



SHAREHOLDERS' MEETING

Single convocation - 29 April 2022 - 10.00 a.m.

at

CIR S.p.A.

Via Ciovassino n. 1 - Milan

Report on item 2) on the Agenda

**PROPOSAL TO AUTHORISE THE PURCHASE AND DISPOSAL OF TREASURY SHARES,
AFTER WITHDRAWAL OF THE PREVIOUS AUTHORISATION**

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Capital stock € 638,603,657 - R.E.A. n. 1950090

Milan Monza Brianza Lodi Register of Companies / Tax code / VAT no. 01792930016

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

REPORT OF THE BOARD OF DIRECTORS, IN ACCORDANCE WITH ART. 125-TER OF THE CONSOLIDATED LAW ON FINANCE, ON ITEM 2 ON THE AGENDA OF THE SHAREHOLDERS' MEETING OF CIR S.P.A. - COMPAGNIE INDUSTRIALI RIUNITE, CONVENED FOR 29 APRIL 2022 (SINGLE CALL)

2. Proposal to authorise the purchase and disposal of treasury shares, after withdrawal of the previous authorisation.

Dear Shareholders,

Regarding item 2 on the Agenda, this report prepared in accordance with Art. 73 of the Regulations adopted by Consob Resolution 11971/1999 (the "**Issuers' Regulation**") and Attachment 3A, chart 4, to the aforesaid Issuers' Regulation, illustrates the proposal that the Board of Directors of CIR S.p.A. - Compagnie Industriali Riunite (hereinafter referred to as "**CIR**", the "**Company**" or the "**Issuer**") intends to submit for your approval in relation to the authorization to purchase and any subsequent disposal of the treasury shares held in the portfolio or bought back, in accordance with Articles 2357 and 2357-ter of the Italian Civil Code. 2357 and 2357-ter of the Italian Civil Code, in compliance with the provisions of Art. 5 of EU Regulation 596/2014 (the "**Regulation**") and EU Delegated Regulation 2016/1052 (the "**Delegated Regulation**") as well as Art. 132 of Legislative Decree no. 58/98 (the "**TUF**") and Art. 144-bis of the Issuers' Regulations.

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FOREWORD

The Board of Directors recalls first of all that the Ordinary Shareholders' Meeting of 30 April 2021 authorised the Board of Directors, and on its behalf the Chairman of the Board of Directors and the Chief Executive Officer, severally, with the right to sub-delegate:

- > Pursuant to and for the purposes of Article 2357 of the Italian Civil Code, starting from the day after the above-mentioned Ordinary Shareholders' Meeting and for a period of eighteen months (*i.e.*, until 30 October 2022), to buy back shares of CIR, as follows
 - (i) A maximum of 225,000,000 shares may be acquired, on the understanding that the number of treasury shares held by the Company may under no circumstances exceed one fifth of the

total number of shares making up the share capital of CIR;

- (ii) the unit price of each individual purchase of shares must not deviate by more than 15%, either downwards or upwards, from the reference price recorded by the Company's shares during the stock exchange session preceding each individual purchase transaction or preceding the date on which the price is set in the case of purchases in the manner set forth in points (a), (c) and (d) of paragraph (iii) below, and, where purchases are made by orders on the regulated market, the consideration shall not exceed the higher of the price of the last independent transaction and the price of the highest current independent bid on the same market;
 - (iii) the purchase must take place on the market, in accordance with the provisions of Article 132 of Legislative Decree No. 58/98 and the provisions of the law or regulations in force at the time of the transaction, and specifically (a) by means of a public purchase or exchange offer; (b) on regulated markets in accordance with the operating procedures established in the regulations for the organisation and management of the markets themselves, which do not allow the direct matching of trading proposals on purchase with predetermined trading proposals on sale (c) through the proportional allocation to shareholders of put options to be assigned within 15 months of the date of the shareholders' meeting resolution authorising the sale of the shares and exercisable within 18 months of the same; (d) through the purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of the underlying shares, complying with the additional provisions contained in Article 144-bis of the Issuers' Regulation. 144-bis of the Issuers' Regulations issued by Consob, as well as pursuant to Articles 5 and 13 of EU Regulation 596/2014;
- > pursuant to and for the purposes of art. 2357-ter of the Italian Civil Code, to carry out, always within the limits provided for by the law, subsequent purchase and sale transactions as well as to dispose, without time limits or constraints, of treasury shares purchased for sale - even before completing purchases as authorised above - on one or more occasions, through authorised intermediaries at prices not lower than the last purchase or book price or the current Stock Exchange value, with the specific exception of the Company's directors, the employees of the Company and/or its subsidiaries to whom the shares may be sold or assigned, even free of charge, in compliance with the legal limits, in execution of specific compensation plans based on the Company's shares;
 - > pursuant to and for the purposes of art. 2357-ter of the Italian Civil Code, to dispose - without time limits or constraints - of the treasury shares purchased, on one or more occasions, as consideration in exchange for equity investments as well as for sale through offers to the public and/or to shareholders, including through the placement of *warrants* and *American Depositary Receipts* and similar securities, to fulfil any obligations arising from debt instruments convertible or exchangeable with equity instruments, as well as for the assignment to employees and directors of the Company and its subsidiaries, in connection with the execution of *stock grant* plans, at a price not lower than the nominal value
- (the "**Existing Authorisation**").

The Board of Directors also recalls that - also following the aforementioned authorization - on May 10, 2021, CIR launched a voluntary partial tender offer for a maximum of 156,862,745 treasury shares,

without the express par value, equal to 12.282% of its share capital ("**OPAV**"). The offer acceptance period commenced on 21 June 2021 and ended on 29 July 2021. A total of 205,782,739 shares were tendered to the offer and, given that the maximum number of shares envisaged was exceeded, an allocation coefficient of 76.2% was applied. CIR thus acquired 156,861,838 shares for a total equivalent of € 79,999,537.38.

The Board of Directors also recalls that on 16 March 2022, as a result of the resolution passed on 11 March 2022, the Company started a programme for the purchase of treasury shares, on the basis of the Existing Authorisation (the "**Buyback Programme**"), as a result of which - as at the date of dissemination of this report, 7 April 2022 - the Company has become the owner of an additional 4,315,005 shares for a total value of Euro 1,747,847.23.

In light of the above, as a result of the Existing Authorisation, as well as the authorisations granted in previous financial years, including as a result of the OPAV and of the Buyback Programme, the Company holds, as of the date of dissemination of this report (7 April 2022), 183.739.980 treasury shares, representing 14.39% of the number of shares comprising the share capital.

The Board of Directors is of the opinion that the reasons for requesting the Shareholders' Meeting to grant the Existing Authorisation are still valid.

That being said, in view of the expiry (30 October 2022) of the Existing Authorisation, and in order to allow the Company to retain the right to purchase treasury shares and dispose of them (in compliance with the regulations in force and in accordance with the market practices permitted by Consob, as well as the Guidelines launched by the same in July 2019 and Practice no. 1 adopted by Consob's resolution No. 21318 of 7 April 2020), the Board of Directors deems it appropriate to propose to the Shareholders' Meeting to issue a new authorisation, for a similar period of 18 months, starting from the date of the relevant resolution, subject to revocation of the previous authorisation resolution taken, only partially executed.

The following is a brief description of the terms and conditions of the purchase and disposal of the Company's treasury shares, which the Board of Directors is submitting for the issue - by the Shareholders' Meeting called for 29 April 2022 - of the relevant authorisation (the "**Authorisation**").

1. PURPOSES FOR WHICH THE AUTHORISATION TO PURCHASE AND/OR SELL TREASURY SHARES IS REQUESTED

Pursuant to the provisions of Articles 2357 and 2357-ter of the Italian Civil Code, as well as those of Article 132 of the Consolidated Law on Finance, the purpose of the Authorisation is, in the interest of the Company, to:

- > to fulfil obligations arising from any share option programmes or other grants of shares in the Company to employees or members of the management bodies of CIR or its subsidiaries, as well as to fulfil any obligations arising from any debt instruments convertible or exchangeable for equity instruments;
- > have a portfolio of treasury shares to be used as consideration in any extraordinary transactions, including share swaps, with other parties in the context of transactions in the interest of the Company (so-called "securities warehouse");

- > carry out activities to support market liquidity, optimise the capital structure, remunerate shareholders in particular market situations, all within the limits set by current regulations;
- > seize opportunities for value creation, as well as efficient use of liquidity in relation to market trends;
- > for any other purpose that the competent Authorities may classify as an accepted market practice under applicable European and domestic law, and in the manner set out therein.

2. MAXIMUM NUMBER OF SHARES TO WHICH THE AUTHORISATION RELATES

The Company's share capital amounts to €638,603,657.00, divided into 1,277,207,314 ordinary shares, with no expressed nominal value (including 183.739.980 treasury shares held as of the date of dissemination of this report – 7 April 2022).

The authorisation entails granting the Board of Directors the power to purchase, on one or more occasions, up to a maximum of 76,016,488 treasury shares, equal to 5.95% of the number of shares making up the Company's share capital, and to sell all or part of the Company's treasury shares purchased under this resolution as well as those already held by the Company (in this regard, it should be noted that no subsidiary company holds shares in the parent company).

The sum of the maximum number of shares that may be purchased and the treasury shares already held in the portfolio at the date of the Ordinary Shareholders' Meeting called to resolve on the authorisation in question will be in any event equal to the limit of 20% of the number of shares making up the share capital, as set forth in Article 2357, paragraph 3, of the Italian Civil Code.

Purchases and disposals of treasury shares must be carried out in accordance with the provisions of Article 5 of the Regulation and the Delegated Regulation, where applicable, and as further specified in point 6 below of this report.

3. MINIMUM AND MAXIMUM CONSIDERATION

Treasury shares may be purchased (in the case of purchases according to the procedures set forth in points (i), (iii) and (iv) of the paragraph 6 below), in accordance with the applicable legal and regulatory provisions:

- > at a minimum price not less than the closing price of the share during the stock exchange session on the day preceding the completion of each individual transaction, less 15%;
- > at a maximum price not exceeding the closing price of the share during the stock exchange session on the day preceding the completion of each individual transaction, plus 15%.

and in any event, where purchases are made by orders on the regulated market, the consideration shall not exceed the higher of the price of the last independent transaction and the price of the highest current independent bid on the same market, in accordance with the provisions of Article 3 of EU Delegated Regulation No. 2016/1052.

With regard to the disposal (sale) of treasury shares, the resolution submitted provides that the Board of Directors has the power to establish from time to time, in accordance with applicable regulations

and/or market practices recognised from time to time, the criteria for determining the relative consideration, taking into account the implementation methods used, the trend in share prices in the period prior to the transaction and the best interests of the Company.

4. INFORMATION USEFUL FOR A FULL ASSESSMENT OF COMPLIANCE WITH THE PROVISIONS OF ARTICLE 2357 OF THE CIVIL CODE

Pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the purchases of treasury shares covered by the Authorisation must in any case take place within the limits of the distributable profits and available reserves resulting from the latest approved financial statements at the time of each transaction. Only fully paid-up shares may be purchased.

In this regard, the Board of Directors recalls that the draft financial statements as of 31 December 2021 - which are being submitted to the Shareholders' Meeting at the same time as this Authorisation proposal - show available reserves, net of the negative reserve for treasury shares, of EUR 19,882,610.00 (not taking into account the profits for the year).

The Board of Directors shall be required to verify compliance with the limits set forth in Article 2357 of the Italian Civil Code, prior to the commencement of each purchase of ordinary shares for the purposes indicated in the preceding paragraph. 1 paragraph above.

In order to allow for verifications on the subsidiaries, specific directives will be given to the subsidiaries to promptly notify the Company of any purchase of ordinary shares of the parent company carried out pursuant to Article 2359-bis of the Italian Civil Code.

The provisions of the law and the accounting principles applicable from time to time shall be observed for the purposes of the accounting entries to be made when shares are purchased, sold, exchanged, contributed or written down.

In case of sale, exchange, contribution or devaluation, the corresponding amount may be reused for further purchases, until the expiration of the term of the Authorisation resolved by the Shareholders' Meeting, within the conditions, quantity and expenditure limits set forth therein.

5. DURATION FOR WHICH AUTHORISATION IS SOUGHT

The authorisation to purchase the treasury shares covered by the Authorisation is requested for the maximum duration permitted by law, as set forth in Article 2357, paragraph 2, of the Italian Civil Code in a period of eighteen months, starting from the date of any resolution to approve this proposal by the Shareholders' Meeting.

Within the term of any Authorisation that may be granted, the Board of Directors may then make share purchases on one or more occasions and at any time, to an extent and at times freely determined, in compliance with applicable rules, with the gradualness deemed appropriate in the interest of the Company.

Authorisation for the disposal and/or use of treasury shares in portfolio or that will eventually be purchased is instead requested without time limits, due to the absence of time limits under current

provisions and the opportunity to allow the Board of Directors to avail itself of maximum flexibility, also in terms of time, to carry out the acts of disposal of the shares.

6. WAYS IN WHICH PURCHASES AND DISPOSALS WILL BE MADE

It should be noted that pursuant to the exemption provided by Article 132, paragraph 3, TUF, the operating procedures do not apply in the event of the purchase of treasury shares by employees of the Company, its subsidiaries or its parent company that have been assigned to them as part of a share incentive plan.

That being said, the purchase must take place on regulated markets, on one or more occasions, on a revolving basis, in accordance with the provisions of Article 132 TUF and Article 144-bis, paragraph 1, letter b) of the Issuers' Regulations, with the operating procedures indicated in the regulations for the organisation and management of the markets themselves, so as to ensure equal treatment of shareholders and not to allow the direct matching of buy orders with predetermined sell orders; in particular, these purchases will be made:

- (i)** through a public purchase or exchange offer;
- (ii)** on regulated markets in accordance with the operating procedures laid down in the rules governing the organisation and management of those markets, which do not permit the direct matching of buy orders with predetermined sell orders;
- (iii)** through the proportional allocation to shareholders of put options to be granted within 15 months of the date of the shareholders' resolution authorising the sale and exercisable within 18 months of the same;
- (iv)** through the purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of the underlying shares in compliance with the additional provisions contained in Article 144-bis of the Issuers' Regulation issued by Consob, as well as pursuant to Articles 5 and 13 of EU Regulation 596/2014.

With regard to the disposal (sale) of treasury shares, the resolution submitted provides for the authorisation to perform certain acts of disposal, including the power to dispose of the treasury shares purchased, without time limits or constraints, including in the context of the Company's share-based compensation plans.

7. INFORMATION IN THE EVENT THAT THE PURCHASE TRANSACTION IS INSTRUMENTAL TO THE REDUCTION OF CAPITAL

The purchase transaction subject to the Authorisation is not instrumental to the reduction of the share capital by cancellation of the treasury shares purchased.

PROPOSAL FOR A RESOLUTION

In the light of the above, we propose to adopt the following resolution:

"The Shareholders' Meeting of CIR S.p.A. - Compagnie Industriali Riunite:

- *having noted the proposals of the Board of Directors*
- *having noted the favourable opinion of the Board of Auditors*
- *bearing in mind the provisions of Articles 2357 et seq. of the Italian Civil Code, Article 132 of Legislative Decree No. 58/98, Article 144-bis of Consob Resolution 11971/1999, EU Regulation 596/2014, EU Delegated Regulation No. 2016/1052, as well as Consob Resolution No. 20876 of 3 April 2019, Consob Guidelines of July 2019 and Consob Resolution No. 21318 of 7 April 2020*

RESOLVE

1. *to revoke, for the unused part and for the period between the day following this Shareholders' Meeting and its natural expiry, the resolution to authorise the purchase of treasury shares taken by the Ordinary Shareholders' Meeting of 30 April 2021 and, consequently, the related authorisation to dispose of them;*
2. *to authorize the Board of Directors, and on its behalf the Chairman and the Chief Executive Officer, severally and severally, with the right to sub-delegate, pursuant to and for the purposes of Art. 2357 of the Civil Code, as from the day after this Shareholders' Meeting and for a period of eighteen months, the buyback of CIR shares as follows*
 - *a maximum of 76,016,488 shares may be bought back taking into account that, including in the count treasury stock already held also through subsidiaries, the number of shares bought back may in no case exceed a total number of shares representing one fifth of the share capital of CIR;*
 - *the unit price of each individual purchase of shares must not deviate by more than 15%, either downwards or upwards, from the reference price recorded by the Company's shares in the stock exchange session preceding each individual purchase transaction or preceding the date on which the price is set in the case of purchases according to the procedures set forth in points (i), (iii) and (iv) of the following paragraph, and in any case, if the purchases are made with orders on the regulated market, the price shall not exceed the higher of the price of the last independent transaction and the price of the highest current independent purchase offer on the same market;*
 - *the purchase must take place on the market, in accordance with the provisions of article 132 of Legislative Decree no. 58/98 and the provisions of law or regulations in force at the time of the transaction and specifically (i) by means of a public purchase or exchange offer; (ii) on regulated markets in accordance with the operating procedures established in the regulations for the organisation and management of the markets themselves, which do not allow the direct matching of proposed purchases with predetermined proposed sales; (iii) through the proportional allocation to shareholders of put options to be assigned within 15 months of the date of the shareholders' meeting resolution authorising the sale of the shares and which may be exercised within 18 months of the same; (iv) through the purchase and sale of derivative instruments traded on regulated markets that provide for the physical delivery of the underlying shares, complying with the additional provisions contained in Article 144-bis of the*

Issuers' Regulation. 144-bis of the Issuers' Regulations issued by Consob, as well as pursuant to Articles 5 and 13 of EU Regulation 596/2014.

3. *to authorise, pursuant to and for the purposes of art. 2357-ter of the Italian Civil Code, the Board of Directors and on its behalf the Chairman and the Chief Executive Officer, severally, with the right to sub-delegate, to carry out, always within the limits provided for by law, subsequent purchase and sale transactions as well as to dispose of, without time limits or constraints, the treasury shares purchased for sale - even before completing the purchases as authorised above - on one or more occasions, through authorised intermediaries, at prices not lower than the last purchase or book price or the current Stock Exchange value, with the specific exception of the Company's directors, the employees of the Company and/or its subsidiaries to whom the shares may be sold or assigned also free of charge, in compliance with the limits set by law, in execution of specific remuneration plans based on the Company's shares;*
4. *to authorise the Board of Directors and, on its behalf, the Chairman and the Chief Executive Officer, severally, with the power to sub-delegate, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, to dispose - without time limits or constraints - of the treasury shares purchased, on one or more occasions, as consideration for the exchange of equity investments as well as for sale through an offer to the public and/or to Shareholders, including through the placement of warrants and American Depositary Receipts and similar securities, to fulfil any obligations arising from debt instruments convertible or exchangeable with equity instruments, as well as for allocation to employees and Directors of the Company and its subsidiaries, in connection with the execution of stock grant plans;*
5. *to grant a mandate to the Board of Directors, and on its behalf to the Chairman and the Chief Executive Officer, to make the appropriate accounting entries relating to the "reserve for treasury shares in portfolio", following the purchase, sale or exchange of treasury shares, in compliance with the provisions of the law and the accounting standards applicable from time to time, using and reconstituting the available reserves used for transactions on treasury shares as appropriate. "*