



ORDINARY AND EXTRAORDINARY
GENERAL MEETING
OF THE SHAREHOLDERS



April 29 2019

COMPAGNIE INDUSTRIALI RIUNITE

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 € 397,146,183.50 - R.E.A. no. 1950112 – Milan Register of Companies / Tax code / IVA no. 00519120018

Company subject to management and coordination by COFIDE S.p.A. – Gruppo 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	PHILIPPE BERTHERAT (1) MARISTELLA BOTTICINI (2) EDOARDO DE BENEDETTI FRANCO DEBENEDETTI MARCO DE BENEDETTI SILVIA GIANNINI (2) FRANCESCA PASINELLI (2) CLAUDIO RECCHI (1) (2) GUIDO TABELLINI (1) (3)
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	PIETRO MANZONETTO
Statutory Auditors	ANNA MARIA ALLIEVI RICCARDO ZINGALES
Alternate Auditors	LUIGI MACCHIORLATTI VIGNAT LUCA VALDAMERI PAOLA ZAMBON

INDEPENDENT AUDITORS

KPMG S.p.A.

Notice in accordance with the recommendation of Consob contained in its Communiqué no. DAC/RM/97001574 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 and Risk Committee
- (3) Lead Independent Director

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ANNUAL GENERAL MEETING OF THE SHAREHOLDERS

Milan, April 29 2019, single call

The Shareholders are invited to attend the Ordinary and Extraordinary sessions of the Annual General Meeting on April 29 2019 at 11.00 a.m., at the single call, at the Palazzo delle Stelline Congress Centre, Corso Magenta 61, in Milan to discuss and pass resolution on the following

AGENDA

Ordinary Part

1. Financial Statements for the year ended December 31 2018. Resolutions on the same.
Presentation of the Consolidated Financial Statements for the year ended December 31 2018.
2. Proposal to cancel the resolution of April 27 2018 regarding the authorization to buy back and dispose of own shares and proposal for a new authorization.
3. Compensation Report.
4. Proposal to approve Stock Grant Plan 2019.
5. Appointment of a Director as per the terms of Art. 2386 of the Civil Code.

Extraordinary Part

6. Delegation of powers to the Board of Directors as per the terms of Articles 2420-ter and 2443 of the Civil Code; consequent amendment of Article 4 of the Company Bylaws. Resolutions regarding the same.

INFORMATION ON THE SHARE CAPITAL

The share capital amounts to € 397,146,183.50 and consists of 794,292,367 ordinary shares each with a nominal value of € 0.50 each with voting rights except for the own shares held for which voting rights are suspended.

ATTENDING THE SHAREHOLDERS' MEETING IN PERSON AND BY PROXY

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. 58/1998 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 Tuesday April 16 2019, 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.

To make it easier to check their entitlement to take part in the proceedings of the Meeting, participants are requested to show their copy of the notice made to the Company, which the authorized intermediary, in accordance with current regulations, is required to make available to them.

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 joint 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.it in the section Governance. The proxy form can be sent by registered post with advice of receipt (A.R.) to the Milan Offices – Via Nervesa 21 - or alternatively, may be sent to the certified e-mail address segre@legalmail.it. If the proxy gives or sends the Company a copy of the proxy form, he or she must certify under his or her own responsibility that the copy corresponds to the original and confirm the identity of the person appointing such proxy. In accordance with legislation on the subject, Shareholders can appoint as proxy, without incurring any charges, Studio Segre S.r.l. as the Representative Designated by the Company as per the terms of Art. 135-undecies of the TUF. The proxy is appointed by signing the appropriate form available in the above-mentioned section of the website. The signed document must be sent to the Designated Representative, Studio Segre S.r.l. – Via Valeggio, 41 – 10129 Turin, by registered post with advice of receipt (A.R.) or sent by e-mail to the certified address segre@legalmail.it by the end of the second trading day before the date fixed for the Shareholders' Meeting at the single call (i.e. by Thursday April 25 2019). 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

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 Milan Offices, Via Nervesa 21 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 third day preceding the date fixed for the single call of the meeting, i.e. by April 26 2019.

The Company will give its response during the Shareholders' Meeting at the latest. 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 Offices in Milan, Via Nervesa 21, or by certified e-mail to the address segre@legalmail.it and must be accompanied by a report on the subject 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 on 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.

APPOINTMENT OF A DIRECTOR

With regard to the appointment of the Director to fill the vacancy, it should be noted that, in accordance with the terms of Art. 8 of the Company Bylaws, the list vote mechanism is not applicable and the General Meeting called to make up the numbers of the Board of Directors will vote with the majority required by law and with the Company Bylaws.

DOCUMENTATION

The documentation relating to the items on the Agenda, as set out in current legislation, which includes, among other things, the complete text of the proposed resolutions, will be made available to the public, as per the terms of the law, at the Milan Office in Via Nervesa 21 (the Registered Office in Via Ciovassino 1 is being renovated), from Borsa Italiana S.p.A., on the authorized storage mechanism eMarket STORAGE on the website www.emarketstorage.com, and on the Company website www.cirgroup.it in the section Governance. Shareholders have the right to obtain a copy.

The Financial Statements for the year 2018 will be made available to the public in the same way.

The Company Bylaws are available on the Company website www.cirgroup.it in the section Governance.

**PROPOSAL TO CANCEL THE RESOLUTION OF APRIL 27 2018 REGARDING
THE AUTHORIZATION TO BUY BACK AND DISPOSE OF OWN SHARES
AND PROPOSAL FOR A NEW AUTHORIZATION**

Dear Shareholders,

On October 27 2019 the right assigned to the Board of Directors by the Annual General Meeting held on April 27 2018 to buy back a maximum of 20,000,000 own shares will expire.

Following the buybacks effected under the previously mentioned authorization and under the authorizations granted in previous years, as of the date of the Board of Directors Meeting held on March 11 2019 the Company owns n. 153,102,850 of its own shares, equal to 19.28% of the share capital and as of the date of the AGM own shares, equal to ...% of the share capital.

In the interest of the Company, we believe that it is appropriate to propose that the existing authorization be cancelled for the period until its maturity and that a new resolution be adopted authorizing the buyback of own shares in the market, in accordance with and as an effect of Articles 2357 and 2357-ter of the Civil Code, with the consequent right to dispose of the same shares.

This proposal is based on the following rationale:

- Fulfilment of the obligations resulting from possible stock option plans or other awards of shares of the Company to employees or members of the Board of Directors of CIR, its subsidiaries and its parent company, and fulfilment of any obligations resulting from debt instruments that are convertible into or exchangeable with equity instruments;
- Having a portfolio of own shares to use as consideration for any possible extraordinary transactions, even those involving an exchange of equity holdings, with other entities within the scope of transactions of interest to the Company (a so-called “stock of securities”);
- Supporting market liquidity, within the limits established by current rules;
- Taking advantage of opportunities for creating value, as well as investing liquidity efficiently in relation to the market trend;
- For any other purpose qualified by the competent Authorities as admitted market practice in accordance with applicable European or domestic rules, and with the procedures established therein.

The authorization to buy back own shares, in accordance with and as an effect of Art. 2357 of the Civil Code, is being requested for a period of eighteen months, starting from the date of the AGM, and is for the buyback of a maximum number of 5,750,000 CIR shares, as follows:

- A. A maximum of 5,750,000 own shares with a nominal value of Euro 0.5 per share can be bought back, taking into account that, including in the calculation the own shares already held even through subsidiaries, the nominal value of the shares bought back may not in any case exceed one fifth of the share capital of CIR S.p.A.. The unit price of each individual share buyback transaction must not be more than 10% higher or lower than the benchmark price recorded by the shares in the Stock Exchange trading session prior to each individual buyback deal or the date on which the price is fixed. When the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market, in compliance with the terms of Art. 3 of EU Delegated Regulation no. 2016/1052;
- B. The purchase must take place in the market in accordance with what is set out in Art. 132 of D. Lgs no. 58/98 and by the rules of law and 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 operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with offer prices; (c) through pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the AGM resolution and exercisable within 18 months of the same date; (d) through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob, and with the terms of Articles 5 and 13 of EU Regulation 596/2014.

Regarding the authorization to dispose of the own shares, the resolution presented envisages an authorization to carry out the same acts of disposal as those of the resolution currently in force including the right to use the own shares bought back, without any time limits or constraints, to implement compensation plans based on the shares of the Company. More specifically, we should point out that the authorization is being renewed to give the maximum operating flexibility, but no transactions are currently planned involving the exchange or sale to the public using issues of American Depositary Receipts or similar securities.

Given all of the above, we propose that the existing authorization be cancelled for the period until its expiry and that the following new 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
- Being aware of the rules contained in Articles 2357 and following articles of the Civil Code, in Art. 132 of D.Lgs no. 58/98, in Art. 144-*bis* of Consob resolution 11971/1999, in EU Regulation 596/2014 and in EU Delegated Regulation no. 2016/1052

RESOLVES

1. To cancel for the part not utilized and for the period between the day of this Meeting and the natural expiry date, the resolution authorizing the buyback of own shares adopted by the Ordinary Annual General Meeting of the Shareholders on April 27 2018 and, as a consequence of the above, the related authorization to dispose of the same;
2. To authorize the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, severally and with the right to sub-delegate, to buy back CIR S.p.A. shares as per the terms and as an effect of Art. 2357 of the Civil Code, as from the day after this AGM and for a period of eighteen months. The buyback shall be effected as follows:
 - A maximum of 5,750,000 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 held even through subsidiaries, the nominal value of the shares bought back must not in any way exceed one fifth of the share capital of CIR S.p.A.
 - The unit price of each individual share buyback transaction must not be more than 10% higher or lower than the benchmark price recorded by the shares in the Stock Exchange trading session prior to each individual buyback deal or the date on which the price is fixed. When the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market;
 - The buyback must take place in the market in accordance with what is laid down in Art. 132 of D.Lgs no. 58/98 and in the rules or law or of regulations in force at the moment of the transaction and more precisely:
 - a) through a public offer to buy or exchange shares;
 - b) on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with predetermined offer prices;
 - c) through pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the AGM resolution authorizing it and exercisable within 18 months of the same date;
 - (d) through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules

for Issuers published by Consob and with the terms of Articles 5 and 13 of EU Regulation 596/2014.

3. To authorize, in accordance with and as an effect of the terms of Art. 2357-ter of the Civil Code, the Board of Directors and for the Board the Chairman and the Chief Executive Officer, severally and each with the right to sub-delegate, to carry out, within the limits of the law, any subsequent purchase or sale transactions and also to arrange, without any time limit or constraint, the shares bought back for sale – even before completing the buybacks as authorized above – once or more than once through authorized intermediaries, at prices no lower than the last purchase price paid or recorded in the books or than the current price quoted on the Stock Exchange, with a specific exception for directors and employees of the Company and/or of its subsidiaries and parent company to whom the shares may be transferred or assigned even free of charge, in observance of the limits laid down by law, in execution of specific compensation plans based on the shares of the Company;
4. To authorize the Board of Directors again, and for the Board the Chairman and the Chief Executive Officer, severally and with the power to sub-delegate, in accordance with and as an effect of the terms of Art. 2357-ter of the Civil Code, to arrange, without any time limit or constraint, for the own shares bought back to be used – once or more than once – as payment in exchange for equity, or for sale through offer to the public and/or to the Shareholders, or even through a placement of warrants and depositary receipts representing shares (American Depositary Receipts and similar certificates), to fulfil any requirements that could derive from debt instruments convertible into or exchangeable with equity instruments, and also for assigning to employees and Directors of the Company, its subsidiaries and its parent company, in relation to the execution of stock option plans, at a price no lower than the nominal value;
5. To give the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, a mandate to see that the appropriate accounting entries are made to the “reserve for own shares held”, after transactions involving the purchase, sale or exchange of own shares, in compliance with the rules of law and with the accounting principles applicable at any one time, withdrawing from and crediting the available reserves used for own share transactions as appropriate.”

COMPENSATION REPORT

FOREWORD

This report (“**Compensation 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. and taking into account the recommendations contained in Art. 6 of the Code of Conduct for Listed Companies of Borsa Italiana S.p.A. (the “**Code of Conduct**”), and is organized in two sections. 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 and of the Executives with strategic responsibilities and the procedures for adopting and implementing this policy. The second section aims to give an adequate representation of each of the items that makes up the compensation and to illustrate 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 Members of the Board of Statutory Auditors and to Executives with strategic responsibilities.

The Annual General Meeting of the Shareholders, convened to approve the Financial Statements for the year ended December 31 2018, as per the terms of Art. 123-*ter* of the T.U.F., is called upon to express a non-binding vote on the Compensation Report. The result of the vote will be disclosed to the public.

List of definitions

For the purposes of this Compensation 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 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 COFIDE S.p.A. and the companies controlled by the same.

“**Policy**”: compensation policy of the Company.

“**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 of the Members of the Board of Directors and the Executives with strategic responsibilities with reference to the year 2019 together with the procedures used for the adoption and implementation of the policy. The policy establishes the principles and guidelines on the basis of which 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 consultative vote of the Annual General Meeting of the Shareholders.

The Policy is structured as follows:

- i) The Shareholders' Meeting 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) The Shareholders' Meeting expresses a vote, which is non-binding, on the Policy approved each year by the Board of Directors.
- iii) The Shareholders' Meeting approves the share-based compensation plans for the Chairman and for the Chief Executive Officer of the Company and for employees of the Group.
- iv) At the proposal of the Appointments and Compensation Committee and having heard the opinion of the Statutory Auditors, the Board of Directors establishes the compensation of Directors with special positions.
- v) The Board of Directors establishes the compensation of non-executive Directors for being on one or more committees.
- vi) The Chief Executive Officer establishes the compensation of Executives with strategic responsibilities who are not members of the Board of Directors.
- vii) The Appointments and Compensation Committee has responsibility for processing proposals made to the Board of Directors regarding the compensation of Directors holding special positions, for preparing the Policy and submitting it to the examination of the Board of Directors. The Appointments and Compensation Committee also has responsibility for putting proposals before the Board of Directors regarding the features of share-based compensation plans: these plans are then submitted to the approval of the Shareholders' Meeting. The latter approves the plan and delegates the Board of Directors to approve its Regulations, identify the beneficiaries and the number of rights to assign to each of them.

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 submit to the Board of Directors.

The Committee is made up of Independent Directors Philippe, Bertherat, Francesca Pasinelli, Claudio Recchi and Guido Tabellini.

The Appointments and Compensation Committee:

- 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 and Risk 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*;
- 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;
- Puts forward proposals to the Board on the subject of share-based compensation plans for employees (preparing the specific Rules 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;
- 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

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.

The Policy did not change substantially in the year under examination compared to the previous year.

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).

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 and to the Chief Executive Officer and General Manager (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 compensation package of the General Manager and of the Executives with strategic responsibilities is made up partly of cash and partly of financial instruments.

Just for the General Manager, the cash part includes variable items calculated according to performance parameters identified by the Board of Directors at the proposal of the Appointments and Compensation Committee

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 after the grant date and for a period of almost two years, thus having an average vesting period 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 in favour of the Directors.

In line with market practice, the compensation package of Executives with strategic responsibilities also has certain benefits which include insurance schemes and private healthcare. The Executive responsible for the preparation of the financial statements and corporate documents has been assigned a company car for business and private use.

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 are partly linked to the achievement of certain performance targets. The aim is to create value for the Shareholders in the medium-long term. More specifically, Stock Grant Plan 2018 - submitted to the approval of the Shareholders' Meeting convened to approve, among other things, the Financial Statements as of December 31 2018 - involves the assignation of Units, that are 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 come to pass. The Units are subdivided into two categories:

“Time-based Units”, the vesting of which is subject to the directorship (or the employment) remaining for a certain period;

“Performance Units”, in a number equal to at least 50% of the total Units assigned, the vesting of which, apart from the continuation of the directorship (or employment) for a certain period, is also subject 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 features of Stock Grant Plan 2018, see the Information Document prepared as per the terms of Art. 84-*bis* of the Rules for Issuers, made available to the Shareholders' Meeting convened to approve the Financial Statements as of December 31 2018, which can be consulted on the Company website www.cirgroup.it, in the section Governance.

h) Criteria used for assessment of the performance objectives on which the assignment 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 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 of pursuing the medium-long term objectives for 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 on the market in relation to the FTSE Italia Mid Cap index.

It is 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 which 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 better 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 medium and 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 2019 stipulates that the Units assigned to the beneficiaries will vest as from two years after they are assigned, according to the following timing:

- Up to a maximum of 12.5% of the total Time-based Units assigned as from April 30 2021;
- Up to a maximum of 25% of the total Time-based Units assigned as from July 31 2021;
- Up to a maximum of 37.5% of the total Time-based Units assigned as from October 31 2021;
- Up to a maximum of 50% of the total Time-based Units assigned as from January 31 2022;
- Up to a maximum of 62.5% of the total Time-based Units assigned as from April 30 2022;
- Up to a maximum of 75% of the total Time-based Units assigned as from July 31 2022;
- Up to a maximum of 87.5% of the total Time-based Units assigned as from October 31 2022;
- Up to a maximum of 100% of the total Time-based Units assigned as from January 31 2023.

The Units that have vested must in any case be exercised by the final maturity of April 29 2029.

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 2019, 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, except when the Board of Directors should authorize otherwise.

l) Policy in relation to what payout is applicable when the position or the employment terminates, specifying which circumstances give rise to the right to such payout and any link between the said payout 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, her 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 and/or as Chief Executive Officer of GEDI Gruppo Editoriale S.p.A.;
- 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 and/or of the position of Director and/or Chief Executive Officer of GEDI Gruppo Editoriale S.p.A.;
- 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, and/or a just cause for resigning from the position of Director and/or Chief Executive Officer of GEDI Gruppo Editoriale S.p.A.;
- 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, in the sense 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 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.

SECTION II

1.1 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 and 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 their appointment for the whole duration of their mandate. The fee for the Chairman is different from that of the other Statutory Auditors.

Executives with strategic responsibilities

The compensation package is made up of the following: fixed fee 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 limits as to the quantity of the payout.

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 2018 no leaving indemnity was paid out.

Part Two

Annexes charts 1, 2, 3A as per 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 who are not legally separated and minor children, directly or through subsidiaries, fiduciary companies or a third person, 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).

SCHEDULE 7-BIS - TABLE 1: Compensation paid to members of the Administrative and Control bodies, General Managers and other Executives with strategic responsibilities

(in euro)														
Last name and first name	Position	Period in which position was held 2016	Expiry of mandate	Company preparing the financial statements and subsidiaries and associates	(1) Fixed fees	(2) Fees for being on Committees	(3) Variable non-equity compensation		(4) Non-monetary benefits	(5) Other fees	(6) Total	(7) Fair value of equity compensation (theoretical value: see note 2)	(8) End of mandate or leaving indemnity	Notes
							Bonuses and other incentives	Profit sharing						
DE BENEDETTI RODOLFO	Chairman	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	1,680,000				22,296		1,702,296	0		1a, 1b, 3
				Subsidiaries	45,000					45,000			4	
				Total	1,725,000			22,296		1,747,296	0			
MONDARDINI MONICA	Chief Executive Officer and General Manager	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	1,153,331		376,000				1,529,331	1,116,659		1a, 1b, 1c, 1d, 2
				Subsidiaries	290,052					290,052			5, 6	
				Total	1,443,383		376,000		1,819,383	1,116,659				
BERTHERAT PHILIPPE	Director	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	20,000	14,000					34,000			1a, 1f
BOTTICINI MARISTELLA	Director	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	20,000	15,000					35,000			1a, 1e
DE BENEDETTI EDOARDO	Director	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	20,000						20,000			1a
DEBENEDETTI FRANCO	Director	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	20,000						20,000			1a
DE BENEDETTI MARCO	Director	1.1 - 31.12	Approval 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	Approval Fin. Stat. 2019	CIR S.p.A.	20,000	15,000					35,000			1a, 1e
GRIECO PATRIZIA	Director	1.1 - 28.04	Approval Fin. Stat. 2019	CIR S.p.A.	6,667	4,333					11,000			1a, 1f
PASINELLI FRANCESCA	Director	4.6 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	11,507	6,753					18,260			1a, 1e
RECCHI CLAUDIO	Director	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	20,000	28,000					48,000			1a, 1e, 1f
TABELLINI GUIDO	Director	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	20,000	14,000					34,000			1a, 1f

(in euro)									
Last name and first name	Position	Period in which position was held 2016	Expiry of mandate	Company preparing the financial statements and subsidiaries and associates	Fixed fees	Fees for being on Committees	Variable non-equity compensation		Total
							Bonuses and other incentives	Profit sharing	
MANZONETTO PIETRO	Chairman Board of Statutory Auditors	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	75,200				75,200
				Subsidiaries	11,167				11,167
				Total	86,367				86,367
ALLIEVI ANNA MARIA	Statutory Auditor	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	50,000				50,000
	Statutory Auditor	1.1 - 31.12	Approval Fin. Stat. 2019	CIR S.p.A.	50,000				50,000
				Subsidiaries	45,050				45,050
ZINGALES RICCARDO				Total	95,050				95,050
				CIR S.p.A.	195,261				198,435
				Subsidiaries		30,000			30,000
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES				Total	195,261	30,000			228,435
									163,656
									163,656

- (1) Fees for the position in the company preparing the financial statements:
- a) fees of €20,000 approved by the AGM
- b) special positions as per Art. 2389 paragraph 3 approved by the Board of Directors in favour of De Benedetti Rodolfo and Mondardini Monica
- c) employee salary
- d) performance-related bonus of €376,000 for reaching profit objectives
- e) Appointments and Compensation Committee
- f) Control and Risk Committee
- (2) This is the company's notional cost recognized to the income statement in personnel costs, with an offset in the special equity reserve; IAS accounting values not yet received by the director, thus at the moment only potential.
- (3) Fees for 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 amount includes fees for the positions of Director (€25,000), Deputy Chairman (€68,219) and Chief Executive Officer (€128,888) of GEDI S.p.A.
- (6) The item "Fixed fees" does not include the amounts for the position of Director (€20,000) and Executive Director (€32,055) of Sogefi S.p.A. paid into CIR S.p.A. and that of Director (€10,000) of KOS S.p.A. because the fee has been 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 remuneration for the position of Statutory Auditor in other companies of the Group.
- (9) Value of company car.

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 & first name	Options held at the beginning of the year				Options assigned during the year						Options exercised during the year			Options that expired in the year	Options held at end of year	Options for the year	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2)+(5)-(11)-(14)	(16)	
	Position held	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 (in thousands of euro)	Grant date	Market price of underlying shares at grant date of options	Number of options	Strike price	Market price of underlying shares at exercise date	Number of options	Fair value (theoretical value - see note) (in thousands of euro)	
DE BENEDETTI RODOLFO Extraordinary stock option plan Extraordinary stock option plan Extraordinary stock option plan Stock option plan Stock option plan Stock option plan Stock option plan	CHAIRMAN	2009 2a tranche (*)	1,750,000	2.7344	from 31/03/2008 to 31/03/2018										1,750,000	0	
		2009 3a tranche (*)	1,750,000	1.6806	from 30/09/2008 to 30/09/2018											1,750,000	0
		2009 4a tranche (*)	1,750,000	1.0718	from 31/03/2009 to 31/03/2019											1,750,000	0
		2009 1a tranche	1,750,000	0.9907	from 30/09/2009 al 30/09/2019											1,750,000	0
		2009 2a tranche	1,750,000	1.5449	from 28/02/2010 to 28/02/2020											1,750,000	0
		2010 1a tranche	1,750,000	1.6208	from 30/09/2010 to 30/09/2020											1,750,000	0
		2010 2a tranche	1,750,000	1.4982	from 28/02/2011 to 28/02/2021											1,750,000	0
TOTAL			12,250,000	1.5916											3,500,000	8,750,000	0
EXECUTIVE WITH STRATEGIC RESPONSIBILITIES Extraordinary stock option plan Extraordinary stock option plan Extraordinary stock option plan Stock option plan Stock option plan Stock option plan Stock option plan		2009 2a tranche (*)	105,000	2.7344	from 31/03/2008 to 31/03/2018										105,000	0	
		2009 3a tranche (*)	115,000	1.6806	from 30/09/2008 to 30/09/2018											115,000	0
		2009 4a tranche (*)	115,000	1.0718	from 31/03/2009 to 31/03/2019											115,000	0
		2009 1a tranche	115,000	0.9907	from 30/09/2009 al 30/09/2019											115,000	0
		2009 2a tranche	115,000	1.5449	from 28/02/2010 to 28/02/2020											115,000	0
		2010 1a tranche	125,000	1.6208	from 30/09/2010 to 30/09/2020											125,000	0
		2010 2a tranche	125,000	1.4982	from 28/02/2011 to 28/02/2021											125,000	0
TOTAL			815,000	1.5768											220,000	595,000	0

(*) Plans resulting from the conversion of Phantom Stock Option Plans.

(16) This is the notional cost for the Company recognized to the Income Statement in personnel costs with offset in the special equity reserve.

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 & first name	Position held	(1)	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 & were not assigned		Financial instruments that vested in the year and are assignable		Financial instruments for the year
			(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) (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	Value at vesting date	Fair value (theoretical value; see note) (in thousands of euro)			
MONDARDINI MONICA EXECUTIVE WITH STRATEGIC RESPONSIBILITIES	CEO & GM	2014	stock grant 856,574	from 30/06/2014 to 31/01/2018							856,574		2			
		2014	stock grant 150,000	from 30/06/2014 to 31/01/2018							150,000		0			
MONDARDINI MONICA EXECUTIVE WITH STRATEGIC RESPONSIBILITIES	CEO & GM	2015	stock grant 902,966	from 27/04/2015 to 31/01/2019	stock grant 11,890		from 28/05/2018 to 27/04/2025	28/05/2018		390,251	stock grant 521,106		103			
		2015	stock grant 1,000,000	from 27/04/2015 to 31/03/2018	stock grant 34,923		from 28/05/2018 to 27/04/2025	28/05/2018			stock grant 1,034,923		60			
		2015	stock grant	from 27/04/2015 to 31/01/2019	stock grant	1,310	from 28/05/2018 to 27/04/2025	28/05/2018		65,625	stock grant 66,935 of which 9,375 time and 9,375 perform. units exercised	1,4945	16			
MONDARDINI MONICA EXECUTIVE WITH STRATEGIC RESPONSIBILITIES	CEO & GM	2016	stock grant 1,000,000	from 29/04/2016 to 31/01/2020	stock grant 2,183		from 28/05/2018 to 29/04/2026	28/05/2018			stock grant 252,183		281			
		2016	stock grant 155,100	from 29/04/2016 to 31/01/2020	stock grant 338		from 28/05/2018 to 29/04/2026	28/05/2018			stock grant 39,113		44			
MONDARDINI MONICA EXECUTIVE WITH STRATEGIC RESPONSIBILITIES	CEO & GM	2017	stock grant 888,914	from 28/04/2017 to 31/01/2021									398			
		2017	stock grant 137,870	from 28/04/2017 to 31/01/2021									62			
MONDARDINI MONICA EXECUTIVE WITH STRATEGIC RESPONSIBILITIES	CEO & GM	2018			stock grant 1,263,750		from 27/04/2018 to 31/01/2022	27/04/2018					273			
		2018			stock grant 196,008		from 27/04/2018 to 31/01/2022	27/04/2018					42			
						0							1,281			

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

(10) Time units vested.

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

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

<i>Last name & first name</i>	<i>Position</i>	<i>Company in which shares are owned</i>	<i>No. of shares owned at end of last year</i>	<i>No. of shares acquired</i>	<i>No. of shares transferred</i>	<i>No. of shares owned at end of this year</i>	<i>Notes</i>
DE BENEDETTI RODOLFO	Chairman	CIR S.p.A.	8,207,746	--	--	8,207,746	(1)
MONDARDINI MONICA	Chief Executive Officer & General Manager	CIR S.p.A.	--	--	--	--	
	Chief Executive Officer	GEDI S.p.A.	373,125	---	--	373,125	
BERTHERAT PHILIPPE	Director	CIR S.p.A.	--	--	--	--	
BOTTICINI MARISTELLA	Director	CIR S.p.A.	--	--	--	--	
BRACCHI GIAMPIO	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.	--	--	--	--	
GRIECO PATRIZIA	Director	CIR S.p.A.	--	--	--	--	
MICOSSI STEFANO	Director	CIR S.p.A.	--	--	--	--	
PISTAUER MICHAEL	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 Auditors	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.	242,739	--	--	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..

PROPOSED RESOLUTION

Consultative vote on Section I of the Compensation Report **as per Art. 123 *ter* of the TUF**

Dear Shareholders,

In accordance with the terms of Art. 123-*ter*, paragraph 6, of the T.U.F., you are being called upon to approve Section I of the Compensation Report prepared according to the provisions of Art. 84-*quater* of Consob's Rules for Issuers, in conformity with Annex 3 A, Schedule 7-*bis* of the above-cited Rules.

Given the above, drawing your attention to the content of the above-mentioned Report, your Board of Directors hereby submits to you the following

Proposed resolution

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

- Having seen the terms of current regulations
- Acknowledging that the Compensation Report has been filed and made available within the time limits required by law

ADOPTS A RESOLUTION

in favour of the content of Section I of the Compensation Report approved by the Board of Directors at the meeting held on March 11 2019.

PROPOSAL TO APPROVE STOCK GRANT PLAN 2019

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, its subsidiaries and its parent company, 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 2,200,000 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 2019 aimed at executives and/or directors of the Company, its subsidiaries and its parent company, through the assignment of a maximum number of 2,200,000 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 2019

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 2019, 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 and of the parent company COFIDE S.p.A., 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 in relation to the creation of value, 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 COFIDE 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 2019.
- “Employment Relationship”: the employment relationship or directorship existing between the Beneficiaries and the Company, its subsidiaries or its parent company COFIDE S.p.A..
- “Regulations”: the regulations which 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 29 2029, i.e. the same date of the tenth year following the Grant Date, on which date any Units which 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, of its subsidiaries and of its parent company COFIDE S.p.A.

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 and 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, its subsidiaries and its parent company COFIDE S.p.A. and the Beneficiaries and to provide 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; (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 the passage of 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 is 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 their role in the Company, or in the subsidiaries or the parent company COFIDE S.p.A. 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 be assigned 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 as the Units.

Should the Company hear of the intention of launching 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 11 2019 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 11 2019 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 29 2019.

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.

On March 11 2019 (the date on which the Appointments and Compensation Committee and the Board of Directors met to define the proposal and approve the resolution to put before the AGM regarding the Plan) the official price of the CIR share on the Stock Exchange was € 1.0918.

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 2,200,000 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. Vesting period 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 2021;
- b) Up to a maximum of 25% as from July 31 2021;
- c) Up to a maximum of 37.5% as from October 31 2021;
- d) Up to a maximum of 50% as from January 31 2022;
- e) Up to a maximum of 62.5% as from April 30 2022;
- f) Up to a maximum of 75% as from July 31 2022;
- g) Up to a maximum of 87.5% as from October 31 2022;
- h) Up to a maximum of 100% as from January 31 2023.

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 2,200,000 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 in the subsidiaries or in the parent company COFIDE S.p.A. 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 assignment 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 the subsidiaries or the parent company COFIDE S.p.A. 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 resolutive 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 uncontested 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 date of assignment 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 exercise 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

CHART 2									
options									
section 1									
options relating to currently valid plans approved by previous AGM resolutions									
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 Executive with strategic responsibilities Other executives of CIR, its subsidiaries and its parent company	Chairman	29-Apr-08	Stock option (*)	1,750,000		16-Oct-08	1.0718	0.9696	from 31/03/2009 to 31/03/2019
		29-Apr-08	Stock option (*)	115,000		16-Oct-08	1.0718	0.9696	
		29-Apr-08	Stock option (*)	338,500	812,400	16-Oct-08	1.0718	0.9696	

Note (): stock options resulting from the replacement of a phantom stock option plan. Approved by the AGM on April 30 2009.*

CHART 2									
options									
Name or category	Position	options relating to currently valid plans approved by previous AGM resolutions							
		section I							
		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 Executive with strategic responsibilities Other executives of CIR, its subsidiaries and its parent company	Chairman	30-Apr-09	Stock option	1,750,000		15-May-09	0.9907	1.0007	from 30/09/2009 to 30/09/2019
		30-Apr-09	Stock option	115,000		15-May-09	0.9907	1.0007	
		30-Apr-09	Stock option	59,800	1,165,700	15-May-09	0.9907	1.0007	
De Benedetti Rodolfo Executive with strategic responsibilities Other executives of CIR, its subsidiaries and its parent company	Chairman	30-Apr-09	Stock option	1,750,000		16-Oct-09	1.5449	1.7142	from 28/02/2010 to 28/02/2020
		30-Apr-09	Stock option	115,000		16-Oct-09	1.5449	1.7142	
		30-Apr-09	Stock option	1,221,000		16-Oct-09	1.5449	1.7142	
De Benedetti Rodolfo Executive with strategic responsibilities Other executives of CIR, its subsidiaries and its parent company	Chairman	30-Apr-10	Stock option	1,750,000		14-May-10	1.6208	1.5012	from 30/09/2010 to 30/09/2020
		30-Apr-10	Stock option	125,000		14-May-10	1.6208	1.5012	
		30-Apr-10	Stock option	1,271,000		14-May-10	1.6208	1.5012	
De Benedetti Rodolfo Executive with strategic responsibilities Other executives of CIR, its subsidiaries and its parent company	Chairman	30-Apr-10	Stock option	1,750,000		15-Oct-10	1.4982	1.601	from 28/02/2011 to 28/02/2021
		30-Apr-10	Stock option	125,000		15-Oct-10	1.4982	1.601	
		30-Apr-10	Stock option	1,193,000		15-Oct-10	1.4982	1.601	

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 options						
		Section I						
		Instruments relating to currently valid plans 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 on the grant date	Vesting period
Mondardini Monica	Chief Executive Officer	27-Apr-15	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	461,357 (3)	27-Apr-15	The shares will be assigned free of charge	1.094	from 27 April 2015 to 31 January 2019
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	59,749 (4)				
			CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	1,034,923 (5)				
Executive with strategic responsibilities		27-Apr-15	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	66,935	27-Apr-15	The shares will be assigned free of charge	1.094	from 27 April 2015 to 31 January 2019
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	--				
Other executives of CIR its subsidiaries		27-Apr-15	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	--	27-Apr-15	The shares will be assigned free of charge	1.094	from 27 April 2015 to 31 January 2019
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	--				

CHART 1									
Financial instruments other than stock options									
Section 1									
Instruments relating to currently valid plans 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 on the grant date	Vesting period	
Mondardini Monica	Chief Executive Officer	29-Apr-16	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	502,183 (6)	29-Apr-16	The shares will be assigned free of charge	1.09	from 29 April 2016 to 31 January 2020	
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	500,000					
Executive with strategic responsibilities		29-Apr-16	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	77,888	29-Apr-16	The shares will be assigned free of charge	1.09	from 29 April 2016 to 31 January 2020	
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	77,550					
Other executives of CIR its subsidiaries		29-Apr-16	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	122,975	29-Apr-16	The shares will be assigned free of charge	1.09	from 29 April 2016 to 31 January 2020	
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	245,950					
Mondardini Monica	Chief Executive Officer	28-Apr-17	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	444,457	28-Apr-17	The shares will be assigned free of charge	1.4359	from 28 April 2017 to 31 January 2021	
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	444,457					
Executive with strategic responsibilities		28-Apr-17	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	68,935	28-Apr-17	The shares will be assigned free of charge	1.4359	from 28 April 2017 to 31 January 2021	
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	68,935					
Other executives of CIR its subsidiaries		28-Apr-17	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	218,629	28-Apr-17	The shares will be assigned free of charge	1.4359	from 28 April 2017 to 31 January 2021	
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	218,629					

		CHART 1 Financial instruments other than stock options						
		Section 1						
		Instruments relating to currently valid plans 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 on the grant date	Vesting period
Mondardini Monica	Chief Executive Officer	27-Apr-18	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	631,875	27-Apr-18	The shares will be assigned free of charge	1.082	from 27 April 2018 to 31 January 2022
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	631,875				
Executive with strategic responsibilities		27-Apr-18	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	98,004	27-Apr-18	The shares will be assigned free of charge	1.082	from 27 April 2018 to 31 January 2022
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	98,004				
Other executives of CIR its subsidiaries		27-Apr-18	CIR shares to be assigned in relation to the vesting of "Time-based Units" (1)	306,864	27-Apr-18	The shares will be assigned free of charge	1.082	from 27 April 2018 to 31 January 2022
			CIR shares to be assigned in relation to the vesting of "Performance Units" (2)	306,864				

- (1) the vesting of the "Time-based Units" is subject to reaching the time limits
- (2) the vesting of the "Performance Units" is subject to reaching the time limits and the objectives in terms of Normal Value of the Shares
- (3) of which 1,483 time units assigned on May 30 2017 as additional units after dividend payment, as per the Regulations of the Plan of which 9,874 time units assigned on May 28 2018 as additional units after dividend payment, as per the Regulations of the Plan
- (4) of which 1,483 time units assigned on May 30 2017 as additional units after dividend payment, as per the Regulations of the Plan of which 2,016 time units assigned on May 28 2018 as additional units after dividend payment, as per the Regulations of the Plan
- (5) of which 34,923 time units assigned on May 28 2018 as additional units after dividend payment, as per the Regulations of the Plan
- (6) of which 2,183 time units assigned on May 28 2018 as additional units after dividend payment, 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 options								
Section 2								
New instruments to be assigned on the basis 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 instruments 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 its subsidiaries and its parent company			CIR shares					

**APPOINTMENT OF A DIRECTOR
AS PER THE TERMS OF ART. 2386 OF THE CIVIL CODE**

Dear Shareholders,

During the year 2018 we received the resignation of Ms Patrizia Grieco. The Board of Directors of your Company – with the favourable opinion of the Board of Statutory Auditors – on June 4 2018 co-opted Ms Francesca Pasinelli on to the Board.

It is therefore necessary to appoint a new Director. For this resolution the list vote mechanism does not apply. The appointment will, therefore, be made according to the majority principle.

On this subject, the majority Shareholder proposes that Ms Francesca Pasinelli be confirmed as an independent Director (her *curriculum vitae* is attached to this report together with her declaration of acceptance of the appointment, a declaration that there are no reasons why she should be ineligible for the position, that she possesses the requisites of integrity and professionalism prescribed by the rules applicable as well as the requirements for independence stipulated in current laws and regulations). The Director will hold the appointment until the current Board comes to the end of its mandate – i.e. until the Annual General Meeting of the Shareholders convened to approve the Financial Statements for the year ended December 31 2019 – with the fee approved by the Shareholders' Meeting held on April 28 2017.

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

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

- Acknowledging the Report of the Board of Directors
- Acknowledging the terms of Art. 8 of the Company Bylaws
- Acknowledging the proposal of the Shareholder COFIDE – Gruppo De Benedetti S.p.A.

RESOLVES

- To appoint Ms Francesca Pasinelli as a Director of the Company for the duration of the current mandate of the Board of Directors in office and thus until the date of the Annual General Meeting of the Shareholders convened for the approval of the Financial Statements for the year ended December 31 2019.”

CIR S.p.A. - DICHIARAZIONE AMMINISTRATORE INDIPENDENTE

Io sottoscritta Francesca Pasinelli nata a Gardone Val Trompia (BS) il 23 marzo 1960, residente a Milano, Via Giovanni Battista Nazari n. 6, ai sensi e per gli effetti dell'art. 8 dello statuto sociale di CIR S.p.A.,

dichiaro

di accettare la candidatura a componente del Consiglio di Amministrazione di CIR S.p.A. per la nomina che verrà proposta all'Assemblea degli Azionisti del 29 aprile 2019, in unica convocazione.

Attesto, inoltre, sotto la mia responsabilità l'inesistenza di cause di ineleggibilità o di incompatibilità con la carica di componente del Consiglio di Amministrazione, nonché l'esistenza dei requisiti prescritti dalla normativa applicabile, compresi i requisiti di onorabilità previsti per i membri degli Organi di controllo secondo il combinato disposto dell'art. 147 quinquies e dell'art. 148, comma 4, del D.Lgs. 58/1998 e di quelli di indipendenza stabiliti dalla normativa vigente.

In particolare dichiaro:

- di non essere interdetto, inabilitato o fallito;
- di non essere stato condannato ad una pena che comporti l'interdizione, anche temporanea, dai pubblici uffici o di incapacità ad esercitare uffici direttivi;
- ai sensi del combinato disposto dall'art. 147 ter comma 4 e dell'art. 148, comma 3 lettera b, del D.Lgs. 58/1998, di non essere coniuge, parente o affine entro il quarto grado degli Amministratori della Società CIR S.p.A. o degli Amministratori di società da questa controllate, delle società che la controllano e di quelle sottoposte a comune controllo;



- ai sensi del combinato disposto dall'art. 147 ter comma 4 e dell'art. 148, comma 3 lettera c, del D.Lgs. 58/1998, di non essere legato alla Società CIR S.p.A., alle società da questa controllate, alle società che la controllano e a quelle sottoposte a comune controllo ovvero agli Amministratori della stessa Società e ai soggetti di cui al precedente punto, da rapporti di lavoro autonomo o subordinato ovvero da altri rapporti di natura patrimoniale o professionale che ne compromettano l'indipendenza;

- di possedere i requisiti di onorabilità di cui all'art. 2 del Decreto del Ministro della Giustizia in data 30 marzo 2000 n. 162, non essendo stato sottoposto a misure di prevenzione disposte dall'Autorità Giudiziaria ai sensi delle Leggi 1423/1956 e 575/1965 e successive modificazioni ed integrazioni e non essendo stato condannato con sentenza irrevocabile:

- 1) a pena detentiva per uno dei reati previsti dalle norme che disciplinano l'attività bancaria, finanziaria ed assicurativa e dalle norme in materia di mercati e strumenti finanziari, in materia tributaria e di strumenti di pagamento;

- 2) alla reclusione per uno dei delitti previsti nel Titolo XI del Libro V del C.C. e nel R.D. 16 marzo 1942 n. 267;

- 3) alla reclusione per un tempo non inferiore a sei mesi per un delitto contro la pubblica amministrazione, la fede pubblica, il patrimonio, l'ordine pubblico e l'economia pubblica;

- 4) alla reclusione per un tempo non inferiore a un anno, per un qualunque delitto non colposo;

- di non aver richiesto l'applicazione di una delle pene di cui ai precedenti punti 1, 2, 3 e 4;

- di non essere in posizione di incompatibilità ai sensi dell'art. 149-octies del Regolamento di attuazione del D.Lgs. 24.2.1998 n. 58 adottato con delibera Consob n. 11971/99.

- di non esercitare attività in concorrenza con la Società;

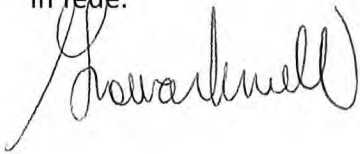


- di impegnarmi a comunicare tempestivamente alla Società ogni successivo atto o fatto che modifichi le informazioni stesse.

Dichiaro, inoltre, come previsto dall'art. 11 dello statuto sociale di CIR S.p.A. di essere in possesso dei requisiti di indipendenza stabiliti dalla legge e dai regolamenti nonché di quelli dal modello di governo societario adottato dalla Società CIR S.p.A..

Allego curriculum vitae.

In fede.



15/03/2019

Francesca Pasinelli

Curriculum Vitae

Indirizzo: Via G.B. Nazari, 6 - 20129 Milano

Telefono (ufficio): +39 06 44015323

Telefono (abitazione): +39 02 744685

Telefono cellulare: +39 335 6445331

Email: fpasinelli@telethon.it

fpasinelli@gmail.com

ESPERIENZA PROFESSIONALE

<u>Direttore Generale e Consigliere di Amministrazione</u> Fondazione Telethon <i>Ente non profit che finanzia progetti per la ricerca finalizzata alla cura della Distrofia muscolare e di altre malattie genetiche</i>	Dal 2009 ad oggi
<u>Direttore Generale</u> Dompé Q-rare, divisione di Dompé SpA <i>Dompé Q-Rare è una divisione del gruppo Dompé interamente dedicata a farmaci per malattie rare</i>	2007-2009
<u>Direttore Scientifico</u> Fondazione Telethon	1997-2007
<u>Direttore di Divisione</u> Schering Plough S.p.A.	1994 – 1997
<u>Marketing Manager Linea Pediatrica e Prodotti Biologici</u> SmithKline Beecham S.p.A.	1991 – 1994
<u>Product Manager Linea Vaccini</u> Smith Kline & French S.p.A.	1989 – 1991
<u>Clinical Research Associate</u> Smith Kline & French S.p.A.	1986 – 1989
<u>Ricercatrice farmacologa</u> Centro Ricerche Glaxo Verona	1983 - 1986

ISTRUZIONE E FORMAZIONE

<u>Scuola di Specialità in Farmacologia (con lode)</u> Facoltà di Farmacia, Università degli Studi di Milano	1987
<u>Laurea in Farmacia (con lode)</u> Università degli Studi di Parma	1983

CORSI DI SPECIALIZZAZIONE

<u>Insead Course on Budget Analysis and Strategic Planning</u> Fontainebleau, France	1996
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PREMI e RICONOSCIMENTI

<u>Premio Marisa Bellisario</u> Dedicato a donne con responsabilità manageriali in ambito di ricerca e sanità	2005
<u>Commendatore al Merito della Repubblica Italiana</u> Onorificenza conferita dal Presidente della Repubblica Napolitano	2007
<u>Premio Sonia Skarlatos Public Service Award</u> (American Society for Gene and Cell Therapy)	2018

PARTECIPAZIONI A CONSIGLI E COMITATI

Comitato Esecutivo dell'Istituto Italiano di Tecnologia (IIT) – Genova (dal 2013)

Consigliere d'Amministrazione di Diasorin S.p.A. – Saluggia (VC) (dal 2016)

Consigliere d'Amministrazione Dompè Farmaceutici S.p.A. – Milano (dal 2016)

Consigliere d'Amministrazione Anima Holding S.p.A. (dal 2016) e Anima SGR (dal 2018) - Milano

Consigliere d'Amministrazione CIR Compagnie Industriali Riunite S.p.A. (dal 2018) – Milano

Consigliere d'Amministrazione EryDel S.p.A. (dal 2019) – Bresso (MI)

PRECEDENTI PARTECIPAZIONI A CONSIGLI

Consiglio d'Amministrazione Università La Sapienza – Roma (dal 2010 al 2014)

Consiglio d'Amministrazione Fondazione Bruno Kessler – Trento (dal 2006 al 2013)

Consigliere d'Amministrazione Università degli Studi di Milano (2014-2018)

Gravel

**ASSIGNMENT OF POWERS TO THE BOARD OF DIRECTORS AS PER THE
TERMS OF ARTICLES 2420-TER AND 2443 OF THE CIVIL CODE;
CONSEQUENT AMENDMENT OF ART. 4 OF THE COMPANY BYLAWS.
RESOLUTIONS RELATING TO THE SAME.**

Dear Shareholders,

With a resolution adopted on June 30 2014 the Extraordinary General Meeting of the Shareholders of CIR S.p.A. had resolved to give the Board of Directors, for a maximum period of five years from the date of the registration of the resolution in the Register of Companies, in accordance with the terms of Articles 2443 and 2420-ter of the Civil Code, the power to:

- a) Increase once or more than once, the share capital by a maximum of euro 500,000,000 (five hundred million) of nominal value, through the issuance of shares with or without a share premium, to be offered in subscription and also to service warrants or the conversion of bonds even those issued by third parties, both in Italy and abroad, or to be assigned free of charge to those entitled by recognizing to capital the available part of reserves and provisions resulting from the latest financial statements approved;
- b) Increase, once or more than once, the share capital by a maximum of Euro 20,000,000 (twenty million) of nominal value, through the issuance of shares to be reserved for subscription by Directors and employees of the Company and its subsidiaries and parent companies as per the terms of Art. 2441, Vth and last paragraph, of the Civil Code, the same Board having the right to set the issuance price which cannot be lower than the nominal value, the requisites for subscription and any limits to the availability of the shares, and in general to establish the terms and conditions of such subscription;
- c) Issue, once or more than once, even without an option right, and in this case in favour of institutional investors, convertible bonds or bonds with warrants attached, even in foreign currencies, where permitted by law, with a corresponding increase in share capital – with a limit of ten per cent of the existing share capital if the option right is not included – of up to a maximum amount of 500,000,000 (five hundred million).

More in general to define the procedures, terms and conditions of the bond issue and the regulations thereof.

This delegation of powers, which had a duration of five years from when the resolution was recorded in the Register of Companies (on July 21 2014), will expire on July 21 2019 and to date has not been exercised. We therefore propose renewing this delegation of powers by approving the following resolution:

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

- acknowledging the Report of the Board of Directors
- acknowledging that the powers assigned to the Board of Directors by the General Meeting of the Shareholders on June 30 2014 will expire on July 21 2019 and that they have not yet been exercised
- having heard the favourable opinion of the Board of Statutory Auditors and the declaration that the share capital is fully paid up
- having seen Articles 2443 and 2420-ter of the Civil Code

RESOLVES

- to give the Board of Directors, for a maximum period of five years from the date on which this resolution is recorded in the Register of Companies, the right to:
 - a) Increase, once or more than once, the share capital by a maximum of Euro 500,000,000 (five hundred million) of 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 the terms of Art. 2441 paragraphs IV and V of the Civil Code, with the right of the Directors to decide from time to time on the category of the shares, the issuance price of the same shares (including any share premium), the dividend rights, whether or not the share capital increase is to be used for the conversion of bonds issued even by third parties both in Italy and abroad, or for servicing warrants, and to determine the reserves and available provisions to be allocated to share capital and the amount of the same. More in general to define the procedures, terms and conditions for the share capital increase;
 - b) Increase, once or more than once, the share capital by a maximum of Euro 11,000,000 (eleven million) of nominal value, with the issuance of shares to be reserved for subscription by Directors and employees of the Company or its subsidiaries and parent companies as per the terms of Art. 2441, Vth and last paragraph, of the Civil Code, the same Board having the right to set the issuance price, which cannot be lower than the nominal value, the requisites for subscription and any limits to the availability of the shares, and in general to establish the terms and conditions of such subscription;
 - c) Issue, once or more than once, convertible bonds even in a foreign currency, where permitted by law, with a corresponding increase in share capital 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 the regulations thereof;
 - d) Amend Article 4 of the Company Bylaws as follows:

Current text

SHARE CAPITAL – SHARES

Article 4

*POWERS TO THE BOARD OF
DIRECTORS*

11. 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 Meeting of the Shareholders held on June 30 2014, to increase the share capital either once or more than once by a maximum of Euro 500,000,000, nominal value, through the issuance of shares with or without a share premium. These shares will be offered in subscription or will service warrants or the conversion of bonds including issues made by third parties, both in Italy and abroad, or else they will be assigned free of charge to holders of option rights by allocating to share capital available reserves or provisions on the basis of the latest financial statements approved.

12. For a period of five years starting from the date of registration in the Register of Companies of the resolution of the Extraordinary Meeting of the Shareholders held on June 30 2014, the Board of Directors also has the right to increase the share

Proposed text

SHARE CAPITAL – SHARES

Article 4

*POWERS TO THE BOARD OF
DIRECTORS*

11. 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 Meeting of the Shareholders held on April 29 2019, 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 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 right of the Directors 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, 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 reserves and available provisions to be allocated to share capital and the amount of the same. More in general to define the procedures, terms and conditions for the share capital increase.

12. For a period of five years starting from the date of registration in the Register of Companies of the resolution of the Extraordinary Meeting of the Shareholders held on April 29 2019, the Board of Directors also has the right to increase the share

capital either once or more than once to a maximum of Euro 20,000,000 of nominal value through the issuance of shares to be reserved for subscription by Directors and employees of the Company and of its subsidiaries and parent companies in accordance with Article 2441, fifth and last paragraph, of the Civil Code. The same Board shall have the right to fix the price of issuance, which may not be lower than the nominal value of the shares, the requirements for subscription and the limits on the availability of the same shares, as well as the general terms and procedures for the said subscription.

13. 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 Meeting of the Shareholders held on June 30 2014, to issue, once or more than once, even without the option right and in this case in favour of institutional investors, convertible bonds or bonds with warrants attached, which may also be in a foreign currency, if permitted by law, with a corresponding increase in share capital – within the limit of ten per cent of the existing share capital if the option right is not included – for a maximum amount of euro 500,000,000. And more in general the Board also has the right to define the procedures, terms and conditions of the bond issuance and the rules governing such issuance.

- To give the Board of Directors and for the Board the Chairman and the Chief Executive Officer, severally, the broadest powers to implement the resolutions adopted and to make any amendments to this resolution and to the attached Company Bylaws that may be required by the competent Authorities, provided that these are only of a formal nature”.

capital either once or more than once by a maximum of Euro 11,000,000 of nominal value through the issuance of shares to be reserved for subscription by Directors and employees of the Company and of its subsidiaries and parent companies in accordance with Article 2441, fifth and last paragraph, of the Civil Code. The same Board shall have the right to fix the price of issuance, which may not be lower than the nominal value of the shares, the requirements for subscription and the limits on the availability of the same shares, as well as the general terms and procedures for the said subscription.

13. 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 Meeting of the Shareholders held on April 29 2019 to issue, once or more than once, convertible bonds even in a foreign currency, where permitted by law, with a corresponding increase in share capital 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 the regulations thereof.

CIR S.p.A.
REPORT ON THE SYSTEM OF
CORPORATE GOVERNANCE AND ON COMPLIANCE WITH
THE CODE OF CONDUCT FOR LISTED COMPANIES

YEAR 2018

REPORT ON THE CORPORATE GOVERNANCE
AND SHAREHOLDING STRUCTURE
(in accordance with Art. 123-bis of the Finance Consolidation Act - T.U.F.)

This Report (“the Report”) aims to illustrate the model of corporate governance that CIR S.p.A. (the “Company”) adopted during the year 2018.

The Report, which was approved by the Board of Directors Meeting held on March 11 2019, is being made available to the Shareholders following the procedures prescribed by law together with the documentation relating to the Financial Statements for the year ended December 31 2018 for the Annual General Meeting of the Shareholders being called to approve the same financial statements and can also be consulted on the website of the authorized storage mechanism: www.emarketstorage.com and - together with other documents of interest to the market - on the Company’s website www.cirgroup.it in the section “Governance”.

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

Information on the ownership structure (Art. 123-bis, paragraph 1, T.U.F.) as of December 31 2018

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

The subscribed and fully paid up share capital amounts to Euro 397,146,183.50, comprising 794,292,367 ordinary shares, listed on the MTA, Italian Equities Market, of the Milan Stock Exchange – FTSE Italia Mid Cap index.

All of the ordinary shares have the same rights and obligations. CIR shares – as stipulated in Art. 5 of the Company Bylaws – are indivisible. In the event of joint ownership of one or more shares, the rights of the joint owners towards the Company, in accordance with Article 2347 of the Civil Code, shall be exercised by a joint representative.

During prior periods the Company approved share capital increases to service Stock Option Plans: it should be noted the information document prepared in compliance with Art. 84-*bis* of Consob Regulation 11971/99, relating to the said Plans, is available on the Company's website in the section "Governance".

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, with the exception of certain restrictions applicable to given 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 "Governance".

Stock Grant Plan 2018 includes a minimum holding requirement for the shares assigned to the beneficiaries who have the irrevocable commitment to keep at least 10% of the shares assigned to them continuously until the fifth anniversary of the grant date. During this period the shares cannot therefore be sold or transferred unless the Board of Directors should decide otherwise.

c) Significant holdings of capital (as per Art. 123-bis, paragraph 1, letter c) T.U.F.)

Below is a list of the names of Shareholders of last resort who, at December 31 2018, were holding either directly and/or indirectly percentages of ownership of over 3% of the capital with voting rights, in accordance with the terms of Consob resolution 11971/99:

F.lli De Benedetti S.p.A. (through COFIDE – Gruppo De Benedetti S.p.A.): 45.798%

Bestinver Gestion SA SGIIC (through Bestinver Internacional FI, Bestinfond FI and other funds): 9.966%

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

There are no shares that give their holders any special controlling rights.

e) Employee shareholdings: mechanism for the exercise of voting rights (as per Art. 123-bis, paragraph 1, letter e) T.U.F.)

There are no special mechanisms for the exercise of voting rights by employees who have shareholdings.

f) Restrictions on voting rights (as per Art. 123-bis, comma 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 for 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 CIR S.p.A. there are no agreements that include such a clause except for the contract with the Chief Executive Officer and information on this is given in the Compensation Report.

i) Compensation to Directors in the event of resignation, dismissal without just cause or termination of their position following 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 directorship following a takeover bid (OPA), except for what is stipulated in the contract with the Chief Executive Officer on which information is given in the Compensation Report.

l) Election and replacement of Directors; amendment of the Company 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 point 5) of the attached Code of Conduct of CIR S.p.A. on the appointment of Directors. The Company Bylaws do not contain any other requirements of independence and integrity/professionalism than those required by the rules of law. For amendments to the Bylaws, legal regulations apply.

m) Power delegated to increase the share capital and authorization to buy back the Company's own shares (as per Art. 123-bis, paragraph 1, letter m) T.U.F.)

For a period of five years starting from the date on which the resolution approved by the Extraordinary General Meeting of the Shareholders on June 30 2014 is recorded in the Register of Companies, the Board of Directors has the right to increase the share capital either once or more than once by a maximum of Euro 500,000,000 nominal value through the issuance of shares with or without a share premium. These shares will be offered in subscription or will service warrants or the conversion of bond issues including issues made by third parties, both in Italy and abroad, or else they will be assigned free of charge to holders of option rights by allocating to share capital available reserves or provisions on the basis of the latest financial statements approved.

For a period of five years starting from the date on which the resolution approved by the Extraordinary General Meeting of the Shareholders on June 30 2014 is recorded in the Register of Companies, the Board of Directors also has the right to increase the share capital either once or more than once by a maximum of Euro 20,000,000 of nominal value through the issuance of shares to be reserved for subscription by employees of the Company and its subsidiaries and parent companies in accordance with Article 2441, V and last paragraph, of the Civil Code. The same Board shall have the right to fix the price of issuance, which may not be lower than the nominal value of the shares, the requirements for subscription and the limits of the availability of the same shares, as well as the general terms and procedures for the said subscription.

For a period of five years starting from the date on which the resolution approved by the Extraordinary General Meeting of the Shareholders on June 30 2014 is recorded in the Register of Companies, the Board of Directors has the right to issue, once or more than once, even without the option right, and in that case in favour of institutional investors, convertible bonds or bonds with warrants attached, which may also be in a foreign currency, if permitted by law, with a corresponding increase in share capital – with a limit of ten per cent of the share capital existing in the event of the option right not being included – for a maximum amount of Euro 500,000,000. More in general the Board also has the right to define the procedures, terms and conditions of the bond issuance and the rules governing such issuance.

The Annual General Meeting of the Shareholders held on April 27 2018 authorized the buy-back of CIR stock in accordance with and as an effect of Art. 2357 of the Civil Code for a period of eighteen months from the day after that of the AGM resolution, as follows:

- A maximum of 20,000,000 shares each with a nominal value of euro 0.5 can be bought back, bearing in mind that, including in the calculation the own shares already held even through the subsidiaries, the nominal value of the shares bought back may not in any case exceed one fifth of the share capital of CIR 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 purchase must take place in the market in compliance with what is set out in Art. 132 of D.Lgs no. 58/98 and in the rules of law and regulations in force at the moment of the transaction and more specifically:
 - a) through a public offering to purchase 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 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 no. 596/2014

As of December 31 2018 150,113,881 own shares were being held as treasury stock.

It should be noted that – on the basis of the AGM resolution of April 27 2018 authorizing the buyback of own shares – as of March 11 2019 153,102,850 own 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. 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/2015_clean.pdf.

CIR 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 existing risk management and internal control systems in relation to the financial disclosure process.

Reference should be made to what is described in point 7) of the Report and in Art. 7 of the attached Code of Conduct of CIR S.p.A. on the System of Internal control and risk management.

c) How the Shareholders' Meeting functions.

Reference should be made to what is described in point 10) of the Report on Shareholders' Meetings and to Art. 9 of the attached Code of Conduct of CIR 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 the Report that deal with: the Board of Directors (point 2), the Statutory Auditors (point 8) and the Committees (points 4-5 and 7) and also to the attached Code of Conduct of CIR S.p.A. in Articles 2, 3 and 5 for the Board of Directors, Article 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 CIR Code of Conduct (attached 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 CIR 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 information of a general nature regarding the Role of the Board of Directors, reference should be made to what is indicated in Art. 1 of the “Code of Conduct of CIR S.p.A.”

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

- On the basis of the 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 the subsidiaries at the head of the groups in the various business sectors as

presented by their respective Chief Executive Officers, assessing whether these plans were consistent with those of the issuer 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;

- Defined how often, generally every three months, the Chief Executive Officer must refer back to the Board on the activity carried out in the exercise of the powers assigned to him or her;

- Assessed 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;

- Examined and gave prior approval to transactions put in place by the Company and examined those of the subsidiaries that have significant strategic importance. To this end at the Board of Directors Meeting of October 29 2012 the Company defined its parameters for measuring significance, adopting a special procedure;

- Carried out an assessment of the size, composition and functioning of the Board of Directors 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. The assessment process was carried out following a practice already adopted by the Company, which involves the Directors filling out a questionnaire for 2018 that was 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 they had been examined by the Control and Risk Committee, and the outcome was a positive evaluation overall;

- Examined the results of the self-assessment process regarding the size and composition of the Board, noting that the parameters were considered adequate with regard to the needs of the Company and that the Board members' varied professional knowledge and the level of their competence from the managerial viewpoint was entirely satisfactory. New appointments are made with a view to maintaining overall continuity both in terms of size and of professionalism;

- 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 other activities of the Board of Directors on the subject of the "Control and risk system", reference should be made to paragraph 7) "System of internal control and risk management."

Article 1 of the Code of Conduct of CIR S.p.A., annexed to this document, gives guidelines on the subject of the maximum number of positions of Director or Statutory Auditor approved by the Board of Directors on October 29 2012, specifying certain limits as to the number of positions that can be held by executive and non-executive Directors of CIR in Significant Companies, as defined by the same Board.

On April 28 2017 the Board of Directors appointed Mr Rodolfo De Benedetti as Chairman of the Company and Ms Monica Mondardini as Chief Executive Officer.

Division of Duties

Duties of the Chairman

The Chairman, in addition to representing the Company externally with third parties, whether public or private entities, with the power to sign any document, deed, legal document or correspondence in the name of and on behalf of the Company and with the right to appoint others to take his place with more limited powers, and in addition to the duties prescribed for this position by the Company Bylaws and by the provisions of the Code of Conduct of the Company (e.g. duties on the subject of providing information before Board Meetings, induction programs, collaborating with the Lead Independent Director) and without prejudice to the powers reserved exclusively to the Board of Directors and to the Chief Executive Officer, is assigned competence for the following:

1. Definition of proposals to put before the Board of Directors regarding the strategic guidelines of the Group and supervision of the implementation of the same; for this purpose the discussion by the Board of Directors will take place once a year, for example when the budget for the year or the multiyear business plan is discussed.
2. Adopting resolutions on the following extraordinary transactions:
 - Investments and/or disinvestments in companies/businesses/business arms up to a maximum amount of Euro 75 million provided that these do not involve the loss of control of the strategic investees of the Group (currently Media, Utilities, Automotive Components and Healthcare); transactions for an amount higher than this are the exclusive competence of the Board of Directors; it should be noted that for such transactions, the Chief Executive Officer shall have competence for unit values of up to Euro 25 million;
 - Financial investments and/or disinvestments for trading and/or for the short-term investment of liquidity up to a unit value of Euro 150 million; transactions over this amount are the exclusive competence of the Board of Directors; it should be noted that for these transactions the Chief Executive Officer shall also have competence for unit values of up to Euro 75 million;

3. Managing activities pertaining to external relations and communication of the Company and of the Group and to institutional relations with investors, authorities, public sector entities, companies and organizations and private sector entities, companies and organizations.

Duties of the Chief Executive Officer

The Chief Executive Officer is responsible for the execution of the resolutions of the Board of Directors and/or the Chairman for areas of his competence, and is the main person responsible for managing the business. The Chief Executive Officer (CEO) is responsible, among other things, for the following:

1. Managing the Company CIR S.p.A. in relation to its typical business as a holding company of equity investments, including:

- the use of financial resources within the sphere of the powers assigned (i) investments and/or disinvestments in companies/businesses/business arms up to a maximum amount of Euro 25 million, provided that these do not involve the loss of control of the strategic investees of the Group (currently Media, Utilities, Automotive Components and Healthcare); (ii) financial investments and/or disinvestments for trading and/or the short-term investment of liquidity up to a unit value of Euro 75 million;
- the analysis and evaluation of extraordinary transactions the approval of which is the responsibility of the Chairman or of the Board of Directors
- defining the organizational structure of the Company;
- designating the executive structure and setting executive compensation (without prejudice to the competence of the Appointments and Compensation Committee).

2. Setting guidelines, coordinating and checking the investee companies, for which the Chief Executive Officer is exclusively responsible, including the task of evaluating their strategic plans and budgets, organization structures and the appointment/evaluation of their top management structures. Consequently:

- The Chief Executive Officer has the exclusive power to represent CIR S.p.A. as shareholder at General Meetings of the investee companies and to exercise any consequent rights, including the right to vote, with the power to have others replace her;
- The Chief Executive Officer has the exclusive right to select and designate the chairman of the strategic investee companies (i.e. the companies that CIR S.p.A. controls by right), it remaining understood that the Chief Executive Officer must select individuals from outside the Group, or else take over the position directly herself or designate individuals from within the Group;
- The Chief Executive Officer jointly with the Chairman has the right to select and designate independent directors for the strategic investee companies and to select the chairman of GEDI Gruppo Editoriale S.p.A. (other than the present chairman).

The Chief Executive Officer will keep the Chairman regularly informed, even in the role of representative of the Shareholders, on the performance of the operations of the CIR Group and this will be through a monthly meeting to illustrate the management accounts of CIR S.p.A. and its strategic subsidiaries and any other significant operating facts and weekly updates, and will refer back at least once every three months to the Board of Directors.

The Chief Executive Officer is assigned all the powers of the Board of Directors that are not reserved to the exclusive competence of the same Board of Directors or its Chairman by the law, the Company Bylaws or the Code of Conduct or those that reside with the General Manager.

Consequently, on April 28 2017 the Board of Directors of the Company assigned the following powers:

- The Chairman, Mr Rodolfo De Benedetti, is assigned:
 - (i) 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, the power in his role as above to sign any document, deed, legal instrument and correspondence in the name of and on behalf of the Company, all of which without prejudice to the powers residing exclusively with the Chief Executive Officer and with the right to appoint others to take his place with more limited powers, and to delegate others for certain actions or categories of actions;
 - (ii) powers for the following categories of transactions:
 - any financial investment and/or disinvestment for trading purposes for the short-term investment of liquidity, the unit value of which is equal to or lower than Euro 150 million;
 - the purchase, sale or subscription of equity interests, when the amount thereof or – where this is not in the form of money – the exchange value assigned to them is equal to or lower than Euro 75 million and the transaction does not involve the loss of control, as per the terms of Art. 2359 of the Civil Code, in companies belonging to the strategic sectors of the Group (currently Media, Utilities, Automotive components and Healthcare);
 - The purchase or sale on any account of companies or business arms for a price or a value lower than or equal to Euro 75 million;
 - Any other investment transaction of any kind and on any account and following any procedure (which includes making capital contributions or converting receivables into capital), entering into loan agreements or granting loans of any kind and giving guarantees and, in general, concluding any other transaction up to a maximum amount of Euro 75 million;
- The Chief Executive Officer, Ms Monica Mondardini, is assigned the following powers:

- (i) powers for the following categories of transactions:
- any financial investment and/or disinvestment for trading purposes for the short-term investment of liquidity, the unit value of which is equal to or lower than Euro 75 million;
 - the purchase, sale or subscription of equity interests, when the amount thereof or – where this is not in the form of money – the exchange value assigned to them is equal to or lower than Euro 25 million and the transaction does not involve the loss of control, as per the terms of Art. 2359 of the Civil Code, in companies belonging to the strategic sectors of the Group (currently Media, Utilities, Automotive components and Healthcare);
 - the purchase or sale on any account of companies or business arms for a price or a value of lower than or equal to Euro 25 million;
 - any other investment transaction of any kind and on any account and following any procedure (which includes making capital contributions or converting receivables into capital), entering into loan agreements or granting loans of any kind and giving guarantees and, in general, debt or making loans of any kind or issuing guarantees and, in general, concluding any other transaction up to a maximum amount of Euro 25 million;
- (ii) without prejudice to the limits stipulated in point (i) above for transactions of investment, disinvestment, entering into loan agreements or granting loans of any kind and giving guarantees, all powers for the administration of the Company, to be exercised with her sole signature – including the power to represent the Company before all the different kinds of authority including the judicial and fiscal authorities, with the power to bring lawsuits in the judicial and administrative courts, including labour rulings and rulings on the subject of compulsory social security or welfare treatment, at all levels, even in cases involving the annulment or reversal at the highest level of lower court decisions, appoint lawyers and attorneys for certain deeds, with the power to respond to interrogation on the facts of any specific case and with the right to mediate and settle any single dispute out of court whether it be of an individual or a collective nature – which are not included in those assigned to the General Manager as stipulated below;
- (iii) the exclusive power to represent the company as shareholder at the ordinary and extraordinary general meetings of other companies, to present lists of directors and statutory auditors and to prepare or present any other document in preparation for the above-mentioned general meetings;
- (iv) the power to appoint others to take her place with more limited powers, appointing people with power of attorney for certain deeds or categories of deeds.

The Board of Directors Meeting held on June 30 2014 also gave Ms Monica Mondardini, in her role as General Manager, powers of ordinary administration to be exercised with her sole signature.

2) Composition and functioning of the Board of Directors (as per Art. 123-bis, paragraph 2, letter d) of the T.U.F.)

For the rules of a general nature regarding the composition and functioning of the Board of Directors, reference should be made to what is indicated in Art. 2 of the Code of Conduct of CIR S.p.A., attached to this document, as well as to what is stated in Art. 1 of the same regarding the functions carried out by the Chairman. It should be remembered that the mandate of the Board of Directors currently in office will end with the approval of the Financial Statements for the year ended December 31 2019.

At the time of their appointment all the Directors filed declarations in which they attested that there were no reasons why they should not be elected, that there were no incompatibilities as per the law and that they possessed the requisites of integrity and professionalism required by current law and by the Company Bylaws.

The Board therefore consists of eleven Directors, two of whom have executive status (the Chairman and the Chief Executive Officer), while nine 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. The “Independent Directors” make up the majority of the Board.

The composition of the Board of Directors of the Company is therefore appropriate to guarantee sufficient conditions of operational independence, aimed at maximizing the economic and financial objectives of the Company.

The chart below shows the composition of the Board of Directors:

<i>Name</i>	<i>Position</i>	<i>Year of birth</i>	<i>In office since</i>	<i>In office until</i>	<i>List</i>	<i>Exec.</i>	<i>Non exec.</i>	<i>Indep C.C.</i>	<i>Indep TUF</i>	<i>% CD A</i>	<i>Other positions</i>	<i>Date first appointed</i>
De Benedetti Rodolfo	Chairman	1961	28.4.2017	31.12.2019	M	X				100	6	30.4.1988
Mondardini Monica	C.E.O.	1960	28.4.2017	31.12.2019	M	X				88	6	29.4.2013
Bertherat Philippe	Director	1960	28.4.2017	31.12.2019	M		X	X	X	88	--	28.4.2017
Botticini Maristella	Director	1966	28.4.2017	31.12.2019	M		X	X	X	100	--	29.4.2011
De Benedetti Edoardo	Director	1964	28.4.2017	31.12.2019	M		X			88	1	30.6.2014
Debenedetti Franco	Director	1933	28.4.2017	31.12.2019	M		X			88	--	28.7.1978
De Benedetti Marco	Director	1962	28.4.2017	31.12.2019	M		X			100	4	30.6.2014
Giannini Silvia	Director	1952	28.4.2017	31.12.2019	M		X	X	X	100	--	29.4.2011
Pasinelli Francesca	Director	1960	04.6.2018	31.12.2019	M		X	X	X	100	3	04.6.2018
Recchi Claudio	Director	1955	28.4.2017	31.12.2019	M		X	X	X	88	4	07.1.1982
Tabellini Guido	Director	1956	28.4.2017	31.12.2019	M		X	X	X	75	1	30.4.2004

Number of meetings of the Board of Directors: 8

Mr Carlo De Benedetti is the Honorary Chairman of the Company.

Key:

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

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

% CDA: 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.

The Board of Directors checks and publishes annually the positions of Director or Statutory Auditor held by Directors in other listed companies, financial companies, banks, insurance companies or in other non-listed companies of a significant size (Attachment A). It should be noted that the personal and professional profiles of each Director can be found in the document attached to this report.

During 2018 the Board of Directors met eight times. On average, the meetings lasted for approximately two hours. For the year 2019, six meetings have been scheduled. The Executive responsible for the preparation of the financial statements and corporate documents, Mr Giuseppe Gianoglio, and Mr Michele Caviglioli, Central Finance and Investor Relations Director, regularly attend Board of Directors Meetings.

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 Chief Executive Officer 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 or her.

The Chief Executive Officer also provides adequate information (at least every three months) on any atypical 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 and Risk Committee and the Committee for Related Party Transactions, the members of which are the same as those of the Control and Risk Committee.

<i>Name</i>	<i>Appointments and Compensation Committee</i>	<i>% A.C.C.</i>	<i>Control and Risk Committee</i>	<i>% C.R.C.</i>	<i>Committee for Related Party Transactions (a)</i>	<i>% CRPT</i>
Botticini Maristella			X	100%	X	100%
Bertherat Philippe	X	100%				--
Giannini Silvia			X	100%	X	100%
Grieco Patrizia (until April 28 2018)	X	33%				
Pasinelli Francesca			X	100%		100%
Recchi Claudio	X	100%	X	80%	X	--
Tabellini Guido	X	100%				
<i>Number of Committee meetings:</i>	<i>4</i>		<i>5</i>		<i>1</i>	

Key:

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

% ICC: shows the Director's attendance in percentage terms at the meetings of the Control and Risk 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.

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

In accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A., on April 28 2017 the Board of Directors appointed as *Lead Independent Director* Mr Guido Tabellini to whom all the non-executive directors can refer (especially the independent ones) 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.

Regarding induction programmes, two information sessions were organized for Directors and Statutory Auditors in the months of June and November.

At the June session, the Chief Executive Officer of the subsidiary Sogefi S.p.A. presented analyses of the strategies of the Group; while the November session was on the subject of the "Sustainability Report for sustainable companies" and was organized with the assistance of external consultants. The induction sessions were

organized by sending out invitations in plenty of time so that as many people as possible were able to attend. The proceedings occupied most of the day and were followed by a lively debate, which was an opportunity to examine the individual aspects of the matters dealt with in greater detail.

3) Independent Directors

Art. 3 of the attached Code of Conduct of CIR S.p.A. gives the requisites on the basis of which the Company – in accordance with what is recommended by 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 independent.

The Board of Directors Meeting held at the end of the Shareholders' Meeting on April 27 2018 checked the existence of the requisites of 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 Claudio Recchi and Guido Tabellini, 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.

In 2018 the Board of Statutory Auditors verified that the criteria and checking procedures adopted by the Board of Directors to assess the independence of its members were being applied correctly.

During 2018 the Independent Directors met – without the other Directors – on January 29 2018 to assess the quality of management and the transparency of the information given to the Board of Directors and to examine the results of the self-assessment of the Board prepared by the Control and Risk Committee.

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 given in Art. 4 of the attached Code of Conduct of CIR 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. The Internal Control Committee set up by the Board of Directors on May 4 2000 has taken the name of Control and Risk 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 Transaction. The Appointments and Compensation Committee and the Control and Risk Committee operate according to the respective rules that they have adopted.

5) Appointment of Directors (as per Art. 123-bis, paragraph 1, letter l) and paragraph 2, letter d) T.U.F.)

As stated in letter e) of the section of the Report entitled “Information on the ownership structure for the appointment of Directors”, reference should be made to the information given in Art. 5 of the attached Code of Conduct of CIR S.p.A. and to the articles of the Company Bylaws reproduced therein.

The Appointments and Compensation Committee consists of Independent Directors: Mr Philippe Bertherat, Mr Claudio Recchi and Mr Guido Tabellini (Chairman of the Committee).

On the subject of the appointment of Directors, the Appointments and Compensation Committee carries out the functions detailed in Article 6 of the attached Code of Conduct of CIR S.p.A.

6) Remuneration of Directors (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)

The guidelines of the Company’s compensation policy are described in Art. 6 of the attached Code of Conduct of CIR S.p.A.: specifically, the compensation policy is determined following criteria that are appropriate for attracting, retaining and motivating people with adequate professional qualities to manage the Group effectively. The compensation assigned to the Chairman of the Board of Directors, as an Executive Director, and to the non-executive Directors for being on one or more committees, is determined as a fixed fee based on the commitment required of each of them. The Appointments and Compensation Committee carries out the functions on this subject as specified in detail in the above-cited Art. 6 of the Code of Conduct of CIR S.p.A.

The compensation paid in 2018 to the Directors and Executives with strategic responsibilities is shown in the charts attached to the “Compensation Report prepared in compliance with Art. 84-*quarter* of Consob Resolution 11971/99, approved by the Board of Directors on March 11 2019 and made available to the Annual General Meeting of the Shareholders convened to approve the Financial Statements for the year ended December 31 2018.

The Committee met four times in 2018 and minutes of the meetings were taken as is standard practice. The meetings lasted on average for approximately one hour.

For the year 2018 the Shareholders’ Meeting held on April 27 2018 approved the assignation of Stock Grant Plans (respecting the terms and conditions described in the Information Document, prepared in compliance with Consob Regulation no. 11971/99) in accordance with principles which substantially reflect the provisions of Article 6 of the Code of Conduct, particularly in relation to the following:

- An average vesting period of 3 years

- Vesting of part of the shares assigned linked to the achievement of certain performances (trend of the stock)
- Minimum holding for an average of 2 years in addition to the 3 years of vesting for a percentage of the shares assigned.

The Information Document can be consulted on the Company's website in the section "Governance".

7) System of Internal Control and Risk Management (as per Art. 123-bis, paragraph 2, letters b and d) T.U.F.)

The system of internal control is the body of rules, procedures and organizational structures that enable the main risks to be identified, measured, managed and monitored.

The aims of the Control and Risk System, and the bodies and functions responsible are detailed in Art. 7 of the attached Code of Conduct of CIR S.p.A.

Within the sphere of the Control and Risk System, during the year 2018 the Board of Directors:

- Identified the nature and level of risk compatible with the strategic objectives;
- Evaluated the adequacy, effectiveness and efficiency of the System of Control and Risk in relation to the business and the risk profile assumed, taking also into account the assessments made by the Director Responsible and by the Control and Risk Committee;
- Approved, at the proposal of the Control and Risk Committee, the Audit Plan, after hearing the opinion of the Board of Statutory Auditors and the Director Responsible;

On the basis of the resolution adopted by the Board of Directors on March 20 2001, the Chief Executive Officer is the executive director responsible for ensuring that the internal control system works effectively and that it is adequate. He or she does this partly by defining procedures that will guarantee sound and efficient management and also by identifying, pre-empting and managing, as far as possible, any financial and operational risk and any fraud against the Company, availing himself of the assistance of the Control and Risk Committee.

The Board of Directors with its resolution adopted on May 4 2000 set up the Internal Control Committee (now the Control and Risk 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 Chairman attends the Committee meetings.

The Members of the Control and Risk and Committee are Independent Directors: Maristella Botticini, Silvia Giannini (Chairman of the Committee) and Claudio Recchi. It should be noted that the Board of Directors on January 28 2013 appointed Mr Giuseppe Gianoglio as the Executive responsible for the preparation of the financial statements and corporate documents. 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), who replaces Mr Andrea Bergaglio who resigned in February 2018. The Company decided to outsource this activity because it considered it to be a more effective and functional solution for a holding of industrial interests such as CIR S.p.A.

During 2018 the Committee held five meetings which lasted for an average of about 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 of the Statutory Auditors and the functioning of the Board of Statutory Auditors are regulated by Art. 19 of the Company Bylaws which is reproduced in Art. 8 of the Code of Conduct of CIR S.p.A.

The Statutory Auditors are selected from persons who can be qualified as independent following the criteria applied to the Directors. During 2017 the Board of Statutory Auditors checked that the above criteria were being complied with, ensuring that the results of this check were shown in this report.

In waiver of what is established by the Code of Conduct for Listed Companies (see Application criterion 3.C.1, letter e), the Board of Statutory Auditors rated the independence of its members positively, even considering the length of time that they have been in office. Judging substance as more important than form, it assessed from a practical viewpoint the actual relations in place between the members and the Company and the way in which the former have carried out their duties. They have in fact always been fully independent and able to judge and appreciate the work of management freely, on the basis of the experience they have gained in the ongoing relationship with the Company.

The Board of Statutory Auditors currently in office will terminate its mandate with the approval of the Financial Statements as of December 31 2019 and is made up as follows:

<i>Name</i>	<i>Position</i>	<i>Year of birth</i>	<i>In office since</i>	<i>In office until</i>	<i>List</i>	<i>Independent as per Code of Conduct</i>	<i>% attendance at meetings of B. of S.A.</i>	<i>Other positions</i>	<i>Date first appointed</i>
Manzonetto Pietro	Chairman	1944	28.4.2017	31.12.2019	M	X	100	1	24.4.2002
Allievi Anna Maria	In office	1965	28.4.2017	31.12.2019	M	X	100	4	30.6.2014
Zingales Riccardo	In office	1960	28.4.2017	31.12.2019	M	X	100	2	30.4.1999
Macchiorlatti Vignat Luigi	Alternate	1963	28.4.2017	31.12.2019	M	X	--	2	27.4.2005
Valdameri Luca	Alternate	1968	28.4.2017	31.12.2019	M	X	--	2	29.4.2011
Zambon Paola	Alternate	1969	28.4.2017	31.12.2019	M	X	--	1	29.4.2013

Key:

- List: "M/m" according to whether the Statutory Auditor was elected from the list voted for by the majority or from one voted by the minority.

- Independent: indicates that the Statutory Auditor is qualified as independent.

- % 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 attachment to this document (Attachment A).

During the year 2018 the Board of Statutory Auditors met nine times and the meetings lasted on average two hours.

At the time of their appointment all the Statutory Auditors filed declarations in which they attested that there were no reasons why they should not be elected, that there were no incompatibilities as per the law and that they possessed the requisites of integrity and professionalism required by current law and by 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 including, for example, 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 Disclosing Information to the Market.

To this end, the Chief Executive Officer appointed the Central Finance Director, Mr Michele Cavigioli, to be in charge of 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.

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 their prospects 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 view of the positions that they hold.

The procedures and timing for calling Shareholders' Meetings are regulated by Art. 15 of the Company Bylaws, which is reproduced in the attached Code of Conduct of CIR 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 Regulations for conducting Shareholders' Meetings, which can be consulted on the internet website of the Company in the section "Governance".

The Board of Directors makes available to the Shareholders a booklet containing the items 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 CIR 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's website in the section "Governance".

12) Sustainability Report

The Sustainability Report of the CIR group for the year 2018 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, among other things, extended by D.Lgs no. 61/2002 to cover corporate offences too.

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.

To this end, after approving the Code of Ethics, the Board of Directors then set up the Supervisory Body on April 30 2003. On September 5 2003 the Board of Directors also approved the “*Organizational Model*”, which was subsequently supplemented following the broadening of the scope of the law contained in D.Lgs. 231/2001 and can be found on the Company’s website in the section “Governance”.

The members of the Supervisory Body are external lawyers Giuseppe Bianchi, Andrea Gottardo, and Vittorio Gennaro (of the company Operari S.r.l.), who was appointed by the Board of Directors on March 12 2018 in replacement of Andrea Bergaglio who resigned in February 2018.

During 2018 the Supervisory Body met four times and minutes were taken in line with standard practice.

The Supervisory Body of CIR S.p.A. monitored the functioning and observance of the Organization, Management and Control Model adopted by the Company, checking its effectiveness and evaluating any possible proposals for updating it.

14) Firm of Auditors

The AGM 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 controlling company COFIDE S.p.A., as per the terms of Art. 2497 and following articles of the Civil Code.

ATTACHMENT A)

List of positions held by the Directors of CIR S.p.A. in other companies listed on regulated markets, in financial companies, insurance companies, banks and also in non-listed companies of a certain importance (at December 31 2018).

De Benedetti Rodolfo	Chairman of Cofide S.p.A. * Director of GEDI Gruppo Editoriale S.p.A. * Director of Sogefi S.p.A. * Director of Decalia Asset Management S.A. Vice President of Decalia Asset Management SIM S.p.A. Director of AON Italia
Mondardini Monica	Deputy Chairman of GEDI Gruppo Editoriale S.p.A. * Director of KOS S.p.A. * Chairman of Sogefi S.p.A. * Director of Crédit Agricole S.A. Director of Atlantia S.p.A. Director of Trevi Finanziaria Industriale S.p.A.
Bertherat Philippe	--
Botticini Maristella	--
De Benedetti Edoardo	Director of Cofide S.p.A. *
Debenedetti Franco	--
De Benedetti Marco	Director of Cofide S.p.A. * Chairman of GEDI Gruppo Editoriale S.p.A. * Director of Moncler S.p.A. Chairman of Comdata S.p.A.
Giannini Silvia	--
Pasinelli Francesca	Director of Anima Holding S.p.A. Director of Anima Sgr S.p.A. Director of Dompé S.p.A.

Recchi Claudio	Chairman and Chief Executive of Recchi Ingegneria e Partecipazioni S.p.A. Director of AON Italia S.p.A. Director of IPI S.p.A. Director of Sator Immobiliare SGR
Tabellini Guido	Director of CNH Industrial

List of the positions held by the Statutory Auditors and Alternate Auditors of CIR S.p.A. in other companies listed on Italian regulated markets (at December 31 2018)

Manzonetto Pietro	Chairman of the Board Statutory of APE SGR S.p.A. Statutory Auditor of ITASMUTUA S.p.A.
Allievi Anna Maria	Chairman of the Board of Statutory Auditors of Credito Emiliano S.p.A. Chairman of the Board of Statutory Auditors of IGD SIIQ S.p.A. Alternate Auditor of Sogefi S.p.A. * Alternate Auditor of SEA S.p.A.
Zingales Riccardo	Chairman of the Board of Statutory Auditors of Cofide S.p.A. * Statutory Auditors of Sogefi S.p.A. *
Macchiorlatti Vignat Luigi	Alternate Auditor of Cofide S.p.A. * Alternate Auditor of Sogefi S.p.A. *
Valdameri Luca	Statutory Auditor of I Grandi Viaggi S.p.A. Chairman of the Board of Statutory Auditors of Wiit S.p.A.
Zambon Paola	Alternate Auditor of Cofide S.p.A. *

** companies of the Group*

CODE OF CONDUCT OF CIR S.p.A.

FOREWORD

The Code of Conduct of CIR S.p.A. (hereinafter "CIR" 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 even 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 has 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 10

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 objective of the Company, whether such action pertains 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. The Board of Directors can, within the limits of the law, delegate its powers, establishing the content and the limits of any such mandate, to an Executive Committee comprising some of its members, or to one or more of its members, possibly giving them the title of *Amministratori Delegati* (Chief Executive Officers/Managing Directors) and giving them the right to sign on behalf of the Company either individually or jointly. In order for the resolutions adopted by the Executive Committee to be valid, an absolute majority of its members must be present and must cast their vote in favour.
4. The Board may also appoint General Managers, subject to first checking that they possess the requisites of integrity stipulated by law, who may even be members of the Board. A lack of the requisites of integrity will mean that they will lose their position.
5. The Board can also appoint Officers with individual or joint signatures, establishing their powers and functions. It may also award mandates in general for certain actions or categories of actions.
6. The appointment of the Directors, Deputy Directors and Officers with the determination of their respective emoluments and functions can also be passed on by the Board to the Chairman or anyone acting for the Chairman, to the Managing Directors and to the General Managers.
7. 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.
8. The Board of Directors, at the proposal of the Chief Executive Officer and in agreement with the Chairman, subject to 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.

9. 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 and that the administrative and accounting procedures are actually being complied with.

ARTICLE 12

1. The Board shall meet when convened by the Chairman or whoever is taking his place, as a rule every three months and any time that the interests of the Company make it necessary, including at the request of two Directors.
2. The Board of Directors shall also meet when a meeting is called as per Art. 20 of these Bylaws.
3. The Meeting is 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 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 by 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.
5. The Meetings of the Board of Directors are chaired by the Chairman or, should the Chairman be absent, by one of the Deputy Chairmen or should there be no Deputy Chairmen by a Director designated by the Board.
6. In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present.
7. Resolutions are taken with an absolute majority of the votes of those present and in accordance with the Rules for Related Party Transactions. If the votes for and against are equal then the Chairman or whoever is taking his place casts his vote which is decisive.
8. Board resolutions are set out in writing in the minutes which are signed by the person chairing the meeting and by the Secretary.
9. 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. Once these conditions have been verified, the Board is considered as being held in the place where the Chairman is actually located.
10. When the minutes are not drawn up by a Notary, they are prepared by the Secretary and signed by the Chairman and the Secretary without delay.

ARTICLE 13

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

Given the specific characteristics of the sectors that the CIR investee companies belong to, 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 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 between the Chief Executive of the latter and the Chief Executive of CIR. The Chief Executive of CIR examines and evaluates the business plans and budgets of the companies of the group with the involvement and the support of the management of the parent company, availing him/herself, when there are elements of strong impact for CIR, of the contribution of the Chairman of the Control and Risk Committee and 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, including in its evaluation all the risks that may prove to be significant in relation to the sustainability of the issuer's activities in the medium-long term, as illustrated in Art. 7 below, taking into account in terms of possible impact of 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, taking into account specifically 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 Company 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 CIR can take on other positions as executive director or statutory auditor in Significant Companies not belonging to the CIR group or that of its parents companies;

2. For the executive directors of CIR, possibility of holding other positions with a maximum limit of three as non-executive director in Significant Companies not belonging to the CIR group or to the group of its parent companies;
3. For the non-executive directors of CIR, 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 CIR group or to the group of its parent company ;
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 CIR 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 11

The Chairman of the Board of Directors is the legal representative of the Company. 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 necessity or 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 their evolution, 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 CIR. The composition of the Board of Directors also respects the balance between the genders prescribed by current legislation and by Art. 8 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, as well as of the 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 CIR.

Art. 3 – Independent Directors

In compliance with the Markets Regulations adopted by Consob, 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, or have not 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, if he or she feels it is necessary, invite any other individuals not on the committees 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 and Risk Committee function according to what is set out in their respective Rules.

The Control and Risk 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 8

1. The Company is administered by a Board of Directors comprising from five to twenty-one members, who need not necessarily be shareholders, whose mandate lasts for the period determined by the Shareholders Meeting, but which in any case shall not be longer than three financial years, and who 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 time limit and following the procedures laid down in the legislation on the subject.
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 regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the time limit and following the procedures laid down in the 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 Consolidation Act on the subject of Financial Intermediaries 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 within the same time limit 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. They also declare that they possess the requisites stipulated in the law and in 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 her has the necessary requisites to be an independent Director in accordance with the terms of the law and 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 which is not linked 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 regulations. If they do not have these their appointment shall lapse.
16. In the event that only one list is presented or admitted to the voting, 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 puts proposals before the Board on the subject of share-based payment plans for employees (preparing for this purpose the 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 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 and Risk 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 and Risk Committee and designates the Chairman thereof;
- h) Approves the rules of the Control and Risk 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 and Risk 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 and Risk 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 and Risk 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 and Risk Committee.

The Control and Risk Committee

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

The Control and Risk 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 Control and Risk 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) 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;

i) Evaluates the governance structure of the Company referring back periodically and, when considered necessary in the light of critical issues, promptly on the same to the Board of Directors; it also carries out other functions which may from time to time be assigned to it by the Board of Directors in relation to specific critical issues on the subject of the system of internal control and risk management of the Company and of the group.

The Control and Risk 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 and Risk 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 and Risk 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

and Risk 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 and Risk 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 and Risk 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 CIR

At least once a year when the budget is prepared, CIR 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 the document (Annex b) and must be discussed by the Risk Manager with the company management and with the Control and Risk Committee. The Control and Risk 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 and Risk 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 and Risk 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 and Risk 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" attached to this document, 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 and Risk 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 CIR.

Timing for the annual analysis and assessment of risks

By October 31 the Risk Manager meets with the Control and Risk Committee to illustrate the annual risk analysis and assessment of the Company. The Control and Risk 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 19

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 reappointed. Minority Shareholders can elect one Statutory Auditor and one Alternate Auditor.

2. The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders consisting 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. Lists which include a number of candidates equal to or higher than three must include in each section candidates belonging to both genders.
3. The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the terms and following the laid down in the legislation applicable.
4. Only Shareholders who, either alone or with others, represent at least 2% of the share capital 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.
5. Lists presented which do not comply with the above rules will be considered as not having been presented.
6. 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 Consolidation Act on the subject of financial intermediation or those who take part in the same shareholder agreement for voting purposes can present or jointly present just one list. Each Shareholder can vote for just one list.
7. Candidates can be present on only one list otherwise they will be excluded from election.
8. Candidates may not be included in the lists if they already who hold the position of Statutory Auditor in five other companies or entities whose shares are listed on a regulated market on the list as per Articles 63 and 67 of D.Lgs. no. 58/98, if they do not possess the requisites of integrity, professionalism and independence required by the regulations applicable or if they do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.
9. Within the above-mentioned time limit and together with each list, a declaration signed by each candidate must be submitted. This declaration should attest that the candidate, under his or her own responsibility, accepts his or her nomination and should 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 members of Board of Statutory Auditors.
10. 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.
11. 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.

12. 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.
13. 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.
14. 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.
15. 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.

ARTICLE 20

1. 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).
2. 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.

3. 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, as well as 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 15

1. A Meeting of the Shareholders is called by publishing a notice of meeting on the Company's internet website and in the daily newspaper "la Repubblica" according to the terms and procedures prescribed by current regulations. The Shareholders' Meeting can be convened in a place other than the Company offices provided that it is situated in Italy.
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 financial year of the Company.
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 Transaction adopted by the Company.

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.

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