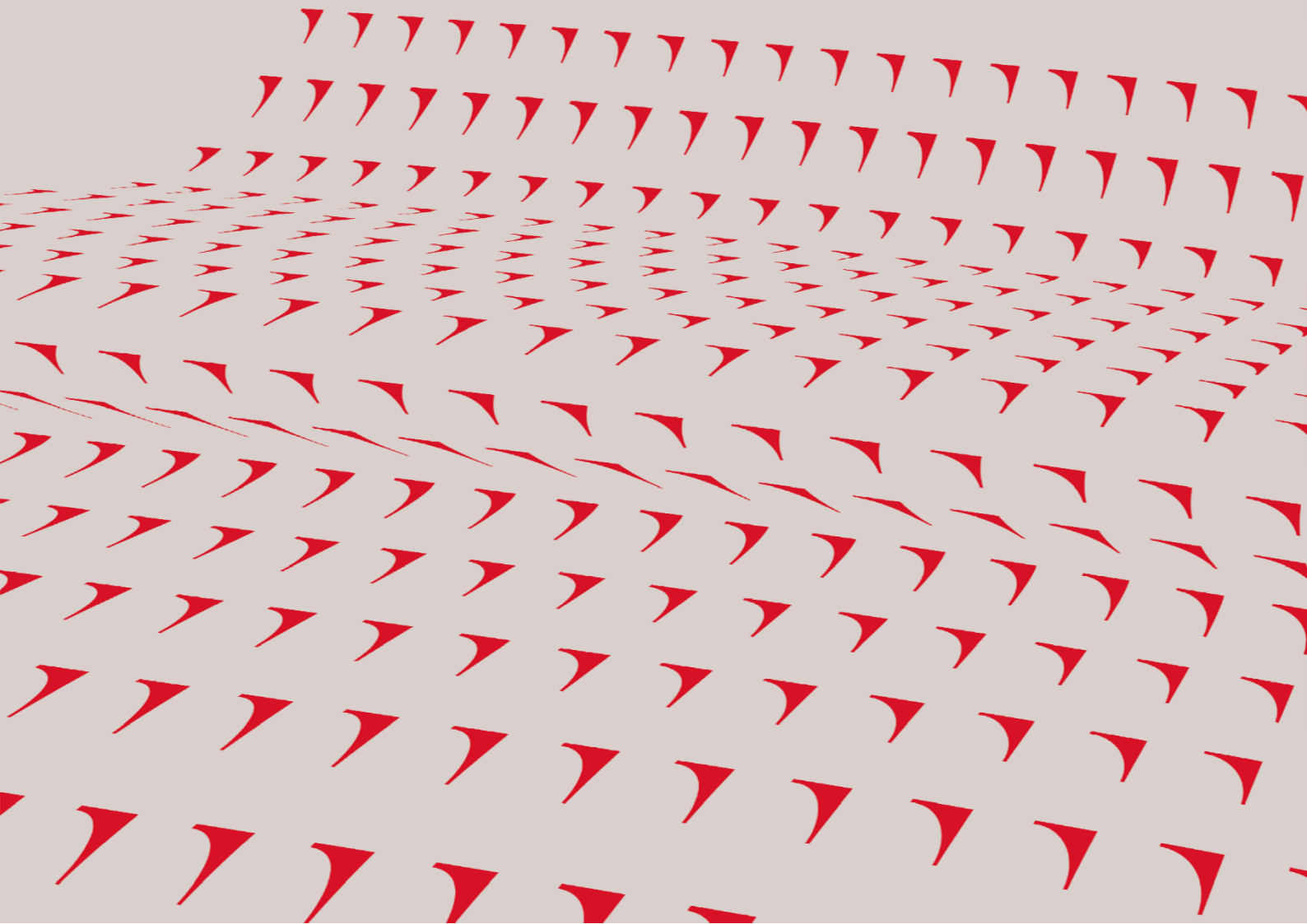




# Rules of the Appointments and Remuneration Committee

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Updated on 29/10/2021





## 1. FOREWORD

These rules define the composition, the functions and the operating procedures of the Appointments and Remuneration Committee (the “**Committee**”) set up within the Board of Directors of CIR – Compagnie Industriali Riunite S.p.A. (the “**Company**”) in implementation of the provisions of the Corporate Governance Code of the same Company.

## 2. COMPOSITION AND APPOINTMENT

- 2.1. The Board of Directors sets up the Committee from within its number by means of a special resolution.
- 2.2. As per the terms of Art. 3 of the Company’s Corporate Governance Code, the Committee is composed of a minimum of three non-executive directors, all of whom are independent.
- 2.3. The Committee is appointed by the Board of Directors, which ensures that its members have competence and/or experience in finance and/or remuneration policies. When making the appointment, the Board of Directors may also identify the Chairman of the Committee (the “**Chairman**”), who would otherwise be elected by the members of the Committee itself.
- 2.4. The length of the Committee’s mandate coincides with that of the Board of Directors so that if for any reason the Board’s mandate should terminate early the Committee’s mandate shall also end immediately.
- 2.5. At the proposal of the Chairman, the Committee can appoint a secretary, who may not necessarily be a member of the Committee - if the Chief Executive Officer agrees - and may be selected from one of the Company’s departments, to assist the Chairman in carrying out his or her duties and prepare the minutes of the meetings.

## 3. FUNCTIONS OF THE COMMITTEE

- 3.1. The Committee carries out a consulting role, makes proposals and monitors the appointment of directors, the self-assessment of the Board of Directors and remuneration.
- 3.2. On the subject of the **composition of the Board of Directors, the appointment of directors and the self-assessment of the Board of Directors**, the Committee assists the Board of Directors in the following areas:
  - a) Defining the optimal composition of the Board of Directors and its committees (size, managerial and professional profiles and competences considered necessary, diversity criteria);



- b) The formulation of recommendations as to the composition of the Board of Directors before each renewal of the same;
- c) Identifying candidates for the position of Director in the event of co-option as per the terms of Art. 2386, paragraph 1, of the Civil Code;
- d) Decisions as to the maximum number of positions of director or statutory auditor that the Directors of the Company may hold in companies listed on regulated markets (including foreign markets), financial companies, insurance companies and companies of a significant size, taking into account whether or not the directors sit on the committees set up within the Board;
- e) Carrying out the self-assessment process for the Board of Directors and its committees;
- f) Preparing and revising the Succession Plan for the early replacement of the Chairman or the Chief Executive Officer and carrying out the investigatory functions included in it in order to identify the replacement.

3.3. On the subject of **remuneration**, the Committee has the following tasks:

- a) It assists the Board of Directors in the formulation of a remuneration policy and monitors its practical application;
- b) It formulates proposals or expresses opinions on the remuneration of the directors holding special positions, of the General Manager and the Executives with strategic responsibilities;
- c) It formulates proposals or expresses opinions on the criteria and objectives for determining the variable part of remuneration;
- d) It formulates proposals or expresses opinions on share-based plans, including (i) the rules for such plans with particular regard to the terms and conditions for the rights to vest, (ii) the beneficiaries and (iii) the number of rights to be awarded;
- e) It verifies that the objectives established for the vesting of the variable part of remuneration and the rights of the plans have effectively been reached and draws up the relative proposal to put before the Board of Directors;
- f) It periodically assesses the adequacy, the consistency and the practical application of the remuneration policy for the directors and top management.



#### **4. CALLING MEETINGS, THE PROCEEDINGS OF THE SAME AND THE MINUTES**

- 4.1. The Committee meets when its Chairman calls a meeting, deeming it opportune, or at the request of the Chairman of the Board of Directors. When deemed useful to facilitate the scheduling of its work, the Committee can produce an annual calendar of its meetings.
- 4.2. The notice of meeting, containing the date, time and place of the meeting and the agenda to be dealt with, is sent out by e-mail to the members of the Committee by the secretary, at the request of the Chairman, generally at least three days before the date fixed for the meeting or, in cases of urgency, with at least twenty-four hours' notice. The notice of meeting is sent out by the secretary of the Committee to the secretary to the Board of Directors, unless the same person holds both positions.
- 4.3. The Committee meeting can also be held in audio/video conferencing, provided all the participants can be identified and that such identification is acknowledged in the minutes and that they are able to follow the discussion and intervene in real time during the treatment of the items on the agenda.
- 4.4. The supporting documentation for the meetings is made available in the section dedicated to the Committee of the platform for the members of the Board of Directors or by e-mail with adequate notice but in any case before the start of the Committee meeting.
- 4.5. The Committee meetings are chaired by the Chairman or, if he or she is absent or has an impediment, by the oldest member in terms of age.
- 4.6. The Committee meetings are attended by the Chairman of the Board of Statutory Auditors or by another Statutory Auditor designated by the Chairman; the other Statutory Auditors may however also attend. The presence of the entire Board of Statutory Auditors is required when the Committee has to decide on the assignment of compensation to the directors holding special positions as per the terms of Art. 2389 of the Civil Code.
- 4.7. Depending on the subjects on the agenda, at the invitation of the Chairman the following persons will also attend the meetings: executive and non-executive directors, the Chief Executive Officer, the Executive responsible for the financial statements and corporate documents, the Chief Financial Officer, the General Counsel and, after informing the Chief Executive Officer, other managers of the company with competence on the subjects being dealt with at the meeting. However, no director or executive attends the Committee meetings at which proposals



regarding his or her remuneration are put forward.

- 4.8. For the Committee meetings to be valid a majority of the members in office must be present and the decisions of the Committee are taken with an absolute majority of those present. In the event of parity the vote of the Chairman (or that of whoever is in the chair if the latter is absent or has an impediment) shall prevail.
- 4.9. The Committee meetings and its resolutions are valid, even if there has been no formal notice of the same, when the majority of the members of the Committee in office are present even in audio/video conferencing, when all those entitled to attend have been informed of the meeting in advance and the participants are sufficiently informed on the subjects to be dealt with.
- 4.10. Minutes are taken of the Committee meetings. The secretary draws up the minutes of the meetings. The draft of the minutes is submitted to the Chairman and the other members for any observations and the minutes are approved at the next meeting of the Committee, when possible. The minutes are signed by the chair of the meeting and by the secretary and are filed for safe-keeping by the latter.

## **5. RIGHT OF ACCESS, MEANS OF COMMUNICATION AND INFORMATION FLOWS**

- 5.1. The Committee has the right to access all the information and Company departments necessary for it to carry out its duties and the Company shall provide the Committee with all the funding that it needs to fulfil its obligations.
- 5.2. To carry out its duties the Committee may use external consultants on the condition that the latter are not in a position that could compromise the independence of their judgment.
- 5.3. The Chairman or in his or her absence the oldest member of the Committee shall inform the Board of Directors of the activities carried out at the first possible Board meeting and at the Annual General Meetings the Committee explains to the Shareholders how it exercises its functions on the subject of remuneration.

## **6. AMENDMENT OF THE RULES**

- 6.1. These Rules were adopted with a resolution passed by the Board of Directors.
- 6.2. The Committee regularly checks the adequacy of these Rules and submits any proposed amendments or additions to the Board of Directors.