuneration for the positions of Director (€ 25,000), Deputy Chairman (€ 100,000) of GEDI S.p.A. and the fee for the position of Chairman (€ 100,000) of Sogefi S.p.A.

(6) The "Fixed fees" do not include the amounts for the position of Director (€ 20,000) in Sogefi S.p.A. paid to CIR S.p.A. and of Director (€ 10,000) in KOS S.p.A., which were waived.

(7) Fixed fees in the subsidiary GEDI S.p.A. for the position of Director (€ 25,000) and Chairman (€ 200,000).

(8) Fixed fees include compensation for the positions of Statutory Auditor in other companies of the Group.

(9) Value of the company car assigned.



b) CIR S.p.A. (Incorporated Company)

SCHEDULE 7-BIS - TABLE 2: Stock options assigned to members of the Board of Directors, General Managers and other Executives with strategic responsibilities

Last name and first name	Position held	Options held at start of year			Options assigned in the year							Options exercised in the year			Options that expired in the year	Options held at end of year	Options pertaining to the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)-(5)-(11)-(14)	(16)
		Plan	Number of options	Strike price	Period of possible exercise (from-to)	Number of options	Strike price	Period possible exercise (from-to)	Fair value at grant date (amounts in thousands of euro)	Grant date	Market price of underlying shares at date of options	Number of options	Strike price	Market price of underlying shares at date of exercise	Number of options	Number of options	Fair value (theoretical value see note) (amounts in thousands of euro)
DEBENEDETTI RODOLFO	CHAIRMAN																
Stock option plan		2009 2nd tranche	1,750,000	1.5449	from 28/02/2010 to 28/02/2020											1,750,000	--
Stock option plan		2010 1st tranche	1,750,000	1.6208	from 30/09/2010 to 30/09/2020											1,750,000	--
Stock option plan		2010 2nd tranche	1,750,000	1.4982	from 28/02/2011 to 28/02/2021											1,750,000	--
TOTAL			5,250,000	1.5546												5,250,000	--
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES																	
Stock option plan		2009 2nd tranche	115,000	1.5449	from 28/02/2010 to 28/02/2020											115,000	--
Stock option plan		2010 1st tranche	125,000	1.6208	from 30/09/2010 to 30/09/2020											125,000	--
Stock option plan		2010 1st tranche	125,000	1.4982	from 28/02/2011 to 28/02/2021											125,000	--
TOTAL			365,000	1.5549												365,000	--

(16) This is the notional cost for the company recognized to the income statement in personnel costs, with offset in the special equity reserve



b) CIR S.p.A. (Incorporated Company)

SCHEDULE 7-BIS - TABLE 3A: Incentive plans based on financial instruments other than stock options, in favour of Members of the Board of Directors, General Managers and other Executives with strategic responsibilities

Last name and first name	Position held	Financial Instruments assigned in prior periods and not vested in the year			Financial Instruments assigned in the year						Financial Instruments that vested in the year but were not assigned	Financial Instruments that vested in the year and are assignable		Financial instruments pertaining to the year
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
		Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value at grant date (theoretical value; see note) (amounts in thousands of euro)	Vesting period	Grant date	Market price at grant date	Number and type of financial instruments	Number and type of financial instruments vested in the year and are assignable	Value at vesting date	Fair value (theoretical value; see note) (amounts in thousands of euro)	
MONDARDINI MONICA	CEO/GM	2015	stock grant 914,856	from 27/04/2015 to 31/01/2019	stock grant 19,500		from 28/05/2019 to 27/04/2025	28/05/2019		390,251	stock grant 540,606		22	
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES		2015	stock grant 1,034,923	from 27/04/2015 to 31/03/2018	stock grant 38,728		from 28/05/2019 to 27/04/2025	28/05/2019			stock grant 1,073,651		39	
MONDARDINI MONICA	CEO/GM	2016	stock grant 1,002,183	from 29/04/2016 to 31/01/2020	stock grant 11,776		from 28/05/2019 to 29/04/2026	28/05/2019		500,000	stock grant 451,459		111	
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES		2016	stock grant 155,438	from 29/04/2016 to 31/01/2020	stock grant 1,826		from 28/05/2019 to 29/04/2026	28/05/2019		77,550	stock grant 70,020		17	
MONDARDINI MONICA	CEO/GM	2017	stock grant 888,914	from 28/04/2017 to 31/01/2021	stock grant 2,079		from 28/05/2019 to 28/04/2027	28/05/2019			stock grant 168,750		319	
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES		2017	stock grant 137,870	from 28/04/2017 to 31/01/2021	stock grant 322		from 28/05/2019 to 28/04/2027	28/05/2019			stock grant 26,173		50	
MONDARDINI MONICA	CEO/GM	2018	stock grant 1,263,750	from 27/04/2018 to 31/01/2022									401	
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES		2018	stock grant 196,008	from 27/04/2018 to 31/01/2022									62	
MONDARDINI MONICA	CEO/GM	2019			stock grant 1,244,932		from 29/04/2019 to 31/01/2023	29/04/2019					278	
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES		2019			stock grant 193,090		from 29/04/2019 to 31/01/2023	29/04/2019					43	
													1,345	

(5) This is the notional cost for the company determined at the grant date of the plan using special actuarial models, multiplied by the number of units exercisable in the specific period.

(10) Time units vested.

(12) This is the notional cost for the Company recognized to the income statement in personnel costs with an offset in the special equity reserve.



b) CIR S.p.A. – (Incorporated Company)

SCHEDULE 7-TER – TABLE 1-2 – SHARES OWNED BY MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Last name & first name	Position	Company in which shares are owned	No. of shares owned at end of last year	No. of shares acquired	No. of shares transferred	No. of shares owned at end of this year	Notes
DE BENEDETTI Rodolfo	Chairman	CIR S.p.A.	8,207,746	0	0	8,207,746	(1)
MONDARDINI Monica	Chief Executive Officer & General Manager	CIR S.p.A.		0	0		
	Deputy Chairman	GEDI Gruppo Editoriale S.p.A.	373,125	112,500	0	485,625	
BERTHERAT Philippe	Director	CIR S.p.A.	--	--	--	--	
BOTTICINI Maristella	Director	CIR S.p.A.	--	--	--	--	
DEBENEDETTI Franco	Director	CIR S.p.A.	375,000	--	--	375,000	
DE BENEDETTI Edoardo	Director	CIR S.p.A.	--	--	--	--	
DE BENEDETTI Marco	Director	CIR S.p.A.	--	--	--	--	
GIANNINI Silvia	Director	CIR S.p.A.	--	--	--	--	
PASINELLI Francesca	Director	CIR S.p.A.	--	--	--	--	
RECCHI Claudio	Director	CIR S.p.A.	--	--	--	--	
TABELLINI Guido	Director	CIR S.p.A.	--	--	--	--	
MANZONETTO Pietro	Chairman of the Board of Statutory Auditor	CIR S.p.A.	--	--	--	--	
ALLIEVI Anna Maria	Statutory Auditor	CIR S.p.A.	--	--	--	--	
ZINGALES Riccardo	Statutory Auditor	CIR S.p.A.	--	--	--	--	
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES		CIR S.p.A.	242,793	--	--	242,793	

(1) Shares that are all owned: of which 1,007,746 owned directly, 5,200,00 owned indirectly through the company Rodolfo De Benedetti Società Semplice and 2,000,000 indirectly through the company Rodolfo De Benedetti S.r.l..



PROPOSAL FOR THE APPROVAL STOCK GRANT PLAN 2020

Dear Shareholders,

In order to reward the loyalty to the Company of persons in key positions in the management of the businesses of the Group, and to provide an incentive for them to increase their commitment to improving the performance of the various companies, we propose that you approve Stock Grant 2019 (the “Plan”) aimed at executives and/or directors of the Company and its subsidiaries, who will be from time to time identified by the bodies of the Company with competence on this matter or delegated to do so and to whom a total maximum number of 4,500,000 Units may be assigned.

The Stock Grant Plan involves the award free of charge of conditional rights (the “Units”) which are not transferable to third parties or other beneficiaries, each of which gives the right to be assigned one CIR share, free of charge, when the time horizons have been reached and subject to compliance with the conditions stated in the Plan.

The shares assigned in execution of the Plan will be withdrawn exclusively from the own shares held by the Company.

The Plan that we are submitting to your approval is the subject of the Information Document drawn up by the Board of Directors of the Company, which describes the terms, conditions and procedures for execution of the same (the “Information Document”) and which has been made available to you in accordance with the terms of current Consob regulations.

We therefore submit to your approval the following resolution:

“The Ordinary Annual General Meeting of the Shareholders of CIR S.p.A. – COMPAGNIE INDUSTRIALI RIUNITE, acknowledging the proposal made by the Board of Directors

RESOLVES

- 1) To approve Stock Grant Plan 2020 aimed at executives and/or directors of the Company and its subsidiaries, through the assignment of a maximum number of 4,500,000 Units, each of which will give the beneficiaries the right to be assigned free of charge 1 share of the Company, all as illustrated in the Information Document prepared in accordance with the terms of D.Lgs. no. 58/98;
- 2) To give the Board of Directors full powers to execute the Plan and in particular, merely by way of an example but not exhaustively, to:
 - a) Identify the beneficiaries and define the number of Units to be assigned to each of them in relation to the maximum number approved by the Shareholders’ Meeting;
 - b) Draw up and approve the Regulations of the Plan and carry out any obligation, formality, notification (including those prescribed by regulations applicable at any one time in relation to the Plan) that may be necessary or appropriate for the purposes of managing and/or implementing the Plan, in accordance with the terms and conditions described in the Information Document;

All of the above with the right to delegate all or part of the above-mentioned powers to the Chairman and/or the Chief Executive Officer.



INFORMATION DOCUMENT ON STOCK GRANT PLAN 2020

This document (the “Information Document”) was drawn up in accordance with the terms of Art. 84-bis of Consob Regulatory Document no. 11971/99 (“Rules for Issuers”) in implementation of D.Lgs. no. 58/98, in order to provide the Shareholders’ Meeting with the information necessary for them to vote on the subject of Stock Grant Plan 2020, which meets the definition of a relevant plan as per the terms of Art. 84-bis, 2nd paragraph of the Rules for Issuers.

List of definitions

For the purposes of this Information Document, the terms and expressions listed below have the meaning indicated alongside each of them:

- “Shares”: the ordinary shares of the Company each with a nominal value of euro 0.50.
- “Beneficiaries”: the directors of the Company, the executives of the Company as well as the executives and/or directors of the subsidiaries, identified by the competent bodies of the Company, at their indisputable discretion, or by persons or bodies delegated from among those with strategically significant functions in the Company and/or in the Group, to whom Units are assigned.
- “Board of Directors”: the Board of Directors of the Company at any one time.
- “Grant Date”: the date of the resolution with which the Board of Directors identifies the Beneficiaries, determining the number of Units to be assigned to each of them.
- “Executives with strategic responsibilities”: individuals thus defined in Annex 1 of Consob Regulatory Document no. 17221 of March 12 2010, giving instructions on the subject of related-party transactions, and identified in the “Rules for Related-Party Transactions” adopted by CIR S.p.A. as individuals not on the Board of Directors or the Board of Statutory Auditors.
- “Group”: the company CIR S.p.A. and its subsidiaries.
- “CIR Index”: the ratio (expressed as a percentage) between the Normal Value at each of the vesting dates of the Units and the Initial Value.
- “Relative FTSE Index”: the ratio (expressed as a percentage) between the average points of the FTSE Italia Mid Cap index recorded in the 30 calendar days preceding each of the vesting dates of the Units (including those same dates) and the average points of the FTSE Italia Mid Cap index recorded in the 30 calendar days preceding the Grant Date.
- “Plan”: Stock Grant Plan 2020.
- “Employment Relationship”: the employment relationship or directorship existing between the Beneficiaries and the Company or its subsidiaries.
- “Regulations”: the regulations that define the criteria, terms and conditions for implementing the Plan.



- “Membership Form”: the appropriate form delivered by the Company to the Beneficiaries, which when signed by them constitutes, to all extents and purposes, their full and unconditional membership of the Plan.
- “Company”: CIR S.p.A.
- “Final Maturity of the Plan”: April 24 2030, i.e. the same date of the tenth year following the Grant Date, on which date any Units that have not been exercised for any reason will cease to be effective.
- “Units”: the conditional rights that are the subject of the Plan, assigned free of charge and non-transferable between living persons, each of which gives the Beneficiaries the right to be assigned free of charge 1 Share according to the terms and conditions contained in the Regulations. The Units will be divided into two categories: (i) “Time-based Units” the vesting of which will be subject to time limits; (ii) “Performance Units” the vesting of which will be subject to time limits and to reaching objectives in terms of the CIR Index and the Relative FTSE Index. (See point 3.4)
- “Additional Units”: any further Units that may be assigned to the Beneficiaries in the event of a distribution of ordinary dividends.
- “Initial Value”: the Normal Value of the Shares at the Grant Date, which will be indicated in the Membership Form.
- “Normal Value”: the normal value of the Shares at any one time, determined as per the terms of Art. 9, paragraph 4, lett. A) of the TUIR.



1. The Beneficiaries

1.1 Indication of the names of the beneficiaries of the Plan who are members of the Board of Directors of the Company

The Chief Executive Officer and General Manager, Ms Monica Mondardini.

1.2 Indication of the categories of employees who are beneficiaries of the Plan

Executives and/or Directors of the Company CIR and of its subsidiaries.

1.3 Indication of the name of the beneficiaries of the Plan who belong to the following groups: a) general managers of the issuer, b) other executives with strategic responsibilities of the issuer which is not of "of a smaller size" if they have received in the year total compensation higher than the highest compensation package assigned to the Members of the Board of Directors, c) individuals who control the issuer who are employees or have a consulting role in the same issuer

a) See point 1.1 above.

1.4a Description and indication of the number of beneficiaries of the Plan who hold the position of executive with strategic responsibilities other than those indicated in letter b) of paragraph 1.3

No. 1 - Executive of the Company CIR responsible for the preparation of the accounting documents in accordance with Art. 154-bis of the Finance Consolidation Act (TUF).

1.4b Aggregate indication of the Executives with strategic responsibilities in the case of companies "of a smaller size".

Not applicable.

1.4c Any categories of employees or freelancers for whom there are different forms of the Plan

Not applicable.



2. Reasons for the adoption of the Plan

2.1 Objective of the Plan

The plan aims to increase loyalty in the Employment Relationship between the Company and its subsidiaries and the Beneficiaries, providing an incentive to increase their commitment to improving the performance of the Company.

In view of the fact that creation of value for the Shareholders in the long term is the primary objective of the Company and that the most suitable way of measuring this value is to consider the rise in the market value of the Company's share, the Board of Directors considers that an incentive Plan based on the vesting of a right to be assigned shares free of charge in the medium term and on performance objectives correlated with the trend of the prices of those shares on the Stock Exchange (indexed to the FTSE Italia Mid Cap Index) – thereby aligning the interests of management with those of the Shareholders – is the most effective method of incentivization and one which best corresponds to the interests of the Company.

The time horizons on which the Plan is based, which involve the following: (i) a period of 2 years (from the Grant Date) before the Units start vesting; (ii) a further period of almost 2 years so that all the Units assigned can vest; and (iii) a further period of approximately 6 years during which the Beneficiaries can request assignation of the Shares not yet assigned, make it possible both to pursue the objectives of rewarding loyalty, incentivizing and aligning the interests of management with those of the Shareholders (in the long term), and to guarantee financial benefits for the Beneficiaries.

The share-based compensation plan is one of the instruments used to supplement compensation packages with loyalty-rewarding and incentivizing benefits which are deferred over an appropriate time frame and are linked to the achievement of performance objectives, the aim of which is to create value for the Shareholders in the medium-long term.

2.2 Key variables and performance indicators

For the Time-based Units to be exercisable the only condition considered was reaching the pre-established time limits, while for the Performance Units to be exercisable certain performance objectives of the CIR Index also have to be reached on the Stock Exchange in relation to the FTSE Italia Mid Cap Index. In fact it was thought appropriate to measure the performance of the CIR share not in absolute terms, but in relation to the general trend of the market in order to separate out, as far as possible, the assessment of the actual performance of the share from any dynamics of a general kind that do not necessarily relate to the specific performance of the Company.

2.3 Criteria for determining the number of Units to assign

The number of Units assigned to each Beneficiary is determined mainly by taking into account his or her role in the Company, or in the subsidiaries, and the importance of the function carried out by each of them.

More specifically, after determining the value of each Unit using the financial parameters in general use (mainly: Stock Exchange price and volatility of the CIR Index and the FTSE Italia Mid Cap Index), the number of Units to be assigned to each Beneficiary is fixed on the basis of the specific role of the individuals concerned and the total emoluments received by them on other accounts.

The Units of the Plan are considered to all extents and purposes as being assigned as of the date of the resolution adopted by the Board of Directors, or the body delegated by the Board, approving the list of Beneficiaries and the number of Units to be assigned to each of them.



2.4. Reasons for any decision to assign compensation plans based on financial instruments not issued by the Company

Not applicable.

2.5 Considerations on the subject of tax and accounting implications of a significant nature

The Stock Grant Plan involves recording in the income statement, in the period between the Grant Date and the end of the vesting period of the Units, the cost representing the market value of the Units assigned to the Beneficiaries at the moment of their grant. The cost thus determined is tax deductible.

2.6 Possible support for the Plan by a special Fund for incentivizing the participation of workers in enterprises, as per Art. 4, paragraph 112, of Law no. 350 of December 24 2003.

Not applicable.

3. Approval process and timing for assignment of the instruments

3.1 Powers and functions delegated by the Shareholders to the Board of Directors for implementing the Plan

The proposal to give the Board of Directors the powers necessary to implement the Plan will be put before the Annual General Meeting of the Shareholders of the Company. Such powers shall be exercised in observance of the limits and conditions established by the same Shareholders' Meeting.

In particular, it will be proposed that the Board of Directors be given full powers to implement the Plan, more specifically, and this is purely by way of an example, to: (i) identify the beneficiaries and define the number Units to be assigned to each of them in relation to the total maximum number approved by the Shareholders' Meeting; (ii) draw up the Regulations of the Plan and carry out any obligation, formality or notification that may be necessary or useful for the purpose of managing and/or implementing the Plan, in accordance with the terms and conditions described in the Information Document.

3.2 Individual mandated to administer the Plan

The individual mandated to administer the Plan is the General Manager of the Company.

3.3 Existing procedures for amending the Plan

In the event of any extraordinary transactions on the capital of CIR S.p.A. or of any similar transactions such as, for example but not limited just to these, capital increases whether free of charge or against payment, stock splits or reverse splits, mergers, de-mergers, extraordinary dividend distributions, or any other events likely to affect the Units or the Shares, the Board of Directors must amend the Regulations, making any changes and additions necessary or useful to maintain the essential content of the Plan unchanged as far as possible within the limits permitted by regulations in force at any one time.



In the event of the Company distributing ordinary dividends, the Beneficiaries will have the right to receive Additional Units to take into account the effects of such distributions, according to what will be specified in the Regulations. The assignation of the Additional Units will take place within 10 days of the payment date of the ordinary dividend. The Additional Units will be immediately convertible into Shares and will then be subject to the same conditions in relation to the Units.

Should the Company hear of the intention to launch a public offer to buy or exchange the shares of the Company, or of a bid by third parties to take over control of the Company, one third of the Units assigned but not yet vested will vest immediately, independently of the time limits or conditions set out in the Plan.

3.4 Procedures for determining the availability and assignation of shares

On the vesting date of the Time-based Units, the Beneficiaries will have the right to request assignation of the relative Shares.

On the vesting date of the Performance Units, the Beneficiaries will have the right to request assignation of the relative Shares only if the CIR Index on each vesting date is higher than the Relative FTSE Index for that same date.

The Shares assigned will be made available exclusively from the own shares held by the Company.

To this end, the Board of Directors Meeting held on March 9 2020 proposed that the Annual General Meeting of the Shareholders renew the authorization of the Board of Directors to buy back its own shares and give the Board the right to dispose of these shares, without any time limits or constraints, even to service the compensation plans based on the shares of the Company.

3.5 Role played by each Director in the determination of the characteristics of the Plan

The Board of Directors approves the proposed Plan taking into account the indications formulated by the Appointments and Compensation Committee, as stipulated in the Code of Conduct for Listed Companies. The Ordinary Meeting of the Shareholders approves the Plan giving the Board of Directors full powers to execute it, powers which include approving the Regulations, identifying the Beneficiaries and the number of Units to assign to each of them.

On the same date the Ordinary Meeting of the Shareholders approves the renewal of the authorization of the Board of Directors to buy back own shares, authorizing the Board to dispose of the same shares, without any time limits or constraints, even to service the Company's share-based compensation plans.

The Appointments and Compensation Committee draws up the Regulations of the Plan and proposes the number of Units to assign to each Beneficiary, taking into account, for the Executives, the proposals made on the subject by the Chief Executive Officer in agreement with the Chairman of the Board of Directors.

Subsequently the Board of Directors, in the absence of any Directors who are affected as beneficiaries, having duly acknowledged the proposal of the Appointments and Compensation Committee, approves the Regulations of the Plan and the list of Beneficiaries with the number of Units assigned to each of them, in accordance with the terms and conditions established by the Ordinary Shareholders' Meeting.

3.6 Date of the decision taken by the appropriate body to put forward the approval of the Plan to the Shareholders' Meeting and of the proposal of the Compensation Committee, where applicable

At the meeting held on March 9 2020 the Board of Directors approved the Plan proposal and this Information Document, which describes the terms and conditions of the Plan, taking into account the indications formulated by the Appointments and Compensation Committee.



This document will be submitted to the approval of the Ordinary General Meeting of the Shareholders to be convened at a single call on April 24 2020.

3.7 Date of the decision taken by the appropriate body on the subject of the assignation of Units and of the proposal of the Compensation Committee, if applicable.

At the end of the Ordinary Meeting of the Shareholders that has authorized the Board of Directors to buy back own shares and has approved the Plan, the Appointments and Compensation Committee will meet to draw up the Regulations of the Plan and identify the individual Beneficiaries, proposing the number of Units to assign to each of them. Subsequently, on the same day a meeting will be held of the Board of Directors to adopt the appropriate resolutions on the subject.

3.8 Market price of the shares recorded on the dates indicated in points 3.6 and 3.7.

To define the proposal and proceed to approve the resolution to be submitted to the AGM on the subject of the plan, the following meetings were held:

- On March 4 2020 the Appointments and Compensation Committee met (the official price of the CIR share on the Stock Exchange was euro 0.484);
- On March 9 2020 the Board of Directors met (the official price of the CIR share on the Stock Exchange was 0.4070).

3.9 Procedures adopted by the Company regarding the possible time correlation between the date of assignation of the Units and any decisions on the subject by the Compensation Committee and the publication of significant disclosures as per the terms of Art. 114, paragraph 1, of D.Lgs. no. 58/98.

The Plan proposal is approved by the Board of Directors at the meeting during which the Board prepares the proposed Financial Statements and approves the Consolidated Financial Statements for the previous year, which are then approved and submitted respectively to the Ordinary Annual General Meeting of the Shareholders, called upon to approve the Plan.

The Shareholders' Meeting that approves the Plan is also aware of the consolidated results of the first quarter of the current year, approved and published by the Board of Directors on the same date.

The assignation of the Units (subdivided into two categories "Time-based Units" and "Performance Units") to each Beneficiary takes place with a subsequent resolution adopted by the Board of Directors, at the proposal of the Appointments and Compensation Committee, at the meetings held on the same day as the Shareholders' Meeting that approved the Plan.

The Units on which the Plan is based will be assigned to all effects following the procedures indicated in paragraph 2.3 above.

4. The characteristics of the instruments assigned

4.1 Structure of the Plan

The Plan aims to assign free of charge to the Beneficiaries a maximum of 4,500,000 Units, each of which gives the right to receive 1 CIR Share free of charge according to the terms and conditions contained in the Regulations.



4.2. *Period of implementation of the Plan*

The Time-based Units will vest, with the corresponding right of the Beneficiaries to be assigned the Shares free of charge, in tranches of 12.5% of the total, each of which will vest every three months starting from the first day of the second year following the Grant Date.

The Time-based Units will therefore vest as from the following dates:

- a) Up to a maximum of 12.5% as from April 30 2022;
- b) Up to a maximum of 25% as from July 31 2022;
- c) Up to a maximum of 37.5% as from October 31 2022;
- d) Up to a maximum of 50% as from January 31 2023;
- e) Up to a maximum of 62.5% as from April 30 2023;
- f) Up to a maximum of 75% as from July 31 2023;
- g) Up to a maximum of 87.5% as from October 31 2023;
- h) Up to a maximum of 100% as from January 31 2024.

The Performance Units will vest as from the same vesting dates as the Time-based Units, but only on the condition that the CIR Index on each vesting date is higher than the Relative FTSE Index on that same date. Any of the Performance Units that did not vest at any vesting date can vest at one of the following vesting dates if the CIR Index on that subsequent vesting date is higher than the Relative FTSE Index on that same date.

The Performance Units that have vested at any of the vesting dates will be considered as vested definitively and will not cease to exist if on one of the following vesting dates the CIR Index is not higher than the Relative FTSE Index on that same date.

4.3 *Final Maturity of the Plan*

Any Units which have not been exercised for any reason or cause will cease to be effective on the date corresponding to the tenth year from the Grant Date.

4.4 *Maximum number of Units assigned*

The maximum number of Units assignable to the Beneficiaries in execution of the Plan is 4,500,000 corresponding to an equal number of Shares.

4.5 *Procedures and clauses for implementing the Plan*

As already stated in point 2.3 above, the number of Units assigned to each Beneficiary under the Plan is determined mainly by taking into account the role held by the individual in the Company or its subsidiaries as well as the importance of his or her function and the total compensation received by each of them on other accounts.

The Plan consists of the assignation free of charge of Units that are not transferable between living persons, the exercise of which is subject to a vesting period so that the Units vest gradually over time as from the second year from the Grant Date.

The Units may be exercised from their vesting date until the Final Maturity indicated in point 4.3, and as far as the Performance Units are concerned, on condition that the CIR Index at each vesting date of the Units is higher than the Relative FTSE Index for that same date.



4.6 *Limits on the availability of the Units*

The Units are assigned to the Beneficiaries personally and may not be transferred by deed to any living person on any account. Moreover, the right to exercise the Units Assigned is dependent on the Employment Relationship between the Beneficiary and the Company or its subsidiaries continuing to exist.

The Plan envisages a minimum holding commitment for the Shares assigned: in the event of the Units vesting and the relative Shares being assigned, each Beneficiary irrevocably undertakes to hold continuously until the fifth anniversary of the Grant Date a number of Shares at least equal to 10% of those assigned. During this period the Shares will be subject to an inalienability requirement, unless the Board of Directors should authorize a waiver of the same.

4.7 *Possible resolute conditions in relation to the Plan in the event of the Beneficiaries entering into hedging transactions enabling them to neutralize the bar on selling the Units*

There are no such conditions.

4.8 *Effects resulting from the termination of the employment or the directorship*

In the event of the termination of the Employment Relationship or the Directorship, for whatever reason including the death of the Beneficiary, the Beneficiaries or their heirs will keep only the title to the Units that have vested at the moment of the termination of the relationship.

The Board of Directors has the right, at its discretion and with an uncontestable decision, to waive the above condition in relation to one or more Beneficiaries or their heirs – for example allowing them to keep (all or part of) the rights resulting from the Plan even if the same were to cease to exist, and in particular to keep part or all of the Units not yet vested or to be assigned (part or all of) the Shares even in the absence of the relative conditions.

4.9 *Indication of any other reasons for cancellation of the Plan*

There are no reasons for the cancellation of the Plan.

4.10 *Reasons for possible redemption of the Units*

No form of redemption of the Units by the Company is envisaged.

4.11 *Possible loans or other subsidies for the purchase of Shares*

Not applicable.

4.12 *Measurement of the expected expense for the Company at the grant date of the Units*

The expected expense of the Company at the Grant Date of the Units is based on the market value of the Units Assigned.



4.13 Possible dilutive effects of the Plan

Because of the characteristics of the Plan, the implementation of the same does not involve any dilutive effects.

4.14 Possible limits on voting rights and the assignation of patrimonial rights

There are no limits on voting rights or the assignation of patrimonial rights.

4.15 Information on the assignment of shares not traded on regulated markets

Not applicable.

4.16 Number of financial instruments underlying each Unit

Each Unit gives the Beneficiaries the right to be assigned 1 CIR Share.

4.17 Maturity of the Units

The Final Maturity for the exercise of the Units of the Plan is the same date of the tenth year after the Grant Date.

4.18 Procedures, timing and clauses for exercise of the Plan

The timing and the clauses of exercise are given in the preceding points.

4.19 The strike price of the Units of the Plan or the procedures and criteria for its determination

The Units are assigned to the Beneficiaries free of charge.

4.20 Reason for any difference in the strike price of the Units compared to the market price

Not applicable.

4.21 Criteria on the basis of which there may be different strike prices for different individuals or categories of individuals among the beneficiaries

Not applicable.

4.22 Special information in the event of the financial instruments underlying the Units not being quoted

Not applicable.



4.23 Criteria for the adjustments that become necessary following extraordinary capital transactions or other transactions which involve a change in the number of underlying instruments

The criteria are given in paragraph 3.3.

Table no. 1 required by the Rules for Issuers is attached.

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999

<p>TABLE 2 Options</p> <p>Section 1: Options relating to currently valid plans, approved by previous AGM resolutions</p>									
Name or category	Position	Date of AGM resolution	Description of instrument	Options held at end of previous year	Options exercised	Grant date	Strike price	Market price of underlying shares at grant date	Period when exercise is possible (from - to)
De Benedetti Rodolfo	Chairman	30- Apr-2010	Stock option	3,517,500		14-May-2010	0.8064	0.7469	from 30/09/2010 to 30/09/2020
Executive with strategic responsibilities		30- Apr-2010	Stock option	251,250		14-May-2010	0.8064	0.7469	from 30/09/2010 to 30/09/2020
Other executives of CIR and its subsidiaries		30- Apr-2010	Stock option	2,554,710		14-May-2010	0.8064	0.7469	from 30/09/2010 to 30/09/2020
De Benedetti Rodolfo	Chairman	30- Apr-2010	Stock option	3,517,500		15-Oct-2010	0.7454	0.7965	from 28/02/2011 to 28/02/2021
Executive with strategic responsibilities		30- Apr-2010	Stock option	251,250		15-Oct-2010	0.7454	0.7965	from 28/02/2011 to 28/02/2021
Other executives of CIR and its subsidiaries		30- Apr-2010	Stock option	2,397,930		15-Oct-2010	0.7454	0.7965	from 28/02/2011 to 28/02/2021

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999

TABLE 1 Financial instruments other than stock options Section 1 Instruments relating to plans currently valid, approved by previous AGM resolutions								
Name or category	Position	Date of AGM resolution	Type of financial instrument	Number of financial instruments	Grant date	Purchase price of the instruments	Market price at grant date	Vesting period
Mondardini Monica	Chief Executive Officer	27-Apr-2015	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	962,028 (3)	27-Apr-2015	The shares will be assigned free of charge	0.5443	from 27 April 2015 to 31 January 2019
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	124,589 (4)				
Executive with strategic responsibilities		27-Apr-2015	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	2,158,038 (5)	27-Apr-2015	The shares will be assigned free of charge	0.5443	from 27 April 2015 to 31 March 2018
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	139,574 (8)				
Other executives of CIR and its subsidiaries		27-Apr-2015	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	-	27-Apr-2015	The shares will be assigned free of charge	0.5443	from 27 April 2015 to 31 January 2019
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	-				
Mondardini Monica	Chief Executive Officer	29-Apr-2016	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	1,033,057 (6)	29-Apr-2016	The shares will be assigned free of charge	0.5423	from 29 April 2016 to 31 January 2020
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	-				

Executive with strategic responsibilities	29-Apr-2016	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	160,225 (9)	29-Apr-2016	The shares will be assigned free of charge	0.5423	from 29 April 2016 to 31 January 2020
			-				
Other executives of CIR and its subsidiaries	29-Apr-2016	CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	185,384	29-Apr-2016	The shares will be assigned free of charge	0.5423	from 29 April 2016 to 31 January 2020
			-				
Mondardini Monica	28-Apr-2017	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	897,537 (7)	28-Apr-2017	The shares will be assigned free of charge	0.7144	from 28 April 2017 to 31 January 2021
			893,358				
Executive with strategic responsibilities	28-Apr-2017	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	139,206 (10)	28-Apr-2017	The shares will be assigned free of charge	0.1744	from 28 April 2017 to 31 January 2021
			138,559				
Other executives of CIR and its subsidiaries	28-Apr-2017	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	384,513	28-Apr-2017	The shares will be assigned free of charge	0.1744	from 28 April 2017 to 31 January 2021
			439,444				
Mondardini Monica	27-Apr-2018	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	1,270,069	27-Apr-2018	The shares will be assigned free of charge	0.5383	from 27 April 2018 to 31 January 2022
			1,270,069				
Executive with strategic responsibilities	27-Apr-2018	CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	196,988	27-Apr-2018	The shares will be assigned free of charge	0.5383	from 27 April 2018 to 31 January 2022
			196,988				
Other executives of CIR and its subsidiaries	27-Apr-2018	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	586,647	27-Apr-2018	The shares will be assigned free of charge	0.5383	from 27 April 2018 to 31 January 2022
			586,647				

Mondardini Monica	Chief Executive Officer	29-Apr-2019	CIR shares to be assigned in relation to the vesting of "Time- based Units" (1)	1,251,157	29-Apr-2019	The shares will be assigned free of charge	0,5328	from 29 April 2019 to 31 January 2023
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	1,251,157				
Executive with strategic responsibilities		29-Apr-2019	CIR shares to be assigned in relation to the vesting of "Time- based Units" (1)	194,055	29-Apr-2019	The shares will be assigned free of charge	0,5328	from 29 April 2019 to 31 January 2023
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	194,055				
Other executives of CIR and its subsidiaries		29-Apr-2019	CIR shares to be assigned in relation to the vesting of "Time- based Units" (1)	608,063	29-Apr-2019	The shares will be assigned free of charge	0,5328	from 29 April 2019 to 31 January 2023
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	608,063				

- (1) The vesting of the "Time-based Units" is subject to reaching specific time limits
- (2) The vesting of the "Performance Units" is subject to reaching the specific time limits and reaching objectives in terms of the Normal Value of the shares.
- (3) Of which: 2,980 time units assigned on May 30 2017 as additional units after dividend detachment, as per the Regulations of the plan
19,846 time units assigned on May 28 2018 as additional units after dividend detachment, as per the Regulations of the plan
35,424 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (4) Of which 2,980 time units assigned on May 30 2017 as additional units after dividend detachment, as per the Regulations of the plan
4,052 performance units assigned on May 28 2018 as additional units after dividend detachment, as per the Regulations of the plan
4,494 performance units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (5) Of which: 70,195 time units assigned on May 28 2018 as additional units after dividend detachment, as per the Regulations of the plan
77,843 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (6) Of which: 4,387 time units assigned on May 28 2018 as additional units after dividend detachment, as per the Regulations of the plan
23,669 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (7) Of which: 4,178 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (8) Of which: 5,035 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (9) Of which: 3,670 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan
- (10) Of which: 647 time units assigned on May 28 2019 as additional units after dividend detachment, as per the Regulations of the plan

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table no. 1 of Schedule 7 of Annex 3A of Regulation no. 11971/1999

CHART 1 Financial instruments other than stock option Section 2 New instruments to be assigned of the decision of the Board of Directors to be put before the Shareholders Meeting								
Name or category	Position	Date of AGM Resolution	Type of financial instrument	Number of financial instrument assigned	Grant date	Purchase price of the instruments	Market price on grant date	Vesting period
Mondardini Monica	Chief Executive Officer		CIR shares					
Executive with strategic responsibilities			CIR shares					
Other executives of CIR and its subsidiaries			CIR shares					



PROPOSAL TO CANCEL THE AUTHORIZATION GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL AND ISSUE BONDS, APPROVED BY THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS ON APRIL 27 2018, AND AWARD OF NEW AUTHORIZATION AS PER THE TERMS OF ARTICLES 2443 AND 2420 TER OF THE CIVIL CODE.

“Dear Shareholders,

On April 27 2018 it was proposed that the Board of Directors be given – for a period of 5 years from the date of entry into the Register of Companies of the resolution adopted by the Extraordinary General Meeting of the Shareholders held on April 27 2018 – the right to:

a) Increase the share capital, once or more than once, by up to a maximum of Euro 250,000,000 (two hundred and fifty million) nominal value, free of charge or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per Art. 2441, paragraphs IV and V, of the Civil Code, and that the Directors also be given the right to establish each time the category of shares, the issue price of the same shares (including any share premium), when dividend rights start, whether or not the share capital increase is aimed at servicing the conversion of bonds issued even by third parties, either in Italy or abroad or for servicing warrants, and to decide which available reserves and provisions to post to capital and the amount of the same.

More in general to define the procedures, terms and conditions of the share capital increase;

b) Issue once or more than once convertible bonds, even in foreign currencies if permitted by law, with the corresponding share capital increase up to a maximum amount of Euro 250,000,000 (two hundred and fifty million).

More in general to define the procedures, terms and conditions of the issuance of the bonds and their regulations.

In implementation of the resolution adopted by the Extraordinary General Meeting of the Shareholders on July 19 2019, on February 3 2020, the signing took place of the deed of merger by incorporation of CIR S.p.A. into COFIDE S.p.A. with effect as from February 19 2020 and as from that same date the incorporating company COFIDE S.p.A. took the name of the incorporated company CIR S.p.A..

It is now deemed necessary to amend Article 17 of the Company Bylaws to enable the Company to extend the powers delegated as per the terms of Articles 2443 and 2420 *ter* of the Civil Code, which are today in force, over a longer period of time in order to ensure that the Company is able to obtain promptly sufficient financial resources to service its development and take full advantage of any opportunities offered by the financial markets. We are therefore asking you to revoke the authorization previously adopted, which has to date not been utilized, and to renew it by approving the following resolution:

“The Extraordinary General Meeting of the Shareholders of CIR S.p.A:

- duly acknowledging the Report of the Board of Directors
- duly noting that the authorization given to the Board of Directors by the Extraordinary General Meeting of the Shareholders held on April 27 2018 will expire on May 14 2023 and that it has not yet been exercised
- having heard the favourable opinion of the Board of Statutory Auditors and the attestation that the share capital has been fully paid up
- having seen Articles 2443 and 2420-ter of the Civil Code



RESOLVES

- 1) To cancel the authorization assigned to the Board of Directors by the Extraordinary General Meeting of the Shareholders on April 27 2018;
- 2) To authorize the Board of Directors for a period of five years from the date on which this resolution is recorded in the Register of Companies:
 - a) to increase once or more than once the share capital by a maximum of Euro 500,000,000 (five hundred million) nominal value, either free of charge or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per Article 2441, paragraphs IV and V, of the Civil Code, giving the Directors the right to establish each time the category of shares, the issue price of the same shares (including any share premium), when dividend rights start, whether or not the share capital increase is aimed at servicing the conversion of bonds issued even by third parties, either in Italy or abroad, or for servicing warrants, and to decide which available reserves and provisions to post to capital and the amount of the same. More in general, to define the procedures, terms and conditions of the capital increase;
 - b) to issue once or more than once convertible bonds even in foreign currencies if permitted by law, with the corresponding share capital increase of up to a maximum amount of euro 500,000,000 (five hundred million);
More in general to define the procedures, terms and conditions of the bond issue and its regulations;
 - c) to amend Article 17 of the Company Bylaws as follows:

CURRENT TEXT

Article 17

POWERS DELEGATED TO THE BOARD OF DIRECTORS

For a maximum period of five years from the date on which the resolution adopted by the Extraordinary Shareholders' Meeting held on April 27 2018 is entered in the Register of Companies, the Board of Directors has the right to:

- a) increase the share capital either once or more than once by a maximum of Euro 250,000,000 (two hundred and fifty million) nominal value, either free of charge and/or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per the terms of Art. 2441, paragraphs IV and V of the Civil Code, with the Directors having the right to establish each time the category of shares, the issuance price of the same shares (including any share premium), when

PROPOSED TEXT

Article 17

POWERS DELEGATED TO THE BOARD OF DIRECTORS

1. The Board of Directors has the right, for a period of five years as from the date of registration in the Register of Companies of the resolution of the Extraordinary General Meeting of the Shareholders held on June 8 2020, to increase the share capital either once or more than once by a maximum of Euro 500,000,000 (five hundred million) of nominal value, either free of charge and/or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per the terms of Art. 2441, paragraphs IV and V of the Civil Code, with the Directors having the right to establish, from time to time, the category of the shares, the issuance price of the same shares (including any share premium), the



dividend rights start, any specific allocation of the share capital increase to service the conversion of bonds issued even by third parties both in Italy and abroad, or to service warrants and also to determine whether there any reserves or funds available to post to capital and the amount of the same. More in general to define the procedures, terms and conditions of the share capital increase.

b) issue either once or more than once convertible bonds, even in foreign currencies, where these are permitted by law, with a corresponding increase in share capital up to a maximum amount of Euro 250,000,000 (two hundred and fifty million). More in general to define the procedures, terms and conditions of the issue of the bond issue and its regulations.

dividend rights, any allocation of the share capital increase to servicing the conversion of bonds issued even by third parties whether in Italy or abroad, or for servicing warrants, and to determine the available reserves and provisions to be allocated to share capital and the amount of the same. More in general to define the procedures, terms and conditions of the share capital increase.

3. The Board of Directors has the right, for a period of five years from the date of registration in the Register of Companies of the resolution of the Extraordinary General Meeting of the Shareholders held on June 8 2020, to issue either once or more than once convertible bonds even in foreign currencies, if permitted by law, with a corresponding increase in share capital up to a maximum amount of Euro 500,000,000 (five hundred million). More in general to define the procedures, terms and conditions of the bond issuance and its regulations.

- 3) To give the Board of Directors, and for the Board the Chairman and the Chief Executive Officer in office, severally, the broadest powers to implement the resolutions adopted;
- 4) To give the Chairman of the General Meeting and the Chief Executive Officer, severally, the broadest powers to make any changes to this resolution that may be required by the competent Authorities, provided they are of a formal nature."



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE (as per the terms of Art. 123-bis of the Finance Consolidation Act - T.U.F.) AND ON COMPLIANCE WITH THE CODE OF CONDUCT FOR LISTED COMPANIES

Year 2019

It should be noted that in the text of this Report the Company is still identified by the name “COFIDE – Gruppo De Benedetti S.p.A.” (or “COFIDE”), which it maintained for the whole of the year 2019 to which this report refers. The name was changed to “CIR – COMPAGNIE INDUSTRIALI RIUNITE S.p.A. (or “CIR”) on February 19 2020, the date on which the merger by incorporation of CIR into COFIDE took effect.

This Report (hereinafter the “Report”) aims to illustrate the model of corporate governance that COFIDE S.p.A. (hereinafter the “Company”) adopted in the year 2019.

The Report, approved by the Board of Directors at the meeting held on March 9 2020, is being made available to the Shareholders in the ways envisaged by law together with the rest of the documentation relating to the Financial Statements for the year ended December 31 2019 that have been prepared for the Annual General Meeting of the Shareholders called to approve the same financial statements. It can also be consulted on the website of the authorized storage mechanism NIS-Storage www.emarketstorage.com and – together with other documents of interest to the market – on the website of the Company www.cirgroup.com in the section “Corporate Governance”.

The description of the main duties and functions of the administrative bodies, and of the internal control and the risk management systems of the Company is contained in the “Code of Conduct of COFIDE S.p.A.”, approved by the Board of Directors on March 11 2013. The document (available on the Company website) is attached to this Report (Annex B).

COFIDE S.p.A. conforms to the definition of a PMI (SME) as per the terms of Art. 1, paragraph 1, letter w-quater.1) of the T.U.F. (Finance Consolidation Act) and of Art. 2-ter of the Consob Rules for Issuers as its average capitalization during the year 2018 was lower than five hundred million Euro.

Information on the ownership structure (as per Art. 123-bis, paragraph 1, T.U.F) at December 31 2019

a) Share capital structure (as per Art. 123-bis, paragraph 1, letter a) T.U.F)

The subscribed and paid up share capital amounts to € 359,604,959 comprising 719,209,918 ordinary shares, listed on the *Mercato Telematico Azionario* of the Milan Stock Exchange – FTSE Small Cap index. All the ordinary shares have the same rights and obligations. It should be noted, however, that COFIDE S.p.A. approved the introduction to Art. 8 of the Company Bylaws of increased voting rights, on the strength of which shareholders who have been registered on the special list set up on June 1 2015 for at least 48 months without interruption will have the right to two votes for each share held. As of December 31 2019 the capital with voting rights stood at 1,131,485,086 voting rights.

b) Restrictions on the transfer of shares (as per Art. 123-bis, paragraph 1, letter b) T.U.F)

The shares of the Company are freely transferable, except for some restrictions applicable to certain categories of persons for limited periods of time on the basis of the Code of Conduct on the subject of Internal Dealing published on the website of the Company in the section “Corporate Governance”.



c) Significant shareholding interests (as per Art. 123-bis, paragraph 1, letter c) T.U.F.)

Given that the Company belongs to the category of SMEs as defined by Art. 1 of D. Lgs. no. 58 of February 24 1998 (hereinafter "T.U.F."), and as evident from the list published by Consob on its website as per Art. 2-ter of Consob Regulation no. 11971/1999, as amended by Consob Resolution no. 20621 of 10.10.2018, below are the names of the Shareholders of last resort who directly or indirectly had percentages of ownership higher than 5% of the capital with voting rights at December 31 2019:

- F.LLI DE BENEDETTI S.p.A.: 66.389% of the capital with voting rights (equal to 52.521% of the share capital represented by ordinary shares).
- BESTINVER GESTION SGIIC SA: 9.365% of the capital with voting rights (equal to 14.733% of the share capital represented by ordinary shares).

d) Shares that give special rights (as per Art. 123-bis, paragraph 1, letter d) T.U.F.)

At present there are no shares that give their holders any special controlling rights.

The Annual General Meeting of the Shareholders held on April 27 2015 approved instituting an increased voting right for stable Shareholders as permitted by Art. 127-*quinquies* of the T.U.F., amending Art. 8 of the Company Bylaws. The Annual General Meeting held on April 29 2019 voted to change the vesting period from 24 to 48 months.

e) Employee shareholders: mechanism for exercising voting rights (as per Art. 123-bis, paragraph 1, letter e) T.U.F.)

There are no particular mechanisms for the exercise of voting rights by employees who hold shares.

f) Restrictions on voting rights (as per Art. 123-bis, paragraph 1, letter F) T.U.F.)

There are no restrictions on voting rights.

g) Agreements between Shareholders (as per Art. 123-bis, paragraph 1, letter g) T.U.F.)

The Company is not aware of the existence of any agreements between Shareholders as per the terms of Art. 122 of the T.U.F.

h) Change of control clauses (as per Art. 123-bis, paragraph 1, letter h) T.U.F.)

As far as the listed companies GEDI S.p.A. and SOGEFI S.p.A. are concerned, reference should be made to their respective Reports on Corporate Governance.

As regards KOS S.p.A and its subsidiaries, it should be noted that change of control clauses were signed for all of the bank loans and for the two bond issues, giving creditors the option of requesting prepayment of the loans.

Lastly, for COFIDE S.p.A. and CIR S.p.A. there are no agreements that include such a clause except for the contract with the Chief Executive Officer of CIR S.p.A. and information on this is given in the Compensation Report of CIR S.p.A..



i) Compensation for Directors in the event of resignation, dismissal without a just cause or termination of position following a public offer to purchase or a takeover bid (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)

No compensation is envisaged for Directors in the event of resignation, dismissal without just cause or termination of the position following a takeover bid.

l) Election and replacement of the Directors; amendment of the Bylaws (as per Art. 123-bis, paragraph 1, letter l) T.U.F.)

For the election and replacement of Directors reference should be made to what is illustrated in Art. 5) of the attached Code of Conduct of COFIDE S.p.A. devoted to the appointment of Directors. The Company Bylaws do not contain any further requisites of independence and integrity/professionalism other than those required by law. For amendments to the Bylaws, the terms of the Law are applied.

m) Power delegated to increase the share capital and authorization to buy back own shares (as per Art. 123-bis, paragraph 1, letter m) T.U.F.)

For a period of five years from the date of the resolution adopted by the Extraordinary General Meeting of the Shareholders on April 27 2018, the Board of Directors has the right to:

a) Increase the share capital either once or more than once by a maximum of Euro 250,000,000 (two hundred and fifty million) nominal value either free of charge or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per Art. 2441 paragraphs IV and V of the Civil Code, the Directors having the right each time to establish the category of shares, the issuance price of the shares (including any share premium), the start of dividend entitlement, the possible allocation of the share capital increase to servicing the conversion of bonds issued even by third parties both in Italy and abroad, or servicing warrants. They will also have the right to determine the reserves and provisions available for allocation to share capital and the amount of the same. More in general to define the procedures, terms and conditions of the share capital increase.

b) Issue once or more than once convertible bonds, even in foreign currencies, where the Law permits, with the related share capital increase, up to a maximum amount of Euro 250,000,000 (two hundred and fifty million).

More in general it has the right to define the procedures, terms and conditions of the bond issue and the rules governing such issuance.

The Annual General Meeting of the Shareholders held on April 29 2019, pursuant to and as an effect of Art. 2357 of the Civil Code, authorized the buyback of COFIDE shares for eighteen months from the day after the date of the AGM resolution as follows:

- A maximum of 70,000,000 shares each with a nominal value of euro 0.5 may be bought back, taking into account that, including in the calculation the own shares already owned even through subsidiaries, the nominal value of the shares bought back may not in any case exceed one fifth of the share capital of COFIDE S.p.A.;
- The unit price of each single buyback of shares may not be more than 10% higher or lower than the benchmark price recorded by the Company's shares in the Stock Exchange trading session preceding each single purchase transaction or the date on which the price is fixed and in any case, when the buybacks are made in regulated markets, for a price no higher than the higher of the price of the last independent deal and of the current independent bid price in the same market;



- The buyback must be made in the market in accordance with the terms of Art. 132 of D.Lgs no. 58/98 and the rules of law or regulations in force at the moment of the transaction and more specifically:
 - a) Through a public offer to buy or exchange shares;
 - b) On regulated markets following the operating procedures established in the rules for the organization and management of those same markets, which do not allow bids and offers to be matched directly;
 - c) Through the assignation of put option rights pro rata to the Shareholders, to be assigned within 15 months of the date of the AGM authorization resolution and which shall be exercisable within 18 months of the same resolution;
 - d) Through the purchase and sale of derivative instruments traded on regulated markets which involve the physical delivery of the underlying stocks and which comply with the further conditions stipulated in Art. 144-bis of Consob's Rules for Issuers and with the terms of Articles 5 and 13 of EU Regulation 596/2014.

As of December 31 2019 27,214,899 own shares were being held as treasury stock.

It should be noted that – on the basis of the AGM resolution of April 29 2019 authorizing the buyback of own shares – as of March 9 2020 27,100,479 shares had been bought back.

Other information (as per Art. 123-bis, paragraph 2, T.U.F.)

a) Compliance with a code of conduct on the subject of corporate governance.

The Company complies with the Code of Conduct of Borsa Italiana S.p.A. as currently in force, prepared by the Committee for the Corporate Governance of Listed Companies and promoted by Borsa Italiana S.p.A., which is available on the website of the Corporate Governance Committee <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>.

COFIDE S.p.A. and its strategically important subsidiaries are not subject to any non-Italian rules of law that affect the structure of the corporate governance of the Issuer.

b) Main characteristics of the systems of risk management and internal control existing in relation to the process of financial disclosures

Reference should be made to point 7) of this Report and to Art. 7 of the attached Code of Conduct of COFIDE S.p.A. which deals with the Internal Control and Risk Management System.

c) How the Shareholders' Meeting functions.

Reference should be made to what is described in point 10) of this Report on Shareholders' Meetings and to Art. 9 of the attached Code of Conduct of COFIDE S.p.A., entitled "Relations with the Shareholders".

d) Composition and functioning of the administrative and control bodies and their committees.

Reference should be made to what is described in the sections of this Report that deal with: the composition of the Board of Directors (point 2), the Statutory Auditors (point 8) and the Committees (point 4 Institution and functioning of the Internal Committees of the Board of Directors - 6 Remuneration of Directors and 7 System of Internal Control and risk management) and also to the attached Code of



Conduct of COFIDE S.p.A., Articles 2, 3 and 5 for the Board of Directors, Art. 8 for the Statutory Auditors, and Articles 4, 5, 6, and 7 for the Committees.

d-bis) Description of policies on the subject of diversity

Following the entry into force of D.Lgs no. 254/16, which introduced Art. 123-bis of the TUF (letter d-bis of paragraph 2), the Report on Corporate Governance must now “contain a description of policies on the subject of diversity applied in relation to the composition of the administrative, management and control bodies regarding aspects such as age, gender mix and training and professional experience, together with a description of the objectives, methods of implementation and results of such policies. If no such policy is in place, the company must give a clear and structured rationale for its decision”.

The Board of Directors of the Company at the meeting held on March 12 2018 confirmed its strategy of not adopting any further policies on the subject of diversity in the composition of boards of directors and boards of statutory auditors, as set out in Art. 123-bis, paragraph 2, letter d-bis of the TUF, given that, without prejudice to the requisites of integrity, professionalism and independence as well as the situations of incompatibility and/or lapses of position laid down by law and by the Company Bylaws:

1. The Company has already adopted in the Bylaws a policy that ensures a balance of genders in the composition of the Board of Directors and the Board of Statutory Auditors;
2. The COFIDE Code of Conduct (an annex to this report) has also been adopted and this in Art. 2 (to which reference should be made) on transposing and implementing the content of the Code of Conduct, gives a clear indication of the composition of the Board, the competences and professionalism of the Directors and the way in which the duties of the position should be carried out;
3. At least once a year the Board already carries out a regular assessment of the size, composition and functioning of the same Board and its committees, taking into account elements such as professional profile, experience, including managerial experience, and gender of its members as well as their seniority. This assessment gives the Board the opportunity to carry out a regular check that the policies referred to in point 2 above are being implemented;
4. The Board can avail itself of the right contained in the same COFIDE Code of Conduct (Art. 5) to give the Shareholders, before the appointment of a new Board, its opinion on the size and composition of the new Board, taking into account even the assessment described in the previous point, with the aim of guiding the Shareholders, according to their reciprocal duties and prerogatives, in their choices so that they can freely designate the members of the Board of Directors.

While reserving the right to reconsider its position in the future, the Board considered the above factors to be sufficient for the time being to guarantee an adequate structure in terms of diversity in the composition of the Board of Directors, an opinion that is confirmed by the current composition of the Board in the light of the various aspects considered, i.e.: age, gender, experience / seniority, professional competences, training, culture and international dimension. The outcome of the Board Review process for the year 2018 again confirmed the adequacy of the composition of the current Board in terms of diversity (*latu sensu*) and the fact that the same Board as a whole has a balanced mix of experience and competences that are adequate and in line with the future needs of the Company.



1) ROLE OF THE BOARD OF DIRECTORS

For the general rules relating to the Role of the Board of Directors reference should be made to the terms of Art. 1 of the “Code of Conduct of COFIDE S.p.A.”

As of the date of this Report the Board of Directors, among other things, has carried out the following activities:

- On the basis of internal procedures approved by the Board of Directors on October 29 2012, it examined and approved the strategic and financial plans of the Company and also examined the consolidated strategic, business and financial plans of its direct subsidiary CIR and of the companies heading the industrial groups that the latter controls as presented by their respective Chief Executives, evaluating whether the said plans were consistent with those of COFIDE and periodically monitoring their implementation;
- Defined the nature and level of risk compatible with the strategic objectives of the Company;
- Evaluated the adequacy of the organizational, administrative and accounting structure of the Company, with particular reference to the system of internal control and risk management;
- Established the frequency, generally every three months, with which the Chief Executive Officer shall report back to the Board on the activity carried out in the exercise of the powers assigned to him or her;
- Assessed the progress of operations taking into consideration, in particular, the information received from the Chief Executive of the Company and the Chief Executives of the main subsidiaries, analysing the businesses and the evolution of the income and equity situation of the Company and of the Group;
- Examined and gave prior approval to transactions put in place by the issuer and examined those of the subsidiaries that have a significant strategic importance. To this end the Company at the Board of Directors Meeting held on October 29 2012 defined its parameters for measuring significance, adopting a special procedure;

Carried out during the meeting held on February 11 2020 a self-assessment of the size, composition and functioning of the Board of Directors itself and of its committees, taking into account elements such as the professional characteristics, experience, even managerial experience, and the gender of its members as well as how long they have been on the Board; the assessment process was carried out following a practice already adopted by the Company, which involves the Directors filling out a questionnaire for 2019 prepared in house. The questionnaire consists of specific questions regarding among other things: the adequacy of the number of Board members and how the Board and the Committees are made up, the type of professional profiles present on the Board, how Board and Committee meetings take place and also the relative flows of information and documents and the decision-making procedures followed. The results of the self-assessment were illustrated to the Board of Directors by the Lead Independent Director, after being examined by the Control, Risk and Sustainability Committee, and led to the formulation of an evaluation that was positive overall;

- Before the appointment of a new Board, can give the Shareholders its views on the managerial and professional figures whose presence on the Board would be considered useful;
- Ensured the management internally and the disclosure externally of documents and information regarding the Company, with particular reference to privileged information, in accordance with the terms of the procedure adopted by the Board of Directors.

Regarding the further activities of the Board of Directors on the subject of “Control and risk system” reference should be made to paragraph 7) “System of internal control and risk management”.

Art. 1 of the Code of Conduct of COFIDE S.p.A., attached to this Report, gives guidelines on the maximum number of positions of Director or Statutory Auditor approved by the Board of Directors on October 29 2012, which set limits in terms of number of positions that can be held by Executive and non-Executive Directors of COFIDE in Significant Companies, as defined by the same Board.



It should be noted that Mr Rodolfo De Benedetti, in his role as Executive Chairman, was assigned managerial powers in the light of the experience he has gained over the years in managing the Group, and to provide a governance that is the most suitable and functional possible given the characteristics of the Company.

Consequently, on April 29 2019, the Board of Directors of the Company assigned the following powers to the Executive Chairman of the Company, Mr Rodolfo De Benedetti:

- The legal representation of the Company and with it the power with his sole signature to represent the Company with third parties, whether public or private, before any judicial or administrative authority and to sign in his role as above any document, deed, agreement or correspondence in the name of and on behalf of the Company and with the right to have someone else replace him;
- All powers of ordinary and extraordinary administration of the Company, to be exercised with his sole signature, and thus the power to make any decision useful or necessary for the achievement of the Company object except for matters regarding:
 - (i) matters, transactions or resolutions reserved by law, by the Company Bylaws, to the exclusive competence of the Board of Directors as a whole;
 - (ii) the following categories of transaction:
 - the purchase, sale or subscription of equity investments where: (1) the payment or – where this is not in the form of money – the transaction value assigned to the same is higher than Euro 40 million; (2) the sale (or exchange) refers to investments recorded in the balance sheet with a value of over Euro 25 million; (3) the transaction involves the acquisition or the loss of control, as per the terms of Art. 2359 of the Civil Code, in companies or entities of another kind or nature;
 - the purchase or sale on any account of businesses or business arms for a price or with a value of over Euro 40 million;
 - any other investment transaction of any kind and on any account and in any manner (including the payment of capital contributions or the conversion of receivables into capital), taking on debt or making loans of any kind or issuing guarantees and in general any other deal the value of which is over Euro 40 million;
 - any decision that the Company may make relating to transactions or decisions of the subsidiaries which may, in any way or on any account, result in a reduction of the stake held by the Company to below the threshold of control;
 - (iii) the most important transactions with related parties identified as such on the basis of criteria identified in Annex 3 of the “Regulations giving instructions on the subject of related-party transactions” approved by Consob with its Resolution no. 17221 of March 12 2010, as well as any other transactions with related parties of greater importance that will be identified by the internal procedures adopted by the Board of Directors as per the terms of Articles 4 and 8 of the aforesaid “Regulations giving instructions on the subject of related party transactions”, competence for which is reserved for the Board of Directors.

2) COMPOSITION AND FUNCTIONING OF THE BOARD OF DIRECTORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

For the rules of a general nature relating to the composition and functioning of the Board of Directors, reference should be made to what is stated in Art. 2 and Art. 3 of the Code of Conduct of COFIDE S.p.A. attached to this document, and also to what is stated in Art. 1 of the same regarding the functions carried out by the Chairman.



The Board currently consists of nine Directors, one of whom has executive status (the Chairman), while eight are non-executive. In consideration of their number and their authority, the non-executive Directors provide a guarantee that their judgment shall have significant weight in the resolutions adopted by the Board; they each bring their own individual expertise to Board debates and contribute to the adoption of decisions in the interest of the Company. Five non-executive Directors are independent. The composition of the Board of Directors of the issuer is therefore appropriate to guarantee adequate conditions of operational independence, aimed at maximizing the economic and financial objectives of the same issuer.

It should be remembered that the mandate of the current Board of Directors will terminate with the approval of the Financial Statements for the year ended December 31 2021

When they were appointed all the Directors filed declarations in which they attested there were no reasons why they should not be elected nor was there any incompatibility as per the terms of the law and that they possessed the requisites of integrity and professionalism required by current legislation and by the Company Bylaws.

The Directors were drawn from the single list presented by the majority Shareholder F.LLI DE BENEDETTI S.p.A., holder of 51.924% of the share capital.

Name	Year of birth	Position	In office since	In office until	List	Exec.	Non Exec.	Indep. Code of Conduct	Indep. TUF	% B of D	Other positions	Position held since
De Benedetti Rodolfo	1961	Chairman	29.04.2019	31.12.2021	M	X				100	6	09.06.1986
Cremona Massimo	1959	Director	29.04.2019	31.12.2021	M		X	X	X	90	4	27.04.2007
De Benedetti Edoardo	1964	Director	29.04.2019	31.12.2021	M		X			80	1	29.04.2013
De Benedetti Marco	1962	Director	29.04.2019	31.12.2021	M		X			80	3	15.03.1994
Dubini Paola	1963	Director	29.04.2019	31.12.2021	M		X	X	X	80	/	16.05.2011
Ferrero Pierluigi	1942	Director	29.04.2019	31.12.2021	M		X			100	/	27.04.2001
Guasti Francesco	1947	Director	29.04.2019	31.12.2021	M		X	X	X	90	1	30.04.2009
Marocco Pia	1962	Director	29.04.2019	31.12.2021	M		X	X	X	90	/	21.09.2018
Porcari Maria Serena	1971	Director	29.04.2019	31.12.2021	M		X	X	X	100	/	29.04.2016

Number of Board of Directors Meetings: 10

Key:

List: M/m: according to whether the Director was elected from the list voted by the majority or one voted by a minority.

Independent (Code of Conduct and T.U.F.): indicates whether a Director can be qualified as independent.

% BofD: shows the Director's attendance, in percentage terms, at the Board Meetings held during the year.

Other positions: shows the total number of positions held in other listed companies, financial companies, banks, insurance companies or other companies of a significant size.

Mr Carlo De Benedetti is the Honorary Chairman of the Company



The Board of Directors notes and publishes each year the positions of Director or Statutory Auditor held by the Directors in other listed companies and in financial companies, banks, insurance companies or other companies of a significant size (Annex A). It should be noted that the personal and professional profiles of each Director are given in an annex to this report.

During 2019 the Board of Directors met ten times. The meetings lasted for an average for about two hours. For the year 2020 five meetings have been scheduled. The Executive responsible for the preparation of the Financial Statements and corporate documents (appointed by the Board of Directors on October 26 2009), Mr Giuseppe Gianoglio, attends the meetings of the Board of Directors.

On the subject of passing information to the Board, in accordance with what is set out in the Code of Conduct of Borsa Italiana S.p.A., the Executive Chairman reports back regularly (at least every three months) to the Board and at the same time to the Board of Statutory Auditors on the action taken in the exercise of the powers assigned to him.

The Executive Chairman also gives adequate information (at least once every three months) on any non-typical or unusual transactions to the Board of Directors and the Board of Statutory Auditors.

The following chart shows the composition of the Committees set up by the Board: the Appointments and Compensation Committee, the Control, Risk and Sustainability Committee, and the Committee for Related Party Transactions (whose members are the same as those of the Control, Risk and Sustainability Committee).

Name	Appointments & Compensation Committee	% attendance of A.C.C. meetings	Control, Risk & Sustainability Committee (*)	% attendance of C.R.S.C. meetings	Committee for Related Party Transactions	% attendance of CRPT Meetings
Cremona Massimo	X	100	X	100	X	100
Dubini Paola	X	100	X	100	X	100
Guasti Francesco	X	100	X	100	X	100
Marocco Pia			X	100	X	100
Porcari Maria Serena			X	100	X	100

Number of Committee meetings

2

5

6

Key:

% CC: shows the Director's attendance in percentage terms at the meetings of the Appointments and Compensation Committee held during the year.

% CRSC: shows the Director's attendance in percentage terms at the meetings of the Control, Risk and Sustainability Committee held during the year.

% CRPT: shows the Director's attendance in percentage terms at the meetings of the Committee for Related Party Transactions held during the year.

(*) The members of the Control, Risk and Sustainability Committee are the same as those of the Committee for Related Party Transactions.

In accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A., on April 29 2019 the Board of Directors appointed as Lead Independent Director Mr Massimo Cremona to whom all the non-executive Directors can refer (especially the Independent Directors) to enable them to make a better contribution to the activity and the running of the Board.

The Lead Independent Director collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the Lead Independent Director, either independently or at the request of other Directors, also has the right to call a meeting of just the Independent Directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.



3) INDEPENDENT DIRECTORS

Art. 3 of the annexed Code of Conduct of COFIDE S.p.A. gives the requisites on the basis of which the Company – in compliance with the recommendations of the Code of Conduct of Borsa Italiana S.p.A. and what is stipulated in Art. 147-ter paragraph 4 of the T.U.F. – considers Directors to be Independent.

The Board of Directors meeting held on April 29 2019 verified the existence of the requisites for independence set out in the Code. Furthermore, and in waiver of the terms set out in the Code of Conduct for Listed Companies (See Application criterion 3.C.1, letter e), it also gave a positive opinion on the independence of Directors Massimo Cremona and Francesco Guasti in spite of the fact that they have been Directors of the Company for more than nine of the last twelve years, given that they have always demonstrated full independence of judgement and have appreciated the work of management freely.

During 2019 the Board of Statutory Auditors verified that the criteria and checking procedures adopted by the Board of Directors for assessing the independence of its members were being applied correctly. On January 23 2019 the Independent Directors met without the other Directors to give their opinion on the quality of the information transmitted to the Board of Directors by the company and the Chief Executive Officer.

4) THE INSTITUTION AND THE FUNCTIONING OF THE INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

The principles underpinning the institution and functioning of the internal committees set up by the Board of Directors are set out in Art. 4 of the annexed Code of Conduct of COFIDE S.p.A.

As permitted by the Code of Conduct of Borsa Italiana S.p.A., the Company has merged the functions of the Appointments Committee and of the Compensation Committee into one single committee, whose members include profiles with adequate competence in finance or compensation policy and which is known as the Appointments and Compensation Committee, approving its rules at the Board of Directors Meeting held on October 29 2012.

The Internal Control Committee set up by the Board of Directors on May 4 2000 has taken the name of Control, Risk and Sustainability Committee and at least one of its members has adequate experience in accounting and finance or risk management. This Committee also carries out the functions of the Committee for Related-Party Transactions in compliance with the Rules for related-party Transactions.

The Committee for Related-Party Transactions is called upon to exercise its functions with regard to:

- giving a reasoned non-binding opinion on the interest of the Company to enter into Transactions of lesser importance and on the substantial economic benefit and correctness of the conditions of the same;
- in the case of Transactions of greater importance, it is involved in the negotiation and the investigatory stages. When these stages are over, it gives a binding opinion on the Company's interest to execute the Transaction and on the substantial economic benefit and correctness of the conditions of the same.

5) APPOINTMENT OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter l) T.U.F. and paragraph 2, letter d) T.U.F.)

As indicated above in letter l) of the section of the Report entitled "Information on the ownership structure", reference should be made to the information given in Art. 5 of the attached Code of Conduct of COFIDE S.p.A. and to the articles of the Bylaws reproduced therein.

The Appointments and Compensation Committee is made up of Independent Directors: Mr Francesco Guasti (Chairman of the Committee), Mr Massimo Cremona and Ms Paola Dubini.



On the subject of the appointment of the Directors, the Appointments and Compensation Committee has the functions set out in detail in Art. 6 of the attached Code of Conduct of COFIDE S.p.A.

6) REMUNERATION OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)

The aim of the compensation policies of the Company is described in Art. 6 of the annexed Code of Conduct of COFIDE S.p.A.: more specifically the compensation policy is established according to criteria appropriate for attracting, retaining and motivating people with professional qualities suitable for managing the Group effectively.

The compensation assigned to the Executive Chairman of the Board of Directors and to the non-executive Directors for being on one or more committees is a fixed sum and is determined according to the commitment required of each of them.

The Appointments and Compensation Committee carries out the functions detailed in the already cited Art. 6 of the Code of Conduct of COFIDE S.p.A.

The compensation in 2019 of each director is given in the charts annexed to the “Compensation Report” prepared in compliance with Art. 84-quater of Consob Resolution 11971/99, approved by the Board of Directors on March 9 2020 and made available to the Annual General Meeting of the Shareholders called to approve the Financial Statements for the year ended December 31 2019.

The compensation policy of COFIDE S.p.A. is very simple as it involves only the payment of a fee – approved by the Shareholders’ Meeting – to the members of the Board of Directors.

Compensation for the position of Chairman and the fees payable to non-executive Directors with special duties are determined by the Board of Directors at the proposal of the Appointments and Compensation Committee, with the favourable opinion of the Board of Statutory Auditors. There are no compensation plans for employees based on the shares of the Company.

There is no compensation for Directors in the event of resignation, cancellation without just cause, or termination of the directorship following a successful takeover bid. The Committee met twice and the meetings lasted for 30 minutes. The minutes of the meetings are taken as is standard practice.

7) INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (as per Art. 123-bis, paragraph 2) letters b) and d) T.U.F.)

The internal control system is the set of rules, procedures and organizational structures that make it possible to identify, measure, manage and monitor the main risks. The aims of the Control and Risk system, and the bodies and functions responsible for it are described in detail in Art. 7 of the annexed Code of Conduct of COFIDE S.p.A.

During the year 2019 and within the sphere of the Control and Risk System, the Board of Directors carried out the following actions:

- a) It identified the nature and level of risk compatible with the strategic objectives;
- b) It assessed the adequacy, effectiveness and efficiency of the Control and Risk System in relation to the business and the risk profile assumed, taking into account the assessments of the Director Responsible and the Control, Risk and Sustainability Committee;
- c) At the proposal of the Control, Risk and Sustainability Committee, it approved the Audit Plan having heard the Board of Statutory Auditors and the Director Responsible.

As per Art. 7, “*System of internal control and risk management*”, of the Code of Conduct (Annex B), the Chairman is the executive director in charge of ensuring that the internal control system works adequately and effectively, and this he does partly by defining suitable procedures that will guarantee sound and efficient operations and will identify, pre-empt and manage, as far as possible, any financial and



operational risk and any fraud against the Company, availing himself of the assistance of the Control, Risk and Sustainability Committee.

The Board of Directors with the resolution adopted on May 4 2000 set up the Internal Control Committee (subsequently re-named Control, Risk and Sustainability Committee) which was given the function of preparing proposals and acting in a consulting capacity and which acts along the lines set out in the Code of Conduct.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the said Chairman takes part in the work of the Committee.

The current Committee is formed of five Independent Directors with sufficient experience in finance, specifically: Mr Massimo Cremona (Chairman of the Committee), Ms Paola Dubini, Mr Francesco Guasti, Ms Pia Marocco and Ms Maria Serena Porcari.

On March 12 2018 the Board of Directors assigned the Internal Audit and Risk Management function to the company Operari S.r.l. in the person of Mr Vittorio Gennaro (Chief Executive of the company). The Company decided to outsource this activity because it considered it to be a more effective and functional solution for a holding company.

During 2019 the Committee held five meetings which lasted for an average of two hours. Minutes of the meetings were taken regularly.

8) STATUTORY AUDITORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

The appointment and the functioning of the Statutory Auditors are regulated by Art. 22 of the Company Bylaws as reproduced in Art. 8 of the “Code of Conduct of COFIDE S.p.A.”

The Statutory Auditors are selected from people who can be qualified as independent on the basis of the criteria established for the Directors. During 2019 the Board of Statutory Auditors checked that the above criteria were being complied with, ensuring that the results of the check were shown in this report.

The Board of Statutory Auditors currently in office – the mandate of which expires with the approval of the Financial Statements as of December 31 2019 – is made up as follows:

Name	Year of birth	Position	In office since	In office until	List	Indep. Code of Conduct	% attendance at meetings of B. of S.A.	Other positions	Date first appointed
Zingales Riccardo	1960	Chairman	28.04.2017	31.12.2019	M	X	100	2	30.04.1999
Dellatorre Antonella	1971	In office	28.04.2017	31.12.2019	M	X	100	/	30.06.2014
Bracco Tiziano	1971	In office	28.04.2017	31.12.2019	M	X	100	/	27.04.2005
Nani Luigi	1959	Alternate	28.04.2017	31.12.2019	M	X	/	/	24.04.2002
MacchiorlattiVignat Luigi	1963	Alternate	28.04.2017	31.12.2019	M	X	/	1	24.04.2002
Zambon Paola	1969	Alternate	28.04.2017	31.12.2019	M	X	/	1	29.04.2013

Key:

List: “M/m” according to whether the Statutory Auditor was elected from the list voted by the majority or by a minority.

Indep: At the meeting held on April 28 2017 the Board of Statutory Auditors judged that its members who had been in office for more than nine years had the requisite of independence. The Board of Directors at the meeting held on the same date, after hearing the opinion of the Control, Risk and Sustainability Committee, acknowledged and agreed with the opinion of the Board of Statutory Auditors.

% attendance: shows the attendance in percentage terms of the Statutory Auditor at the meetings of the Board of Statutory Auditors.

Other positions: shows the number of positions of director or statutory auditor held by the individual in other Italian listed companies. The full list of these positions is given in an annex to this document (Annex A).



During the year 2019 the Board of Statutory Auditors met eleven times and the meetings lasted an average of one hour thirty minutes.

On their appointment all the Statutory Auditors filed declarations in which they attested that there were no reasons why they could not be elected, that there was no incompatibility as per the terms of the law and that they possessed the requisites of integrity and professionalism required by current legislation and stipulated in the Company Bylaws.

9) RELATIONS WITH THE SHAREHOLDERS

The Company has always endeavoured to establish and maintain an effective dialogue with its Shareholders and with the market, using various forms of communication such as the following: presenting the results of the Company and the Group during Shareholders' Meetings using slides, meeting with financial analysts and institutional investors in Italy and abroad, informing the public by making the corporate governance documents required by law, press releases and presentations available on the website of the Company.

The Company also adheres to the principles of the Guide for Disclosure to the Market.

To this end the Chief Executive Officer appointed Mr Michele Cavigioli, Central Finance Manager of the subsidiary CIR S.p.A., as the head of the Investor Relations function with responsibility for managing the flow of information to Shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of Company information and documents.

10) SHAREHOLDERS' MEETINGS (as per Art. 123-bis, paragraph 2, letter c) T.U.F.)

It has always been the policy of the Company to use the Shareholders' Meeting as an opportunity to give the Shareholders information about the Company and the Group and its outlook for the future, while complying with the procedure concerning price-sensitive information.

All the Directors and Statutory Auditors endeavour to be present at Shareholders' Meetings as far as possible but particularly those Directors who can make a positive contribution to the debate in the light of the positions that they hold.

The procedures and timing for calling Shareholders' Meetings are regulated by Art. 9 of the Company Bylaws reproduced in the annex "Code of Conduct of COFIDE S.p.A."

The Shareholders' Meeting held on April 27 2001, in accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A., approved and subsequently updated a set of Rules for conducting Shareholders' Meetings, which can be consulted on the website of the Company in the section "Corporate Governance". The Board of Directors makes available to the Shareholders a booklet containing the proposals on the Agenda of the Shareholders' Meeting within the time-frame laid down by law.

11) CODE OF ETHICS

On March 7 2003 the Board of Directors approved the CODE OF ETHICS OF THE COFIDE GROUP with the aim of defining in a clear and transparent way the code of values underpinning the action of the Group in the pursuit of its objectives and establishing principles of conduct which are binding for Directors, employees and other individuals who maintain relations with the Group.

The text of the CODE OF ETHICS can be consulted on the company website in the section "Corporate Governance".



12) SUSTAINABILITY REPORT

The Sustainability Report of the CIR group for the year 2019 was prepared in accordance with the “G4 Sustainability Reporting Guidelines” published in May 2013 by the GRI (Global Reporting Initiative). The Sustainability Report is the main instrument for reporting the performance obtained by the group in the economic, social and environmental sphere and for highlighting its commitment to conducting its business with the aim of creating value not only for the organization but also for its stakeholders.

The process of collecting data and information for the purpose of the preparation of the Report was managed collaboratively with the various departments of the companies that make up the CIR group, with the aim of giving a clear and precise indication of the information considered significant for the stakeholders according to the principles of balance, comparability, accuracy, timeliness, clarity and reliability, as expressed in the GRI guidelines.

13) INSTITUTION OF A SUPERVISORY BODY AND APPLICATION OF THE ORGANIZATIONAL AND OPERATIONAL MODEL PROVIDED FOR BY D.LGS 231/2001 as per Art. 123-bis, paragraph 2, letter a) T.U.F.)

Legislative Decree no. 231/2001 containing the “Discipline regulating the administrative liability of legal entities, companies and associations without legal status, pursuant to Article 11 of Law no. 300 of September 29 2000” and subsequent amendments and additions, introduced the criminal liability of entities for any fraudulent acts committed by people with a special functional relationship with the Company, where the alleged misdeed was carried out in the interest or to the advantage of the same Company; this liability was subsequently among other things extended by D.Lgs no. 61/2002 to cover corporate offences.

The decree provides that exemption for the company from such liability is possible provided that it can be demonstrated that the company had adopted and effectively put in place organizational models for the prevention of criminal offences and that it had given the task of monitoring the correct functioning of such models and making sure that they are fully updated to a controlling body equipped with independent powers to take the initiative and to carry out a control function.

On April 30 2003, with the aim of preventing the corporate offences envisaged by Legislative Decrees no. 231/2001 and 61/2002 from being committed, the Board of Directors of the Company among other things set up a Supervisory Body with the competence and function established by the Code of Ethics. On October 29 2004 the Board of Directors also approved the “*Organization Model*”, which was later supplemented after the broadening of the scope of the regulations included in D.Lgs. 231/2001 and can be found on the Company’s website in the section “Corporate Governance”.

The Board of Directors Meeting held on April 29 2013 after the Shareholders’ Meeting approved a motion to assign the activity of the Supervisory Body, as per D.Lgs. 231/01, to the Board of Statutory Auditors who will carry out this function in conjunction with the internal auditing function.

The Supervisory Body of COFIDE S.p.A. monitored the functioning and observance of the Organization, Management and Control Model adopted by the Company, checking that it was effective and assessing any possible updates.



14) FIRM OF AUDITORS

The Annual General Meeting held on April 29 2016 resolved to give the legal audit mandate for the years 2017-2025 to the firm of auditors KPMG S.p.A.

15) MANAGEMENT AND COORDINATION ACTIVITY

The Company is subject to management and coordination by its parent company F.LLI DE BENEDETTI S.p.A.



ANNEX A)

List of the positions held by the Directors of COFIDE S.p.A. in other companies listed on regulated markets, in financial companies, banks, insurance companies, and in non-listed companies of a significant importance (at December 31 2019)

De Benedetti Rodolfo	Chairman of the Board of Directors of CIR S.p.A.* Director of GEDI Gruppo Editoriale S.p.A.* Director of Sogefi S.p.A.* Director of Decalia Asset Management S.A. Deputy Chairman of Decalia Asset Management SIM S.A. Director of AON Italia
Cremona Massimo	Director of UBS Fiduciaria S.p.A. Chairman of the Board of Statutory Auditors of Banca Generali S.p.A. Statutory Auditor of Ermenegildo Zegna Holditalia S.p.A. Chairman of the Board of Statutory Auditors of Metro Italia Cash and Carry S.p.A.
De Benedetti Edoardo	Director of CIR S.p.A.*
De Benedetti Marco	Director of CIR S.p.A.* Chairman of GEDI Gruppo Editoriale S.p.A.* Director of Moncler S.p.A.
Dubini Paola	- no other positions -
Ferrero Pierluigi	- no other positions -
Guasti Francesco	Director of Ceresio Sim S.p.A.
Marocco Pia	- no other positions -
Porcari Maria Serena	- no other positions -

** Companies of the Group*



List of the positions held by the Statutory Auditors and Alternate Auditors of COFIDE S.p.A. in other Italian listed companies (at December 31 2019).

Zingales Riccardo	Statutory Auditor of Sogefi S.p.A.* Statutory Auditor of CIR S.p.A.*
Bracco Tiziano	- no other positions -
Dellatorre Antonella	- no other positions -
Nani Luigi	- no other positions -
Macchiorlatti Vignat Luigi	Alternate Auditor of CIR S.p.A.*
Zambon Paola	Alternate Auditor of CIR S.p.A.*

** Companies of the Group*

CODE OF CONDUCT OF COFIDE S.p.A.

FOREWORD

The Code of Conduct of COFIDE S.p.A. (hereinafter "COFIDE" or the "Company") contains a description of the main duties and functions of the corporate bodies of the Company and of the internal control and risk management structure of the Company.

The description of these duties and functions is carried out in a structured way in a single document in which it is possible to find not only content but also specific reference to the applicable regulatory environment: the provisions of the law and of regulations, the terms of the Company Bylaws, and the principles of the CODE OF CONDUCT OF BORSA ITALIANA S.p.A. with which the Company complies.

On this subject at the Board of Directors Meeting held on October 29 2012, following the new rules of the Code of Conduct of Borsa Italiana S.p.A. introduced in December 2011, the Company updated its own corporate governance and approved internal procedures as indicated in the Code.

In order to incorporate the changes introduced in the Code of Conduct of Borsa Italiana S.p.A. in July 2014 and July 2015, the Board of Directors subsequently updated the Code of Conduct of the Company.



Art. 1 – Role of the Board of Directors

Below are the provisions of the **Company Bylaws** on the subject of the **role of the Board of Directors**

ARTICLE 16

POWERS OF THE BOARD OF DIRECTORS

1. The Board of Directors is invested with broad powers for the administration of the Company. It can carry out any action considered appropriate for achieving the object of the Company, whether such action pertain to ordinary or extraordinary administration, with no exclusions or exceptions, apart from that which the law and these Bylaws have established as mandatory for the Shareholders' Meeting.
2. The Board of Directors can therefore adopt resolutions approving a reduction of the share capital of the Company in the event of the withdrawal of Shareholders, amending the Bylaws to bring them into line with new regulations, moving the Company headquarters anywhere in the country and also approving the merger by incorporation of either a fully owned subsidiary or a subsidiary in which it holds a stake of at least 90%, all in compliance with the provisions of Articles 2505 and 2505-bis of the Civil Code.
3. When the Annual Report and Financial Statements are being prepared or at any other time they consider it opportune, the Board of Directors will establish an amount to be given to scientific and cultural charity organizations in general and, specifically, to the Fondazione Ing. Rodolfo Debenedetti and will report back to the Shareholders on the same during the meeting held to approve the financial statements.

ARTICLE 18

EXECUTIVE COMMITTEE

1. The Board of Directors can delegate its powers, with the exception of those expressly reserved by the law to itself, to an Executive Committee comprising some of its members, establishing the membership of the same and the limits of the powers delegated to it.
2. The same rules set forth for the Board of Directors shall also apply to the running of the Executive Committee

ARTICLE 20

MANAGEMENT

1. The Board can appoint General Managers, subject to ascertaining that they possess the requisites of integrity required by law, selecting them from the members of the Board. A lack of the requisite of integrity means that the appointment will lapse.
2. The Board can also appoint proxies with either individual or joint signatures, establishing their powers and functions, and can also appoint mandatees in general for certain acts or categories of acts
3. The appointment of Directors, Deputy Directors and Proxies with the determination of their respective remuneration and functions can also be delegated by the Board to the Chairman or whoever is substituting him, to Chief Executive Officers and General Managers.
4. The Board can set up from within its number committees with the function of consulting and making proposals, determining the scope of their activity and their powers.



ARTICLE 21

OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS

1. The Board of Directors, at the proposal of the Chief Executive Officer and in agreement with the Chairman and with the favourable opinion of the Board of Statutory Auditors, shall appoint the officer responsible for the preparation of the company financial statements, who must have adequate experience on the subject of accounting and finance.
2. The Board of Directors also monitors that the officer appointed to prepare the financial statements of the Company has sufficient powers and means to carry out the duties assigned to him or her and that the administrative and accounting procedures are actually being complied with.

ARTICLE 13

MEETING OF THE BOARD OF DIRECTORS

1. The Board shall meet when convened by the Chairman or whoever is taking his place, even not in the Company headquarters, as a rule every three months and any time that the interests of the Company make it necessary, including at the request of a majority of the Directors or of one of the Chief Executive Officers.
2. The Board shall also meet at the request of at least one Statutory Auditor in office, subject to notification of the Chairman of the Board of Directors.
3. The Meeting will be called by registered letter, telegram, fax or e-mail which must be received at least five days before the date fixed for the meeting or, in cases of urgency, at least the day before.
4. The Meetings of the Board of Directors will be chaired by the Chairman or, should the Chairman be absent, by the Deputy Chairman who has more seniority or if both have the same seniority then by the one who is oldest in age.
5. Where the above is not possible a Chairman will be designated by the Board of Directors from its members.
6. Meetings of the Board of Directors can be held by video- or telephone-conference call on the condition that all the participants can be identified, that they are able to follow the discussion and intervene in real time on the items being treated and that they are in a position to receive, transmit and view documents.
7. Once these conditions have been verified, the Board is considered as being held in the place where the Chairman is actually located.
8. The meetings of the Board and its resolutions are valid, even when the meeting has not been formally convened, when the majority of the Directors in office and the Statutory Auditors are present even on a telephone - or video - conference call, all those who have a right to attend have been notified in advance of the meeting and the participants are sufficiently informed on the topics to be dealt with.
9. When the minutes are not drawn up by a Notary, they are prepared by the Secretary.

ARTICLE 14

RESOLUTIONS OF THE BOARD OF DIRECTORS

1. In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present.
2. Resolutions are taken with an absolute majority of the votes of those present and in accordance with the procedures set out in regulations on the subject. If the votes for and against are equal then the Chairman or the person chairing the meeting casts his or her vote, which is decisive.



ARTICLE 15

DUTY TO GIVE INFORMATION

The Directors must report back to the Board of Directors and to the Board of Statutory Auditors on activities carried out and on anything else required by law at regular intervals at least once every three months when Board Meetings are held or whenever particular timing needs make it desirable. This report shall be made directly, in writing, or verbally and/or by telephone.

In application of the terms of Art. 1 of the Code of Conduct of Borsa Italiana S.p.A., the Board of Directors:

- On the basis of the internal procedures approved by the Board of Directors, examines and approves the strategic and financial plans of the Company and also examines the consolidated strategic, business and financial plans of the direct subsidiary CIR and the latter's subsidiaries at the head of the groups in the various business sectors as presented by their respective Chief Executive Officers, assessing whether these plans are consistent with those of the Company and periodically monitoring their implementation. The procedures stipulate that the business plans and the budgets prepared by each company of the group should be the subject of discussion with the Chief Executive of COFIDE. The Chief Executive of COFIDE examines and evaluates the business plans and budgets of the companies of the group, availing him/herself, when there are elements of strong impact for COFIDE, of the contribution of the Chairman of the Control, Risk and Sustainability Committee but in any case keeping the Chairman of the Board of Directors informed. For the budgets, presentation to the respective Boards of Directors takes place by the end of the month of January;
- Defines the nature and level of risk compatible with the strategic objectives of the Company, as illustrated in Art. 7 below, taking into account in terms of possible impact the main risks relating to the businesses of the subsidiaries, which in their turn must define the nature and level of risk compatible with the specific aspects of their business. The Company carries out a global risk assessment every year when the budget is approved;
- Evaluates the adequacy of the organizational, administrative and accounting structure of the Company with particular reference to the system of internal control and risk management;
- Acknowledges, possibly even with a resolution of its own on the subject, what the Chief Executive Officer reports back to the Board on the activity carried out in the exercise of the powers assigned to him/her with the frequency established in the Company Bylaws;
- Assesses the performance of operations specifically taking into account the information received from the Chief Executive Officer of the Company and from the Chief Executives of the main subsidiaries, analysing the businesses and the evolution of the economic and patrimonial situation of the Company and of the Group;
- Examines and gives prior approval to transactions put in place by the Company and examines those of the subsidiaries that have significant strategic importance. To this end the Board of Directors defines its parameters for measuring significance, adopting a special procedure;
- Carries out generally once a year an assessment of the size, composition and functioning of the Board of Directors itself and of its committees, taking into account elements such as the professional characteristics, experience, even managerial experience, and the gender of its members as well as how long they have held their positions;
- Can give the Shareholders, before the appointment of a new Board, its views on the managerial and professional figures whose presence on the Board would be considered useful;
- In order to ensure the correct management of company information, the Board of Directors adopts a procedure for managing internally and communicating externally documents and information, with particular reference to privileged information, which it makes available on the Company's website;
- Gives information in the Report on Corporate Governance on its composition and on the times and procedures for holding its meetings and on the self-assessment process.



The Directors act and adopt resolutions independently on the basis on their knowledge and good judgment and they accept the position when they consider that they can dedicate the necessary time to carrying out their duties, bearing in mind also their commitment in relation to their work and professional activities, the number of directorships or positions of statutory auditor that they hold in other companies listed on regulated markets (even foreign ones), finance companies, banks, or insurance companies or companies of a significant size. They are also required to inform the Board of Directors of any other activities they may have in competition with the issuer and of any significant changes that occur in the positions they hold in other companies.

Still in application of the terms of Art. 1 of the Code of Conduct of Borsa Italiana S.p.A. the Board of Directors has approved the following:

Guidance regarding the maximum number of positions as director or statutory auditor in other companies listed on regulated markets, including foreign markets, in financial companies, banks, insurance companies or companies of a significant size ("Significant Companies"):

a) General criteria for evaluation

1. Exclude the possibility that an executive director of COFIDE can take on other positions as executive director or statutory auditor in Significant Companies not belonging to the COFIDE group;
2. For the executive directors of COFIDE, possibility of holding other positions with a maximum limit of three as non-executive director in Significant Companies not belonging to the COFIDE group;
3. For the non-executive directors of COFIDE, possibility of holding other positions with a maximum limit of five as non-executive director and/or statutory auditor and two as executive director in Significant Companies not belonging to the COFIDE group;
4. Positions held in Significant Companies belonging to the same group will count as a single position (and that single position will be considered as that of an executive director for the purposes of the calculation of the limits, if at least one of the positions held in the same group is as executive director);
5. "Companies of a significant size" means companies that exceed at least one of the following limits: revenues of over Euro 500 million, total assets of over Euro 1,000 million, over 2,000 employees.
6. "Financial companies" means only those companies that exercise the business of supplying financial services to the public, and which are subject to supervision.

b) Possible waiver of the general criteria

The general criteria described above can always be waived in relation to one or more directors with a resolution taken by the Board of Directors giving the reasons for the waiver. In deciding on the waiver the Board of Directors may also take into account the director's attendance record at COFIDE board meetings and committee meetings.

It should also be noted that the Board of Directors assesses the independence of its Directors at least once a year, taking into account the information that the individuals involved are required to produce. While the terms of Art. 147-ter, paragraph 4, of the Finance Consolidation Act (T.U.F.) remain applicable, the Company intends to introduce the obligation for any Director who has lost the qualification of independence as per the terms of the Code of Conduct (Criterion 3.C.1) to resign his or her position, without prejudice for the right of the Board of Directors to evaluate each specific case possibly allowing waivers to the rules.



Information will be given of any waivers of the above approved by the Board of Directors in the Annual Report on Corporate Governance.

Below is what the **Company Bylaws** stipulate on the subject of the **Chairman of the Board of Directors**

ARTICLE 19

LEGAL REPRESENTATION

1. The Chairman of the Board of Directors is the legal representative of the Company.
2. Legal representation is also entrusted to the Deputy Chairmen, to the Managing Directors/Chief Executive Officers and to the General Managers and to anyone else designated by the Board of Directors, severally within the limits of the powers assigned to them individually, or otherwise jointly with another individual also having joint powers.

In application of what is stated in Art. 1 of the Code of Conduct of Borsa Italiana S.p.A. the Chairman of the Board of Directors:

- convenes meetings of the Board of Directors and makes sure that all the members of the Board and the Statutory Auditors receive, at least three days before the meeting (except in cases of urgency), all the documentation and information necessary to enable them to express their opinion in a knowledgeable way on the topics submitted for examination and approval; if the documentation is voluminous or complex, it can be supplemented with a summary document and, when there are directors whose language is not Italian, the documents for the meetings are also prepared in English; in specific cases when it is not possible to provide the necessary information with sufficient time before the meeting, the Chairman ensures that adequate and precise explanations are given during the Board meetings;
- coordinates the activity of the Board of Directors and directs the proceedings at its meetings, ensuring that the items on the agenda receive sufficient time necessary for a debate and encouraging the directors to make their contribution;
- ensures that the Directors and Statutory Auditors, after their appointment and during their mandate, can attend initiatives, in the most appropriate formats, that will give them adequate knowledge of the business sector in which the issuer operates, of the dynamics of the Company and the evolution thereof, of the principles of correct risk management, as well as of the regulatory environment and the internal rules on the subject;
- can ask the Chief Executive Officer, even at the request of one or more directors, for executives of the Company and of the companies of the group to be present at Board meetings to explain items in greater detail.

Art. 2 – Composition of the Board of Directors

The Board of Directors is made up of executive and non-executive Directors who have adequate competence and professionalism.

The non-executive Directors bring their specific competences to the Board discussions, contributing to the adoption of judicious decisions and paying particular attention to the areas in which conflicts of interest can emerge.



The composition of the Board of Directors of the Company – even in relation to number, competence, authoritativeness and availability of time that the non-executive Directors have – must be suitable to guarantee conditions of managerial autonomy, directed towards the maximization of the economic and financial objectives of COFIDE.

The composition of the Board of Directors also respects the balance between the genders prescribed by current legislation and by Art. 11 of the Company Bylaws reproduced further on.

The Company complies with the so-called ban on interlocking directorates, which was introduced by Art. 2.C.5 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A., i.e. the principle that the chief executive officer of an issuer cannot take a position as director of another issuer not belonging to the same group, in which a director of the issuer is chief executive officer.

The Directors are expected to know their duties and the responsibilities inherent in the position.

The Chairman makes sure that the Directors and Statutory Auditors, following their appointment and during their mandate, can take part in initiatives, in the most appropriate formats, aimed at giving them an adequate knowledge of the business sector in which the Company operates, of the Company dynamics and the evolution thereof, of the principles of correct risk management, and of the relevant regulatory environment and the internal rules on the subject. As far as information on the business sectors is concerned, each executive Director gives a briefing on the performance of the business at the meetings of the Board of Directors on an ongoing basis and in a more extended form at least once a year.

In relation to the regulatory environment, special information sessions may be organized for the Directors with the support of professional training experts when the Board of Directors is renewed and, subsequently, any time that changes in the regulatory framework make an update on the subject appropriate.

The Board of Directors designates a lead independent director. The lead independent Director is a point of reference who coordinates the requests and the contributions of the non-executive Directors, particularly the independent Directors. He or she collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the Lead Independent Director, either independently or at the request of other Directors, also has the right to call a meeting of just the independent Directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.

Regarding the possibility that issuers adopt mechanisms ensuring different maturities of all or some of the members of the administrative body (a staggered board), the Company did not deem it necessary to adopt this measure as it is not appropriate given the ownership structure of COFIDE.

Art. 3 – Independent Directors

The Independent Directors make up the majority of the members of the Board of Directors.

In accordance with what is recommended by the Code of Conduct of Borsa Italiana S.p.A. “Independent Directors” are considered as those directors:

- a) who do not either directly or indirectly, even through subsidiaries, fiduciaries or any third persons, control the Company, and who are not able to exert a significant influence on it, and who have not entered into a shareholder pact through which one or more persons may exercise control or a significant influence on the company;
- b) who do not hold or have not held in the previous three years an important position in the Company, in one of its subsidiaries of strategic importance or in a company subject to the joint control of the



Company, or in a company or an entity which, with others through a shareholder agreement, controls the Company or is able to exercise considerable influence over the same;

- c) who do not have or have not had in the previous year a significant commercial, financial or professional relationship either directly or indirectly (for example through subsidiaries or companies in which they have a significant role either as partner of a professional firm or of a consulting company) with:
- the Company, one of its subsidiaries or with any persons of significant status in the same;
 - with a person or entity who even with others through a shareholder agreement, controls the Company or – where companies or entities are involved – with any persons who have a significant status in them;
- or who are not, nor have been in the previous three years, employees of one of the above entities;
- d) who do not receive, or have not received in the previous three financial years, from the Company or from one of its subsidiaries or parent companies any significant remuneration in addition to their “fixed” fee as non-executive Directors of the Company, and the fee for being on the committees recommended by the Code of Conduct for listed companies, even in the form of participation in performance-related incentive plans even those involving shares;
- e) who have not been Directors of the Company for more than nine of the last twelve years;
- f) who do not hold the position of executive Director in another company in which an executive Director of the Company holds the position of director;
- g) who are not shareholders or Directors of companies or of an entity belonging to the network of the company awarded the legal audit mandate by the Company;
- h) who are not close family members of a person who is in one of the situations specified in the previous points.

Should any of the situations listed in the Code of Conduct of Borsa Italiana S.p.A. as conditions for the non-independence of non-executive Directors exist, the Board of Directors shall examine on a case-by-case basis whether or not the individual has the necessary requisites to be qualified as an Independent Director.

On the basis of paragraph 4, Art. 147-ter of the T.U.F., at least one member of the Board of Directors, or two if the Board of Directors has more than seven members, must have the requisites of independence established for statutory auditors and therefore in accordance with the terms of paragraph 3, Art. 148 of the T.U.F., the following individuals cannot be considered as independent:

- a) the spouse, relations and relatives up to the fourth degree of kinship of the Directors of the Company, the Directors, the spouse, relations and relatives up to the fourth degree of Directors of the companies controlled by the former and of the companies which control it and those subject to joint control;
- b) those who are linked to the Company or to the subsidiaries of the Company or to companies which control it or to companies subject to joint control or those linked to the Directors of the company and to the individuals mentioned in the previous point through a working relationship, be it of regular employment or of a freelance nature, or by any economic or professional relationship which could compromise their independence.

The independence of the Directors is assessed by the Board of Directors when they are appointed and then once a year. The Board gives the outcome of its assessment in the Report on Corporate Governance.

Art. 4 - The institution and the functioning of the internal committees of the Board of Directors

The Board of Directors sets up from among its members one or more committees, the function of which is to make proposals and give advice, defining their duties.



The committees consist of no less than three members all of whom are independent and who are coordinated by a chairperson. Minutes are taken of each committee meeting and the Chairman of each committee reports back on the same at the first Board of Directors Meeting.

The chairperson can from time to time, if he or she feels it is necessary, invite other individuals who are not on the committee but whose presence could be useful for the proceedings of the meeting.

For organizational reasons the functions of the Appointments Committee and those of the Compensation Committee are combined in a single committee, called the Appointments and Compensation Committee, whose members must include profiles with adequate competence in finance or compensation policy.

The Appointments and Compensation Committee and the Control, Risk and Sustainability Committee function according to what is set out in their respective Rules.

The Control, Risk and Sustainability Committee, of which at least one member must have adequate experience in accounting and finance or risk management, as well as advising, making proposals and monitoring the Control and Risk System, also carries out the function of Committee for Related Party Transactions in accordance with the Rules for Related Party Transactions.

The duties assigned to the individual Committees of the Board of Directors are illustrated in the following articles.

Art. 5 – Appointment of Directors

Below are the terms of the **Company Bylaws** on the subject of the **appointment of Directors**

ARTICLE 11

THE BOARD OF DIRECTORS

1. The administration of the Company is entrusted to a Board of Directors comprising from five to twenty-one members the length of whose mandate shall be determined by the Meeting of the Shareholders but shall not in any case be more than three years, and the said members can be re-elected.
2. The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.
3. Minority Shareholders have the right to elect one member of the Board of Directors.
4. The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order. The lists, signed by the Shareholders who have presented them, must be filed within the terms and following the procedures prescribed by applicable legislation.
5. Only Shareholders who alone or together with other shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the terms and following the procedures laid down in legislation applicable.
6. Lists which include a number of candidates equal to or higher than three must include candidates belonging to both genders, in at least the proportion specified in current legislation on the subject of gender balancing.
7. Any lists presented that do not comply with these instructions shall be considered as not having been presented.
8. No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same



control, in accordance with Art. 93 of the Financial Intermediation Consolidation Act, or those taking part in the same shareholder pact for voting purposes may present or contribute to the presentation of just one list.

9. Each Shareholder can vote for just one list.
10. Each candidate can stand only in one list otherwise he or she cannot be elected.
11. Together with the presentation of the list, and with the same terms as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law and by current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or she has the necessary requisites to be an independent Director in accordance with the terms of the law and with regulations.
12. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.
13. In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.
14. For electing the members of the Board of Directors the following procedure will be adhered to:
 - a) From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;
 - b) The other director will be the first name on the list which obtains the second most votes and must not be connected in any way, not even indirectly, to the Shareholders who presented and voted for the first list which received the most votes.When application of the procedure described in a) and b) above does not give the gender balance required by current legislation, the last director elected from the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list belonging to the least represented gender, in compliance with the requirements of the law. Otherwise, the Shareholders' Meeting shall make up the number of the administrative body with the majorities required by law, ensuring compliance with the terms of the law.
15. All the Directors elected must possess the requisites of integrity and professionalism required by current rules. If they do not have these their appointment shall lapse.
16. In the event that only one list is presented for the vote, all the Directors shall be drawn from that list.
17. In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.
18. When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.

In application of what is stipulated in Art. 5 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. and in the *Rules* of the Appointments and Compensation Committee approved by the Board of Directors, in relation to the appointment of the Directors, the Committee carries out the following functions:

- It puts forward to the Board of Directors candidates for the position of Director whenever it is necessary to replace an independent Director, as per the terms of Art. 2386, first paragraph, of the Civil Code;



- It gives the Board of Directors its opinion on the maximum number of positions of director or statutory auditor that the Directors of the Company can hold, even in waiver of the general criteria, in companies listed on regulated markets (even foreign ones), financial companies, insurance companies and companies of a significant size, taking into account whether the directors sit on the committees set up within the Board;
- It gives the Board of Directors its opinion on the size and composition of the same, and possibly also on the professional profiles whose presence on the Board would be appropriate.

The *Succession Plan for Executive Directors* is approved by the Board of Directors on the basis of the investigatory activity carried out by the Appointments and Compensation Committee. The *Plan* should give a clear definition of the objectives, instruments and timing of the process, should have the involvement of the Board of Directors and a clear allocation of competences, even with regard to the preliminary stage of the procedure.

Art. 6 – Remuneration of Directors

Compensation policies aim to guarantee competitiveness in the labour market in line with the objectives of developing and rewarding the loyalty of human resources, as well as using different compensation tools according to individual professionalism and competence.

The Company keeps its compensation in line with market benchmarks, applying rewarding criteria when situations of particular merit arise.

The remuneration of non-executive Directors on the basis of the commitment required of each of them is established by the Shareholders' Meeting; the Board of Directors also determines the fee for the position of Chairman and the fees for directors holding special positions.

The Board of Directors at the proposal of the Appointments and Compensation Committee, defines a policy for compensating Directors and Executives with strategic responsibilities.

In application of principle 6.P.5. of the CODE OF CONDUCT OF BORSA ITALIANA S.p.A., when the position of an executive director or a general manager is terminated, the Company after following internal processes leading to the assignment or recognition of compensation and/or other benefits, gives full details of this in a press release to the market.

The remuneration of Directors holding special positions is, in accordance with the Bylaws, established by the Board of Directors at the proposal of the Appointments and Compensation Committee after hearing the opinion of the Board of Statutory Auditors, and is based on the guidelines established in the compensation policy.

In the preparation of any share-based compensation plans, the Board of Directors ensures that the criteria stipulated in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. are observed.

In application of what is stated in Art. 6 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. and in the *Rules* of the Appointments and Compensation Committee approved by the Board of Directors, in relation to compensation, the Committee carries out the following functions:

- It puts before the Board of Directors proposals in relation to compensation policies for Directors and executives with strategic responsibilities;
- It formulates opinions in conjunction with the Control and Risk Committee on proposals regarding the compensation policies for the head of internal auditing and the executive responsible for the preparation of the financial statements and corporate governance documents;
- It formulates proposals for the compensation of the Chief Executive Officer and the Directors holding special positions, which may also include compensation plans involving the assignation of stock options or the provision of other share-based incentive plans;



- It formulates proposals, at the indication of the Chief Executive Officer, on the criteria for compensating the managerial staff of the Company;
- It periodically evaluates the adequacy, the consistency and the practical application of the compensation policy for directors and executives with strategic responsibilities.

Art. 7 – System of internal control and risk management

The Board of Directors approves the general principles of the internal control and risk management system.

More specifically, the Board of Directors Meeting held on October 29 2012 adopted, with effect as from January 1 2013, its *Guidelines on the subject of the System of Internal Control and Risk Management*:

Control and Risk System

The Control and Risk System is the collection of rules, procedures and organizational structures that aim to make it possible, through an adequate process of identification, measurement, management and monitoring of the main risks, to conduct a healthy and correct company that is consistent with its established objectives and to foster judicious decision making. The Control and Risk System contributes towards guaranteeing that the Company's capital is safeguarded and ensuring the efficiency and effectiveness of company processes, the reliability of disclosures made to the Company bodies and to the market, and compliance with the law and regulations as well as with the Company Bylaws and internal procedures.

The Control and Risk System helps reduce and limit errors, fraudulent infringement of control systems and unexpected events although it cannot eliminate the possibility of wrong decisions.


Apart from these guidelines, the Control and Risk System includes internal rules contained in the Bylaws and in Regulations on the subject of the division of competences and the delegation of responsibilities, including the Organization Model as per the terms of D.Lgs. 231/2001, the objectives and methods of evaluating risks and instructions on the subject of the administrative, accounting and financial system.

Duties of the bodies and functions of the Control and Risk System

The bodies and functions responsible for the Control and Risk System are the following:

- a) the Board of Directors;
- b) the Director given responsibility for the Control and Risk System (the "Director Responsible");
- c) the Control, Risk and Sustainability Committee;
- d) the Head of the Internal Audit function;
- e) the Risk Manager;
- f) the Board of Statutory Auditors;
- g) the Supervisory Body as per D.Lgs. 231/2001;
- h) the other corporate bodies and functions with competence on the subject of internal control and risk management.

All employees, within the sphere of their duties in the Company organization, contribute to the effective functioning of the Control and Risk System, carrying out their responsibilities



with the necessary knowledge and understanding of the activity, the organization of the market in which the company operates and how it functions and of the risks and operational objectives of the Company.

The bodies and functions listed above operate each in accordance with its duties and competences and following the indications given in these Guidelines and in the rules of law, regulations and internal rules applicable.

The Board of Directors

The Board of Directors has ultimate responsibility for the Control and Risk System and defines its strategies in line with strategic objectives and the risk profile of the Company. Within the sphere of the Control and Risk System the Board of Directors:


- a) Defines the policies of the Control and Risk System, making sure they are suitably amended and updated;
- b) Identifies the nature and level of risk compatible with the strategic objectives of the Company, reassessing them whenever circumstances make it necessary;
- c) On an annual basis assesses the adequacy, effectiveness and efficiency of the Control and Risk System in relation to the business of the company and the risk profile it wishes to have, taking into account the opinions on the subject of the Director Responsible and of the Control and Risk Committee;
- d) Approves, at the proposal of the Control and Risk Committee on an annual basis in conjunction with the approval of the Annual Report and Financial Statements, the audit plan after hearing the Board of Statutory Auditors and the Director Responsible;
- e) Evaluates, after hearing the Board of Statutory Auditors, the results set out by the legal audit firm in any letter containing suggestions that they may produce and in the report on the fundamental issues that emerged from the legal audit;
- f) Appoints the Director Responsible;
- g) Appoints from within its number a Control, Risk and Sustainability Committee and designates the Chairman thereof;
- h) Approves the rules of the Control, Risk and Sustainability Committee and any amendments and updates to the same;
- i) Appoints and revokes the appointment of the Head of Internal Audit, establishing his/her compensation in line with company policy, at the proposal of the Director Responsible and after obtaining a favourable opinion from the Control, Risk and Sustainability Committee and the Appointments and Compensation Committee and hearing the Board of Statutory Auditors;
- j) Ensures that the Head of the Internal Audit function has adequate resources for carrying out his/her duties.

Director Responsible

The Director Responsible is responsible for ensuring that the internal control system works well and is adequate. As a rule the Director Responsible coincides with the Chief Executive Officer.

The Director Responsible:

- a) Deals with the identification of the main company risks and submits them periodically to examination by the Board of Directors;
- b) Sees to the design, implementation and management of the Control and Risk System, setting up a process of coordination between the various bodies and the departments affected in order to maximize efficiency and reduce duplication;
- c) Constantly verifies, partly on the basis of the reports presented by the Head of Internal



Audit and at the indication of the Control, Risk and Sustainability Committee, the adequacy, effectiveness and efficiency of the Control and Risk System, proposing suitable amendments and updates to the Board of Directors;

d) Can ask the Head of Internal Audit to carry out checks in specific operating areas and on compliance with internal rules and procedures in the execution of company transactions, giving feedback on the same to the Chairman of the Board of Directors, the Chairman of the Control, Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors;

e) Refers back as soon as possible to the Board of Directors on any problems or critical areas that emerged in the execution of his/her duties and which have somehow come to his/her notice so that the Board of Directors can take appropriate action;

f) In carrying out his/her duties, can use the consulting services of the Control, Risk and Sustainability Committee.

The Control, Risk and Sustainability Committee

The Control, Risk and Sustainability Committee carries out a consulting role, makes proposals and monitors the Control and Risk System.

The Control, Risk and Sustainable Committee:

a) Together with the executive responsible for the preparation of the company's financial statements and having heard the legal audit firm and the Board of Statutory Auditors, evaluates that the correct accounting standards are being used and that they are consistent for the purposes of the preparation of the statutory and consolidated financial statements for the year and presents the results of its evaluation to the Board of Directors as stated in letter f) below;

b) Expresses opinions on specific aspects regarding the identification of the Company's main risks, and in particular on the identification, measurement, management and monitoring of the Company's main risks;

c) Examines the reports on the assessment of the Control and Risk System prepared by the Internal Audit function and refers back to the Board of Directors with its own evaluation on the subject as required by letter f) below;

d) Monitors the independence, the adequacy, the effectiveness and the efficiency of the Internal Audit function and proposes any corrective action needed to the Board of Directors;

e) Can ask the Internal Audit department to carry out checks on specific operating areas, at the same time notifying the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the Director Responsible;

f) Refers back to the Board at least once every six months, on the occasion of the approval of the Annual Report and Financial Statements and the Semi-annual Interim Financial Report, on its activities and on the adequacy of the Risk Management System;


g) Supports the assessments and decisions of the Board of Directors regarding the management of risks resulting from prejudicial events that have come to the notice of the Board of Directors, with an appropriate investigation;

h) Examines the audit plan and proposes that the Board of Directors adopt it;

i) Carries out the functions of a committee for transactions with related parties as per the terms of the procedure for transactions with the related parties of the Company;

j) Carries out any other functions that may be assigned to it at any time by the Board of Directors in relation to specific critical factors on the subject of the internal control and risk system of the issuer and of the Group.

The Control, Risk and Sustainability Committee is made up of at least 3 independent directors, of whom at least one has adequate experience in accounting and finance or risk management,



and operates in accordance with the provisions of the internal rules approved by the Board of Directors, which describe the procedures for its appointment, its duties, how it functions, its powers and its expense budget.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the same Chairman takes part in the works of the Control and Risk Committee (and the other Statutory Auditors can in any case also participate).

The Head of the Internal Audit function

Within the sphere of the Control and Risk System, the Head of the Internal Audit department:

- a) Prepares the audit plan submitting it to the Control, Risk and Sustainability Committee so that it can be put before the Board of Directors for adoption;
- b) Checks both on an ongoing basis and in relation to specific necessities that the Control and Risk System is functioning well and is suitable for the task through the audit plan which is approved by the Board of Directors;
- c) Prepares half-yearly reports on its activities, the procedures used to conduct risk management, compliance with the plans defined for containing the risk and the suitability of the Control and Risk System. He/she then sends a copy to the meeting of the Control, Risk and Sustainability Committee which precedes the Board of Directors Meetings that approve the Annual and Semi-Annual financial statements;
- d) Prepares timely reports on events of particular significance, sending a copy of the same to the Chairmen of the Board of Directors, the Control, Risk and Sustainability Committee and the Board of Statutory Auditors as well as to the Director Responsible;
- e) As part of the audit plan he/she checks the reliability of the IT systems, including the accounting system.

Hierarchically the Head of the Internal Audit department reports on a general basis to the Board of Directors, to the Chairman of the Board of Directors, and has direct access to any information useful to carry out his/her role.

Risk manager

The description of the activities and functions of the Risk Manager is given below.

Board of Statutory Auditors


The Board of Statutory Auditors monitors the effectiveness of the Control and Risk System. In carrying out its functions the Board of Statutory Auditors can ask the Head of the Internal Audit department to carry out checks on specific operating areas or company transactions, advising the Chairman of the Board of Directors. The Board of Statutory Auditors and the Control, Risk and Sustainability Committee exchange the information they need to carry out their duties on a timely basis.

Supervisory Body

The Supervisory Body set up as per the terms of D.L.gs 231/2001 carries out the duties assigned to it by the Company's Organization Model and collaborates and exchanges information regularly with the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Director Responsible.

Other competent bodies and departments

The other bodies and departments of the Company with competence in the area of internal control and risk management include the Officer Responsible for the preparation of the



financial statements and all of the procedures and bodies that make up the structure of the Company.

Risk management

The risk management system is organized with the following three levels of control:

- a) The operating functions within the company note the risks and establish any action to be taken to manage them;
- b) The risk management functions carry out a constant analysis and monitoring activity;
- c) The Internal Audit department controls the functioning of the System and gives its own independent assessments.

Definition of the nature and level of risk compatible with the strategic objectives of COFIDE

At least once a year when the budget is prepared, COFIDE carries out an overall assessment of its risks, quantifying them and evaluating their possible impact both of the achievement of results and in general on the management of its portfolio of equity investments.

The analysis is carried out with the methodological support of the document "Risk analysis and evaluation" given as an attachment (Annex a), which forms an integral part of this document. The outcome of this activity is a document that describes in full the level of risk for each business area and defines the action planned to mitigate the risks. The general content of the information produced is given in document (for example Annex b) which must be discussed by the Risk Manager with the company management and with the Control, Risk and Sustainability Committee. The Control, Risk and Sustainability Committee can request clarification and/or additional information to be given in the document so that it can report back exhaustively to the Board of Directors. The Board of Directors must be put in the condition to be able to then easily assess whether the level of risk compatible with the strategic objectives of the Company is acceptable as it is set out in the document prepared by management and discussed with the Control, Risk and Sustainability Committee. The Board of Directors must give its opinion on the mitigation action proposed and on the amount of any residual risk.

The examination, discussion and definition by the Board of Directors of the nature and level of risk compatible with the Company's objectives is carried out through a critical analysis of the Control, Risk and Sustainability Committee's evaluation of the probability/impact of the risk and takes into consideration parameters relating to the operating result, shareholders' equity and the net financial position of the Company.

Operating steps

The above activity must be subjected to a complete review and ongoing monitoring during the year by the Risk Manager in close conjunction with those responsible for the process and with the Head of the Internal Audit department.

In practical terms the activity of the Risk Manager in conjunction with those responsible for the process consists of taking the following actions:

- a) Mapping out the company processes and updating them whenever necessary;
- b) Recording both internal and external risks for the individual processes on an annual basis;
- c) Measuring the risks in terms of probability / impact and assessing their effect on the business plans and on the budget;
- d) Analysing factors that can mitigate the risk;
- e) Presenting the results of the activity to the Control, Risk and Sustainability Committee for examination and a preliminary discussion with a view to presenting the same to the Board of Directors.



The above activity is carried out following the methodological guidelines contained in the document "Analysis and assessment of risks", which are inspired by the framework "ERM - enterprise risk management" prepared by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO report).

Ongoing monitoring

The Risk Manager carries out a constant monitoring activity of the possible consequences of strategic, operating, compliance and reporting risks. He/she defines a series of information flows from the operating functions in order to continually monitor the level of risk. He/she reports back every three months to the Control, Risk and Sustainability Committee and coordinates the work of the risk managers of the subsidiaries, where they exist, in the preparation of a document for assessing and monitoring risk. For the 100% controlled subsidiaries, the analysis and assessment of their risk are managed directly by the Risk Manager of COFIDE.

Timing for the annual analysis and assessment of risks

By October 31 the Risk Manager meets with the Control, Risk and Sustainability Committee to illustrate the annual risk analysis and assessment of the Company. The Control, Risk and Sustainability Committee analyses the document and goes into more depth where necessary during the following months of November and December to then put the final document before the Board of Directors when they meet to approve the budget in January.

At the Board of Directors Meeting held on October 29 2012, the Company also adopted *Guidelines for implementing the internal control and risk management System of the companies of the Group*.

Art. 8 – Statutory Auditors

Below are the terms of the **Company Bylaws** on the subject of **Statutory Auditors**

ARTICLE 22

STATUTORY AUDITORS

1. The Board of Statutory Auditors consists of three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be re-elected.
2. Minority shareholders have the right to elect one Statutory Auditor and one Alternate Auditor.
3. The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders in two sections: one section for the candidates for the position of Statutory Auditor and the other containing the candidates for the position of Alternate Auditor, and in each section the candidates are listed in numerical order. Lists which include a number of candidates equal to or higher than three must include in each section candidates belonging to both genders.
4. The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the terms and following the procedures prescribed by legislation applicable.
5. Only Shareholders who, either alone or with others, represent at least 2.5% of the share capital or any other percentage that may be established by law or by regulations, have the



- right to present lists and they are required to provide proof of ownership of the required number of shares within the terms and following the procedures laid down by law.
6. Lists presented which do not comply with the above rules will be considered as not having been presented.
 7. No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control, as per the terms of Art. 93 of the Financial Intermediation Consolidation Act, or those who take part in the same Shareholder agreement for voting purposes can present or jointly present just one list.
 8. Each Shareholder can vote for just one list.
 9. Candidates can be present on only one list otherwise they will be excluded from election.
 10. Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market included in the list as per articles 63 and 67 of D.Lgs. no. 58/1998 cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation on the subject or those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.
 11. Together with each list and within the above-mentioned time limit, a declaration signed by each candidate will be submitted. This declaration will attest that the candidate, under his or her own responsibility, accepts his or her nomination and will certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for the members of Boards of Statutory Auditors.
 12. The lists must also be accompanied by a curriculum vitae with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies.
 13. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.
 14. The election of the members of the Board of Statutory Auditors will take place as follows:
 1. Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;
 2. The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and who must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;
 3. If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list.
 - When application of the procedure described in 1), 2) and 3) above does not give the gender balance required by current legislation, the last person elected from the section of the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list and the same section belonging to the least represented gender. Otherwise, the Shareholders' Meeting shall make up the number of the Board of Statutory Auditors with the majorities required by law, ensuring that the requirement is complied with.
 15. The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors. If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the



- position of Chairman of the Board of Statutory Auditors.
16. Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.
 17. Should a Statutory Auditor need to be replaced, the individual taking his or her place will be selected from the same list of candidates as his or her predecessor, ensuring that the terms of the law and of the Bylaws are complied with, taking specifically into account the obligation to have gender balance.
 18. The remuneration of the Statutory Auditors is established by the Shareholders' Meeting.
 19. The meetings of the Board of Statutory Auditors can also take place using telecommunications facilities provided that the following conditions are met with:
 - a) That participants are able to view, receive or transmit all the necessary documentation;
 - b) That they can take part in real time in the discussion respecting the methodology of their function (the *collegio* method).
 20. The meetings are held in the place where the Chairman is or, in his absence, where the oldest Statutory Auditor in terms of age is located.
 21. The Board of Statutory Auditors can, provided that the Chairman is notified, call a Shareholders' Meeting, a Board of Directors Meeting or an Executive Committee Meeting. The power to call a Board of Directors Meeting or an Executive Committee Meeting can be exercised individually by any member of the Board of Statutory Auditors; the right to call a Shareholders' Meeting must be exercised by at least two members of the Board of Statutory Auditors.

The Statutory Auditors are selected from persons who, in addition to having the requisites required by law, can be qualified as independent even according to the criteria set out in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. for Directors, as recommended by the same CODE OF CONDUCT OF BORSA ITALIANA S.P.A.

The Board of Statutory Auditors checks that the said criteria have been complied with after their appointment and then once a year.

The Statutory Auditors accept the position when they feel that they can devote the necessary amount of time to carrying out their duties in a diligent fashion.

The compensation of the Statutory Auditors is commensurate with the commitment required of them, with the importance of the role they hold and with the characteristics of the Company in terms of size and business sector.

The supervisory activity of the Board of Statutory Auditors on the effectiveness of the Control and Risk Committee is described in Art. 7 above.

Art. 9 – Relations with Shareholders

The Company endeavours to establish and maintain an effective dialogue with its Shareholders and with the market, using various forms of communication such as: presenting the results of the Company and the Group during Shareholders' Meetings using slide projections, meeting with financial analysts and institutional investors in Italy and abroad, informing the public by making the corporate governance documents required by law, press releases and presentations available on the website of the Company.

The Company also adheres to the principles of the Guide for Disclosing Information to the Market.

The Company appoints an officer responsible for the Investor Relations function to manage the flow of information to Shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of the Company's information and documents. In its relations with its listed



subsidiaries, the Company adopts the practice of announcing to the public any proposals that it intends to put before the Shareholders' Meeting well in advance on topics where there is no specific proposal made by the Directors

Below are the terms of the **Company Bylaws** on the subject of the terms and procedures for calling **Shareholders' Meetings**

ARTICLE 9

CALLING A MEETING

1. A Meeting of the Shareholders is convened in the Company's Headquarters or elsewhere in Italy by publishing a notice of meeting on the internet website of the Company and in the newspaper "La Repubblica" within the terms and following the procedures prescribed by current regulations.
2. The Ordinary Meeting of Shareholders (Annual General Meeting) must be convened at least once a year within one hundred and twenty days of the close of the financial year of the Company.
3. Where the conditions provided for by law exist, this time limit can be extended to one hundred and eighty days from the close of the Company's financial year.
4. An Extraordinary Meeting of Shareholders is convened in the circumstances laid down by law and whenever the Board deems it to be appropriate.
5. The Ordinary Shareholders' Meeting may pass resolutions required by the Rules for Related Party Transactions adopted by the Company in accordance with current legislation and regulations.

The Board of Directors provides the Shareholders with a file containing the proposals on the Agenda for the Annual General Meeting. This is made available on the Company's website within the time limits laid down by current legislation.

The Rules for Shareholders' Meetings, which can be found on the Company's website, ensure that Shareholders' Meetings take place in an ordered and functional manner.

CVs of the Directors

Rodolfo De Benedetti

Rodolfo De Benedetti (Turin, 1961) has been Chairman of CIR since April 2013. The CIR Group, of which he is a controlling shareholder together with his brothers Marco and Edoardo, operates particularly in healthcare (KOS) and auto components (Sogefi). Within the group he is also a member of the Board of Directors of Sogefi.

Previously he was Chief Executive Officer of CIR from 1993 and of COFIDE from 1995. He joined COFIDE in 1988 as Director of International Affairs and was subsequently appointed General Manager. In 1990 he also became General Manager of CIR.

Before that, he worked from September 1985 to December 1986 for Lombard Odier, one of the main private banking groups in Switzerland based in Geneva, as Assistant to the Chief Executive Officer. From January 1987 to January 1988 he worked for Shearson Lehman Brothers (New York) as an Associate in its Merchant Banking Group.

Currently he is a shareholder and director of Decalia Asset Management S.A., an international investment management company established in 2014.

He is a board member of Aon Italia, a risk management, insurance and re-insurance brokering company, and of October, a non-banking financing platform for small and medium-sized businesses. He is a member of the European Round Table of Industrialists (ERT), a forum made up of more than 50 of the most important European companies from various sectors and is also chairman of the European Advisory Board of Harvard Business School.

Rodolfo De Benedetti graduated from Geneva in 1982 in Political Economics and in 1985 in Law.

He's married to Emmanuelle de Villepin and is father to Neige, Alix and Mita.

Edoardo De Benedetti

Edoardo De Benedetti (Turin, 1964) has been a Director of CIR (formerly COFIDE) since April 2013.

He is a doctor specializing in internal medicine and cardiology who works in the department of cardiac catheterization of the l'Hôpital de La Tour di Meyrin (Switzerland). Since 2003, as well as being joint head of interventional cardiology, he has also exercised the profession of cardiologist in a private practice.

After his University studies in medicine at the Faculty of Medicine of the University of Geneva, where he graduated in 1991, in 1995 he obtained a Swiss specialization in internal medicine followed by a specialization in cardiology in 1998 from the University Hospital of Geneva. From 1999 to 2003 he was consultant for the CHUV in Lausanne where he continued to specialize in interventional cardiology.

In 2000, thanks to a research grant, he devoted himself to research for the National Institute of Health and Medical Research (INSERM) in Paris, while also practising interventional cardiology at the Bichat-Claude Bernard Hospital.

He has been involved in various humanitarian missions at the hospitals of Sarajevo (Bosnia), Tbilisi (Georgia) and Djakove (Kosovo) and is the author of numerous articles published in various specialist journals in the field of cardiovascular medicine.

He is on the scientific committee of the Foundation Together to Go - TOG for the rehabilitation of children who have suffered neurological problems.

He is married and has two daughters.



Marco De Benedetti

Marco De Benedetti (Turin, 1962) has been a Director of CIR (formerly COFIDE) since March 1994. He has been the Managing Director of the Carlyle Group and Co-Head, Europe of Carlyle since 2015. As well as being Deputy Chairman of Moncler S.p.A. and he is a Board member of GEDI Gruppo Editoriale S.p.A. and various other companies. Previously, he held the position of Chief Executive Officer of TIM (July 1999-July 2005) and was Chief Executive Officer of Telecom Italia (July 2005 - October 2005). Marco De Benedetti graduated in history and economics from the Wesleyan University (Middletown, CT-US) in 1984. In 1987 he was awarded a Master in Business Administration by the Wharton Business School (Philadelphia, PA-US).

Massimo Cremona

Massimo Cremona (Busto Arsizio - Varese, 1959) has been an independent Director of CIR (formerly COFIDE) since April 2007. He graduated in Economics and Commerce from the Catholic University in Milan in academic year 1982/1983 and has been a Certified Public Accountant (Dottore Commercialista) since 1985. He is registered on the Professional Register of the jurisdiction of the Milan Court. Currently a contract professor at the Catholic University in Milan, Faculty of Economics. He was previously a contract professor at the State University of Milan, Faculty of Law. He has contributed to national and international publications and has been a speaker at national and international seminars. He is a consultant to important Italian and foreign groups with particular reference to financial, banking and insurance activities. He has carried out important assignments for the Ministry of the Treasury as Ministerial Commissioner for brokers in their periods of authorized suspension of activities. He is currently a Director of Cofide S.p.A., Immobiliare Orchidea s.r.l., S.A.C.R.A. s.r.l., Salchi Metalcoat s.r.l., UBS Fiduciaria S.p.A.. He is Chairman of the Board of Directors of IRE Holding s.r.l., Primavera s.r.l. PRPF s.r.l., Quaranta Immobiliare s.r.l., and Yard S.p.A.. He is Chairman of the Board of Statutory Auditors of Banca Generali S.p.A., of companies of the BOSCH Group in Italy, of Lanificio Ermenegildo Zegna e Figli S.p.A., Metro Italia Cash & Carry S.p.A., and other companies.

Paola Dubini

Paola Dubini (Cortina d'Ampezzo - Belluno, 1963) has been an independent Director of CIR (formerly COFIDE) since May 2011. She is an Associate Professor of the Bocconi University in Milan. She has had experience in research positions and lectureships in the United States and in France. She has carried out research on various strategic management topics, especially in the management and enhancement of artistic patrimony and cultural heritage. She was previously a Director of the ASK (Art, Science and Knowledge) research centre of the Bocconi University and of the degree course in Economics for the Arts, Culture and Communication (CLEACC). She is the author of numerous publications at national and international level. She is currently a Director of Egea S.p.A., Fondazione Arnoldo e Alberto Mondadori and Lombardia Film Commission. She is also Chairman of the valuation committee for the selection of the general coordinator of the Foundation for Cultural Assets and Activities and Tourism.

Pierluigi Ferrero

Pierluigi Ferrero (Turin, 1942) has been a Director of CIR (formerly COFIDE) since April 2001. He graduated in Economics and Commerce from the University of Turin in 1966.



He joined Ing. C. Olivetti & C. S.p.A. in 1966 and held various management positions. He left Olivetti on April 1987 with the title of Director of Control for the Group in order to join CIR S.p.A. as Central Director for Administration and Control.

From April 1991 to October 1994 he held the position of Deputy General Manager of CERUS (the French holding company of the Group). In November 1994 he was appointed Deputy General Manager and in September 1997 General Manager of CIR, becoming a member of the Board of Directors of the company in April 1999. He left the General Management of CIR in September 2001, keeping the position of Director with special assignments until April 2011.

He is currently Chairman of CIR INTERNATIONAL S.A., MONTAIGNE 51 SAS and RÉSIDENCE BRANLY SAS.

Francesco Guasti

Francesco Guasti (Milan, 1947) has been an independent Director of CIR (formerly COFIDE) since April 2009.

He graduated in law with first class honours from the State University of Milan. He has been a Public Notary in the district of Milan since 1978. He specializes in company law, family law and inheritance.

He speaks at various law-related conferences, is the author of writings on juridical subjects and contributes articles to the press. He was previously an Honorary Judge of the Milan Court of Law.

He is a member of the Board of Directors of Ceresio SIM S.p.A., and a member of the Board of Directors of Società Editrice del Corriere del Ticino S.A..

Pia Hahn Marocco

Pia Hahn Marocco (New York, 1962) has been an independent Director of CIR (formerly COFIDE) since March 2018.

She is Partner and Managing Director of Osborne & Partners, positions that she has held since 2009. Previously she was Partner and CEO of Allegra Hicks from 2003 to 2008; Founder and Chairman of International Presentations from 1995 to 2002; Account Director for Harrington Oakes from 1993 to 1995.

She is Chairman of the Board of Directors of Aon Germany, Chairman of the Carl and Marisa Hahn Foundation and member of the Collectors Council Advisory Board of Masterpiece Art Fair.

She graduated from University College London (UCL), with a B.A. awarded by the Institute of Archaeology. She also has a Certificat des Etudes Politiques from Science Po in Paris.

Maria Serena Porcari

Maria Serena Porcari (Premosello-Chiovenda – Verbano-Cusio-Ossola, 1971) has been an independent Director of CIR (formerly COFIDE) since April 2016.

She is Executive Director of Fondazione Dynamo, Executive Vice Chairman of Associazione Dynamo Camp Onlus and Chairman of Dynamo Academy Srl Impresa Sociale.

She is on the Board of Directors of Associazione Serious Fun Children's Network and Community Advisor of the Newman's Own Foundation in the US.

She began her professional career in 1994 in market research and financial analysis for venture capital projects. She worked for IBM Italia from 1995 to 2004.

She graduated cum laude in Business Economics from the Bocconi University in Milan and is a Certified Public Accountant (Dottore Commercialista). She obtained an MBA from the Henley Management School, UK, and a CEMS Master in International Management.

