



ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Single calling – 28 April 2023 – 10.00 a.m.

in the offices of

CIR S.p.A.

Via Ciovassino 1 - Milan

Report on item 6) on the Agenda

APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS FOR THE YEARS 2023-2024-2025 AND DETERMINATION OF THE RELEVANT REMUNERATION AS PER ART. 2402 OF THE CIVIL CODE

CIR S.p.A.

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Share capital € 420,000,000 – R.E.A. no. 1950090

Registration no. with Milano Monza Brianza Lodi R.I. / Tax Code / IVA no. 01792930016

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

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS, AS PER THE TERMS OF ART. 125-TER OF THE FINANCE CONSOLIDATION LAW, ON ITEM 6 OF THE AGENDA OF THE ORDINARY ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CIR S.P.A. – COMPAGNIE INDUSTRIALI RIUNITE, CALLED FOR 28 APRIL 2023 (SINGLE CALLING)

6. Appointment of the Board of Statutory Auditors for the years 2023 – 2024 – 2025 and determination of the relevant remuneration as per Art. 2402 of the Civil Code

Dear Shareholders,

With the approval of the Financial Statements for the year ended 31 December 2022 the mandate of the Board of Statutory Auditors comes to an end.

We invite you therefore to appoint a new control body and determine the relevant fees

We would remind you of the provisions of Art. 22 of the Company Bylaws, of which for ease of reference we quote the relevant parts 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 should inform you that Consob with its Decision (*Determinazione*) no. 76 of 2023 stated that 2.5% of the share capital should be the minimum percentage to be able to present a list of candidates.

We would remind you that the lists must be filed at the Company's Registered Office or reach the certified e-mail address segreteriaassociataria@cirgroup.com at least 25 days before the date fixed for the Shareholders Meeting (i.e. by **3 April 2023**).

The lists will be published through the authorized storage mechanism eMarket STORAGE (www.emarketstorage.com) and on the website www.cirgroup.com at least 21 days before the date fixed for the AGM (i.e. by **7 April 2023**).

We must also remind you that as per the terms of Art. 144-*sexies* the Rules for Issuers approved with Consob Resolution no. 11971 and subsequent amendments and additions ("TUF"), if by the deadline for presenting lists only one list has been presented, i.e. only the list presented by Shareholders who are connected as per the terms of regulations applicable, lists may be presented up to the third day after the said deadline, i.e. until **6 April 2023**. Disclosure of this will be given by means of a press release published on the Company's website www.cirgroup.com and circulated through the authorized storage mechanism eMarket STORAGE. In this case, the threshold for the presentation of lists is reduced by a half and thus to 1.25% of the share capital.

Shareholders other than the controlling Shareholder who wish to present a list are advised to consult the recommendations formulated by Consob in its Communiqué DEM/9017893 of 26 February 2009, which can be found on the website www.consob.it

We should also remind you that the appointment of the Board of Statutory Auditors requires application of the rules on the subject of gender balance set out in the Company Bylaws and well as in the combined provisions of Art. 148, paragraph 1-*bis*, TUF, and Art. 144-*undecies*.1, paragraph 3, Consob Regulation no. 11971/1999, which state that the least represented gender must obtain at least two fifths of the members in office of the Board of Statutory Auditors, rounded down to the lower unit.

Given the provisions of Art. 125-*ter* of the TUF regarding the need to make the resolution proposals available, your Board took it upon itself to ask the controlling Shareholder what its intentions are in relation to the fees to be assigned to the members of the Board of Statutory Auditors.

The controlling Shareholder has informed the Board of its intention to submit to the approval of the AGM the proposal to assign an annual fee *pro rata temporis* of euro 55,000.00 (fifty-five thousand) to the Chairman of the Board of Statutory Auditors and of euro 35,000.00 (thirty-five thousand) to each of the Statutory Auditors in office.

PROPOSED RESOLUTION

Given the above, your Board submits to your approval the following resolution:

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

- > *Acknowledging the report of the Board of Directors*
- > *Bearing in mind the rules of law and the terms of the Company Bylaws*

RESOLVES

- *To assign to the Chairman of the Board of Statutory Auditors an annual fee of euro 55,000.00 (fifty-five thousand) pro rata temporis, and to each of the Statutory Auditors in office euro 35,000.00 (thirty-five thousand), plus the reimbursement of any expenses incurred in carrying out their function.”*

Lastly, we would remind you of the need to vote for one of the lists presented or to abstain, declare yourselves against all the lists or not take part in the voting.

Your Board wishes to thank you for the confidence you have placed in it.