



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 5) of the Agenda

APPOINTMENT OF THE BOARD OF DIRECTORS, DETERMINATION OF THE NUMBER OF MEMBERS, THE TERM OF OFFICE AND THE RELEVANT REMUNERATION

CIR S.p.A.

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

Registration no. with the R.I. of Milano Monza Brianza Lodi / 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 5 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)

5. Appointment of the Board of Directors, determination of the number of members, the term of office and the relevant remuneration.

Dear Shareholders,

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

We invite you therefore to appoint a new administrative body after determining the duration of its mandate and the number of its members and establishing the relevant fees.

We would remind you of the provisions of Art. 11 of the Company Bylaws, which for ease of reference we quote in full 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 the name of the candidate 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 lists 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, their 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 need to be replaced due to a resignation or for 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 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 pec_cirspa@legalmail.it 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 would also remind you that for the appointment of the Board of Directors the rules on the subject of gender balance apply. These rules are contained in the Company Bylaws, implementing the rules of law applicable, and in the company's Corporate Governance Code (available on the Company's website at the following address <https://www.cirgroup.it/sistema-di-governance/statuto-codici-e-procedure/>). On this point it should be remembered particularly that Art. 2, letter C) of the Company's *Corporate Governance Code* requires that "the administrative

body should contain [a] at least three independent directors other than the Chairman” and contain the parameters needed for an individual to be considered as independent.

It should also be noted that the Company, in its Corporate Governance Code, has fixed the maximum number of positions that can be held in “Significant Companies”⁽¹⁾ in the following terms:

- > *“Executive Directors may not accept other positions as executive director or statutory auditor in Significant Companies other than CIR S.p.A. and the companies of the group that it heads and can take on a maximum of three positions as non-executive director in Significant Companies other than CIR and the companies of the group that it heads;*
- > *Non-executive Directors can take on a maximum of five further positions as director or statutory auditor in Significant Companies other than CIR and the companies of the group that it heads, of which no more than two can be as executive director”.*

Shareholders other than the controlling Shareholder who wish to present a list are asked 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.

In the light of the provisions of Art. 125-ter of D.Lgs n. 58/98 and its subsequent amendments and additions (“TUF”), in view of the need to make the resolution proposals available, your Board took it upon itself to ask the controlling Shareholder what its intentions are in terms of number of board members, the term of office and the relevant remuneration.

The controlling Shareholder informed the Board of its intention to identify [] (a number between 8 and 9)* as the number of members of the Board of Directors and to put the following proposals to the shareholders meeting for approval:

- To establish [] (a number between 8 and 9)* as the number of members of the Board of Directors
- To establish a term of office of 3 (three) years, specifically for financial years 2023-2024-2025, i.e. until the Annual General Meeting that will discuss the Financial Statements for the year ended 31 December 2025;
- To establish euro 20,000.00 (twenty thousand) as the gross annual fee *pro rata temporis* that each member of the Board of Directors will be paid, in accordance with the terms of Art. 2389, paragraph 1, of the Civil Code;
- To allow the Directors to take on other positions in accordance with the provisions of Art. 2390, paragraph 1, of the Civil Code.

PROPOSED RESOLUTION

Given the above your Board submits to your approval the following two resolutions:

1) Regarding the determination of the number of members of the Board of Directors and the term of office:

(1) “Significant Companies” means (i) other companies listed on regulated markets (even foreign ones); (ii) “companies of a significant size”, i.e. companies with revenues in excess of Euro 500 million and/or capital assets of more than Euro 1,000 million and/or more than 2,000 employees; (iii) “financial companies”, i.e. companies providing financial services to the public that are subject to supervision. On this point, it should be noted that positions held in Significant Companies belonging to the same group will count as a single position (and the single position will be considered as that of an executive director for the purpose of calculating the limits, if at least one of the positions held in the same group is that of an executive director).

“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 establish [__] (a number between 8 and 9) as the number of members of the Board of Directors;*
- > To establish 3 (three) years as the mandate of the Board of Directors, i.e. with a term of office until the Annual General Meeting that will discuss the Financial Statements for the year ended 31 December 2025;*
- > To allow the appointed Directors to take on other positions as per the provisions of Art. 2390 of the Civil Code.”*

2) Regarding the fee for the members of the Board of Directors:

“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 Company Bylaws*

RESOLVES

To assign to each member of the Board of Directors a gross annual fee of euro 20,000.00 (twenty thousand) pro rata temporis, as per the terms of Art. 2389, paragraph 1, of the Civil Code.”

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.

* A number that will be established by the AGM on the basis of the lists presented (i.e. whether one or more minority lists are presented)