



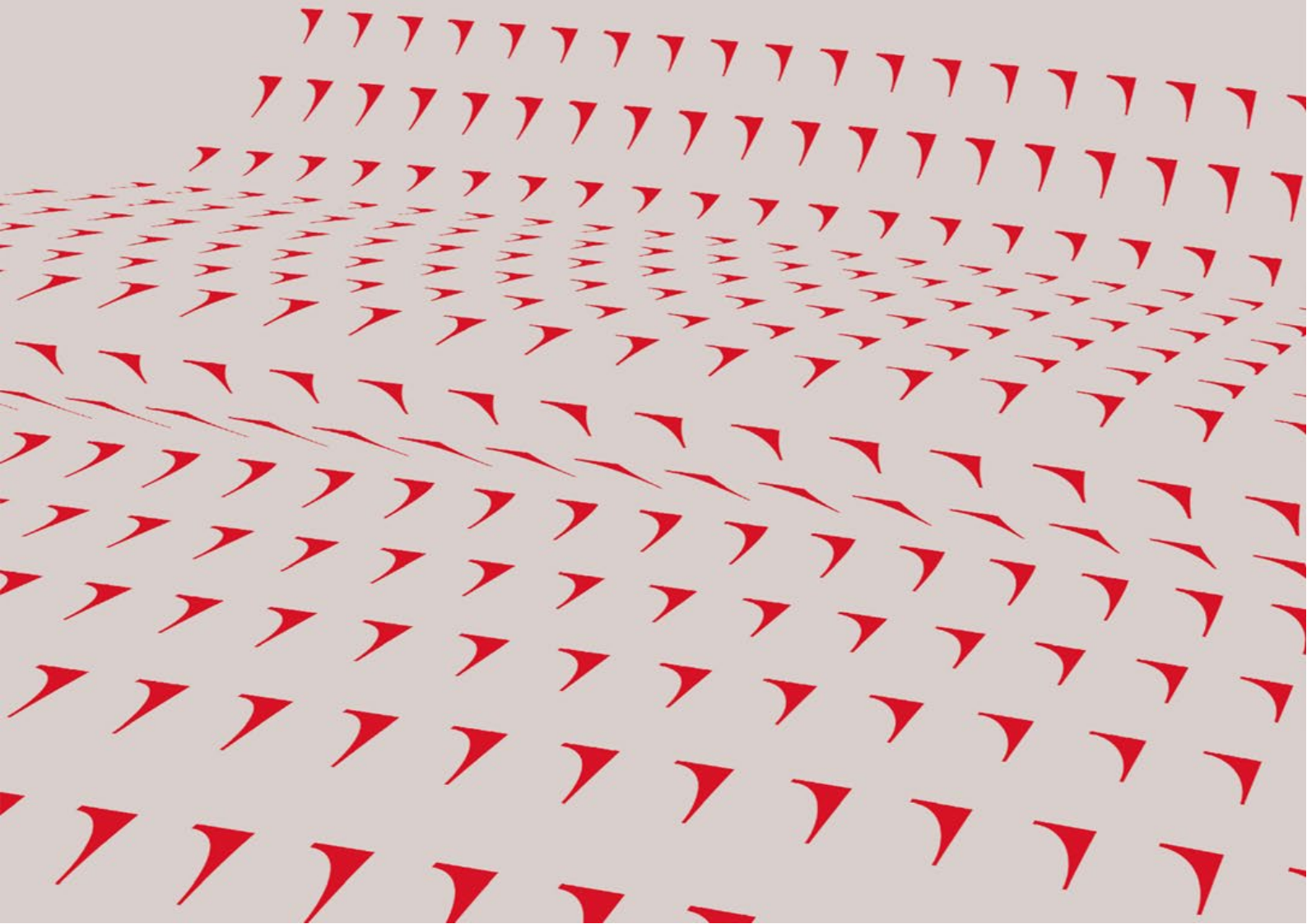
REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE IN FINANCIAL YEAR 2021

As per the terms of Art. 123-bis of the Consolidation Law on the subject of Finance (TUF)
(Traditional Administration and Control Model)

Issuer: CIR S.p.A. – Compagnie Industriali Riunite

Website: www.cirgroup.it

Date of approval of this Report: March 11 2022



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GLOSSARY

Term	Definition and/or point of the Report that contains the definition
“Chief Executive Officer”	Means the Chief Executive Officer of CIR
“Director Responsible”	Means the Director responsible for the SCIGR – point 9.1
“Shareholders’ Meeting”	Means the meeting of the Shareholders of the Company
“CRSC” (or “Control Risk and Sustainability Committee”)	Means the Control, Risk and Sustainability Committee of CIR – point 6
“ARC” (or “Appointments and Remuneration Committee”)	Means the Appointments and Remuneration Committee of CIR – point 6
The “CIR Code”	Means CIR’s Corporate Governance Code which was last updated on January 29 2021 to take into account the changes introduced by the Borsa Italiana Code
“Borsa Italiana’s Corporate Governance Code” (or Borsa Italiana’s “Code”)	Means the Corporate Governance Code for listed companies prepared by the Corporate Governance Committee and promoted by Business Associations, Borsa Italiana S.p.A. and Assogestioni – point 1.2
“Board of Statutory Auditors”	Means the Board of Statutory Auditors of CIR
“Board of Directors”	Means the Board of Directors of CIR
“CRPT” (or “Committee for Related-Party Transactions”)	Means the Committee for Related-Party Transactions of CIR – point 6
“Decree 231”	Means D. Lgs. No. 231 of June 8 2001 – point 4.2
“Executive Responsible”	Means the Executive responsible for the preparation of CIR’s financial statements and corporate governance documents – point 9.7
“FDB”	Means Fratelli De Benedetti S.p.A. – point 0
“Group”	Means CIR and all the companies that it controls directly or indirectly – point 1.2
“Guidelines”	Means le <i>“Guidelines for the system of internal control and risk management”</i> of CIR of March 11 2022 – point 9.1
“MAR”	Means EU Regulation no. 596/2014 – point 5.1
“Model 231”	Means CIR’s Organization, Management and Control Model as per Decree 231– point 9.1
“OPAV”	Means the voluntary partial tender offer to buy back a maximum of 156,862,745 own shares, without a nominal value, equal to 12.282% of its share capital, launched by CIR on May 10 2021 – point 2.8
“Supervisory Body” (or “OdV”)	Means the supervisory body as per Decree 231 of CIR – point 4.2
“Pact”	Means the shareholder agreement between FDB and CIR, which contains shareholder clauses relevant to the terms of Art. 122, paragraphs 1 and 5, letters a), b) and c), TUF signed by Rodolfo Lorenzo Franco De Benedetti, Marco De Benedetti, Edoardo Enzo Tito De Benedetti, FDB and Margherita Crosetti – point 2.7
“Audit Plan”	Means the plan of work prepared by the head of CIR’s Internal Audit Department – point 9.1
“Chairman of the Board of	Means the Chairman of the Board of Directors of CIR

Directors”	
“Consob’s Rules for Issuers”	Means the regulation adopted by Consob with resolution no. 11971 of May 14 1999 - Foreword
“Consob’s Market Regulation”	Means the regulation adopted with resolution no. 20249 of December 28 2017
“Report on Remuneration 2022”	Means CIR’s Report on Remuneration and Compensation paid – 2022 – point 2.1
“Report”	Means this Report on Corporate Governance and the ownership structure – Foreword
“ICRMS”	Means the internal control and risk management system of CIR – point 9.1
“Shareholders”	Means the Shareholders of FDB, Rodolfo Lorenzo Franco De Benedetti, Marco De Benedetti, Edoardo Enzo Tito De Benedetti – point 2.7
“Significant Companies”	Means other companies listed on regulated markets even foreign ones, financial companies, banks, insurance companies or companies of a significant size– point 4.4.3
“Company” (or “Issuer” or “CIR”)	Means CIR S.p.A. – Foreword
“TUF”	Means Legislative Decree no. 58 of February 24 1998 – Foreword

FOREWORD

This Report on corporate governance and ownership structure (hereinafter the “**Report**”) aims to illustrate to the market and the Shareholders the corporate governance model of CIR S.p.A. – Compagnie Industriali Riunite (hereinafter the “**Company**” or the “**Issuer**” or “**CIR**”) in the year 2021, providing the information required by Articles 123-*bis* and 144-*decies* of Legislative Decree no. 58 of February 24 1998 (the “**TUF**”) and Art. 2-*ter* of the Regulation adopted by Consob with resolution no. 11971 of May 14 1999 (the “**Consob Rules for Issuers**”) and by current rules of law and regulations on the subject of disclosure regarding compliance, and the terms of such compliance, with codes of conduct. The Report was prepared with reference to the “*Format for the report on corporate governance and ownership structure*” published by Borsa Italiana (IX edition - January 2022).

The Report, approved by the Board of Directors on March 11 2022, is being made available in the ways envisaged by law with the Report on Operations for financial year 2021 and is thus part of the documentation regarding the Financial Statements for the year ended December 31 2021 for the Annual General Meeting of the Shareholders. It can also be consulted on the website of the authorized storage mechanism www.emarketstorage.com and on the website of the Company www.cirgroup.it in the section “Governance”.

1. PROFILE OF THE ISSUER

1.1. Description of the business of the Issuer

CIR is a holding company of equity investments active, through its subsidiaries, in the healthcare, automotive components and financial investment management sectors.

Its strategy typically involves investment in majority shareholdings with the aim of creating value over a long-term time horizon.

In the healthcare sector, CIR is the controlling shareholder of KOS S.p.A., which specializes in long-term care and boasts a position of leadership in Italy and is also present in Germany.

In the automotive components sector, CIR is the controlling shareholder of Sogefi S.p.A., which operates at global level, supplying components in the sectors of suspensions, filtration and air and cooling systems.

The Company also has a portfolio of financial investments and minority shareholdings, managed both directly and through the wholly owned subsidiaries CIR Investimenti S.p.A. and CIR International S.à r.l..

1.2. Governance model adopted by the Issuer

The Company is organized according to a traditional administration and control model, with the General Meeting of the Shareholders, an administrative body, the Board of Directors, and a control body, the Board of Statutory Auditors. The legal audit of the accounts is carried out by the firm of auditors (an external body).

CIR complies with the Corporate Governance Code for listed companies drawn up by the Corporate Governance Committee and promoted by Business Associations, Borsa Italiana S.p.A. and Assogestioni (hereinafter referred to also as the “**Borsa Italiana Corporate Governance Code**”) and to transpose the same it formulated its own Code, the CIR Corporate Governance Code (hereinafter also referred to as the “**CIR Code**”), which was most recently updated on January 29 to include the changes introduced by the Borsa Italiana Code in January 2020, and is published on the Company’s website www.cirgroup.it, in the section “Governance”.

The Company and the group that it heads (meaning CIR and all the companies directly or indirectly controlled by CIR, hereinafter the “**Group**”) on March 7 2003 adopted a Code of Ethics which explicitly sets out the principles of legality, correctness, loyalty, honesty, impartiality, equal opportunities and confidentiality that the administrative and control bodies and all those who operate in the Group including third parties operating with the same are required to observe, together with the principles of completeness and transparency in the management of company information that corporate entities must comply with and which must also direct the work of the latter (see below point 14.1).

The powers assigned to and the rules for the functioning of the corporate bodies are regulated **(i)** by the rules of law and regulations in force at any one time, **(ii)** by the Company Bylaws last updated on April 30 2021 (the “**Bylaws**”), **(iii)** by the CIR Code and **(iv)** by a series of operating regulations, principles, procedures and practices for the Company, which are updated periodically.

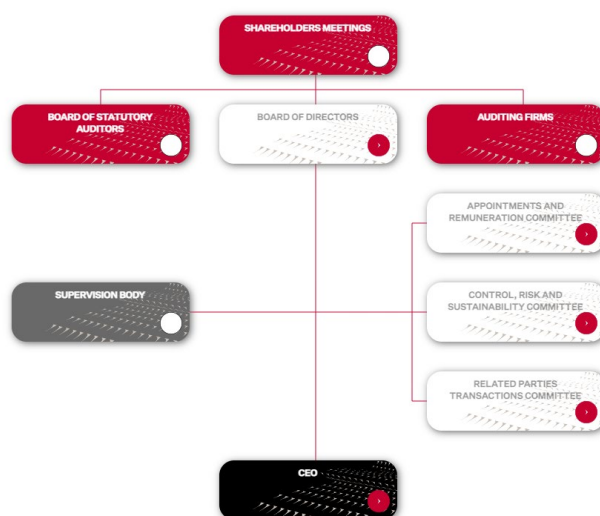
The Shareholders’ Meeting is the body entitled to vote:

- > in an ordinary session, on **(i)** the approval of the annual report and financial statements, **(ii)** on a decision as to the number of members making up the Board of Directors within the limits laid down in the Bylaws, **(iii)** on the appointment and possible revocation of the members of the Board of Directors and the Board of Statutory Auditors, **(iv)** on the decision as to their fees, **(v)** on the remuneration policy, **(vi)** on the award of the audit mandate, **(vii)** on any legal action for the liability of directors and/or statutory auditors;
- > in an extraordinary session on amendments to the Company Bylaws.

The Board of Directors is the central entity in the Company’s system of corporate governance, the Bylaws giving it the broadest powers to manage and administer the Company with the aim of achieving the Company’s object and creating value in a medium-long term time horizon and in a sustainably successful way. The appointment, composition, functioning and role of the Board of Directors and its members are described in point 4 below.

The Board of Statutory Auditors carries out the duties prescribed by applicable rules and regulations and by the Company Bylaws. The appointment, composition and functioning of the Board of Statutory Auditors are described in point 11 below.

Below is a diagram showing the Company’s entities and the governance structure of the company.



1.3. The Issuer’s status as an SME (PMI)

CIR fits the definition of a PMI (*SME*) as per the terms of Art.1, paragraph 1, letter w-quater.1) of the TUF and Art. 2-ter of Consob Rules for Issuers, in view of its average capitalization in the last three years. The average capitalization recorded in the years 2020 and 2021 was over Euro 500 million but it was lower than that in the year 2019 when the Company, then COFIDE S.p.A., had not yet incorporated CIR S.p.A.. The Company therefore currently retains its status as a PMI.

In the light of the above, it should be noted that the threshold for disclosure obligations as per the terms of Art. 120 of the TUF, is 5%, given that on April 14 2021 the temporary regime of heightened transparency regarding changes in significant shareholdings and declarations of investment objectives established with Consob resolutions no. 21326 and 21327 of April 9 2020 and subsequently renewed until April 13 2021 finally expired.

2. INFORMATION ON THE OWNERSHIP STRUCTURE (as per Art. 123-bis, paragraph 1, TUF)

2.1. a) Structure of the share capital (as per Art. 123-bis, paragraph 1, letter a), TUF)

The Issuer's share capital, subscribed and fully paid up as of December 31 2021 stood at Euro 638,603,657.00, consisting of 1,277,207,314 ordinary shares, listed on the Euronext Milan market, FTSE Italia Mid Cap. Index.

STRUCTURE OF THE SHARE CAPITAL AS OF DECEMBER 31 2021				
Type of shares	No. of shares	% of share capital	Market where listed	Rights and obligations
Ordinary shares	1,277,207,314	100%	Euronext Milan – FTSE Italia Mid Cap index	435,374,208 shares have matured increased voting rights (2 votes for each share with total voting rights amounting to 870,748,416) as per Art. 8 of the Company Bylaws, see in the next paragraph 2.4. Out of a total of 1,712,581,522 voting rights exercisable, these shares account for 50.84% of the voting rights.

It should be noted that from the close of financial year 2021 until the date of this Report, a further 120,218,807 shares have acquired increased voting rights and thus the total number of shares with increased voting rights as of March 11 2022 was 555,593,015 and the total number of voting rights produced by them amounts to 1,832,800,329, giving a ratio to the total number of voting rights in percentage terms of 60.63%. There were no changes to the share capital or the total number of shares.

It should also be noted that the Company has put in place share-based incentive plans which do not involve capital increases as they are serviced using the own shares that the Company already holds.

For further information on the above plans, see **(i)** the indications given in section 24 of the Notes to the Consolidated Financial Statements regarding the year ended December 31 2021, **(ii)** the information documents prepared by the Issuer in compliance with Art. 84-bis of Consob Rules for Issuers and **(iii)** the Report on remuneration policy and the compensation paid – 2022 (the “**Remuneration Policy 2022**”) which will be published within the time-frame required by law. These documents are or will be (whichever is appropriate) consultable on the website of the authorized storage mechanism www.emarketstorage.com and on the Company's website in the section “*Governance*”.

2.2. b) Restrictions on the transfer of shares (as per Art. 123-bis, paragraph 1, letter b), TUF)

The shares of the Company are freely transferable, without prejudice to the following restrictions:

- > linked to the internal dealing rules, explained in the Code of Conduct on the subject of Internal Dealing published on the Company's website in the section "Governance";
- > applicable to the beneficiaries of stock grant plans, who according to the regulations, have an irrevocable commitment to keep at least 10% the shares exercised for a continuous period of 72 months (60 months for the plans before Plan 2021) after the date of the stock grant and thus the shares will be subject to an inalienability restriction, unless the Board of Directors should authorize otherwise (this is the minimum holding requirement that is described in more detail in the Report on remuneration policy and on compensation paid which is published by the Company).

2.3. c) Significant holdings of the capital (as per Art. 123-bis, paragraph 1, letter c), TUF)

The table below shows the significant holdings of capital as of December 31 2021, according to the notifications effected as per the terms of Art. 120 of the TUF and Art. 117 and following articles of Consob Rules for Issuers.

SIGNIFICANT HOLDINGS OF THE CAPITAL AT DECEMBER 31 2021			
Declarant	Direct Shareholder	% (of share capital)	% (of total voting rights)
F.lli De Benedetti S.p.A.	F.lli De Benedetti S.p.A.	31.171	44.953%
Cobas Asset Management SGIC SA	Cobas Asset Management SGIC SA	13.184	11.270%

It should be noted that between the close of financial year 2021 and the date of this Report, the percentage of total voting rights has changed and as of the date of this Report is now 42.004% for FDB and 17.089% for Cobas Asset Management SGIC SA respectively.

2.4. d) Shares that give special rights (as per Art. 123-bis, paragraph 1, letter d), TUF)

All the shares have the same rights and obligations and there are no shares that give their holders special rights.

The Company Bylaws do however envisage increased voting rights, pursuant to Art. 127-*quinquies* of the TUF. More specifically, Art. 8 states that each share gives the right to two votes if the following conditions are both complied with: **(i)** that the same person has had voting entitlement on the strength of a real right giving entitlement (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights) for a continuous period of no less than 48 months; **(ii)** the condition in **(i)** above is attested by the continuous presence for a period of no less than 48 months in the list in the Stable Shareholders Book, which was set up for this purpose and is kept and updated by the Company.

2.5. e) Shares held by employees (as per Art. 123-bis, paragraph 1, letter e), TUF)

In the event of employees holding shares, there are no particular mechanisms for exercising voting rights.

2.6. f) Restrictions on voting rights (as per Art. 123-bis, paragraph 1, letter f), TUF)

There are no restrictions on voting rights.

2.7. g) Shareholder agreements (as per Art. 123-bis, paragraph 1, letter g), TUF)

On March 16 2021 a Shareholder agreement regarding Fratelli De Benedetti S.p.A. ("FDB") and CIR took effect. This agreement, which contains significant clauses as per the terms of Art. 122, paragraphs 1 and 5, letters a), b) and c), TUF ("Pact") signed by Rodolfo Lorenzo Franco De Benedetti, Marco De Benedetti,

Edoardo Enzo Tito De Benedetti (“**Shareholders**”), FDB and Margherita Crosetti.

The Companies whose financial instruments are the subject of the shareholder agreement are: **(i)** FDB, a company with registered offices in Turin, Via Valeggio 41, a share capital of Euro 999,000 fully paid up, Tax Code and registration no. on the Turin Register of Companies 05936550010; and **(ii)** CIR.

The Pact binds the Shareholders, who hold a total of 100% of the share capital of FDB, together with Margherita Crosetti, who is a holder of usufruct with voting rights on part of the shares of FDB, and FDB itself, as owner **(i)** as of the date on which the Pact was signed, of 392,851,536 CIR shares, equal to 30.759% of the total shares and 766,293,380 voting rights, equal to 44.743% of the total voting rights, and **(ii)** as of December 31 2021, of 398,116,475 shares, equal to 31.171% of the total ordinary shares, giving 769,855,821 voting rights, equal to 44.953% of the total voting rights.

The essential information on the Pact has been published, pursuant to Art. 130 of the Rules for Issuers, on the CIR website.

The Company is not aware of the existence of any other agreements between shareholders as per Art. 122 of the TUF.

2.8. h) Change of control clauses (as per Art. 123-bis, paragraph 1, letter h), TUF) and rules in the Bylaws on the subject of public tender offers or OPAs (as per Art. 104, paragraph 1-ter and Art. 104-bis, paragraph 1)

CIR S.p.A. has not entered into any agreements involving change of control clauses, except for what is set out in the contract with the Chief Executive Officer, which is described in the Compensation Report for 2022.

Regarding the subsidiary Sogefi S.p.A., and the companies that it controls, its loan agreements and bonds do include change of control clauses, involving the option for the creditors to request prepayment in the event of an entity other than CIR, with a credit rating below certain thresholds, obtaining control of the company.

Regarding the subsidiary KOS S.p.A., and the companies that it controls, its loan agreements and bonds do include change of control clauses, involving the option for the creditors to request prepayment in the event of CIR ceasing to exercise control of the company as per the terms of Art. 2359 of the Civil Code.

The Company Bylaws do not contain any waivers of the passivity rules or neutralization rules set out in Art. 104 and 104-bis of the TUF.

2.9. i) Powers delegated to increase the share capital and authorizations to buy back own shares (as per Art. 123-bis, paragraph 1, letter m), TUF)

Regarding powers delegated to increase the share capital, for a maximum period of five years as from the date on which the relative resolution of the Extraordinary General Meeting of the Shareholders adopted on June 8 2020 (see Art. 17 of the Bylaws) was registered in the Register of Companies, the Board of Directors has the right to:

- > **(i)** 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 and/or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per Art. 2441 fourth and fifth paragraphs, of the Civil Code, the Directors having the right each time to establish the category of shares, the issuance price of the same shares (including any share premium), the start of dividend entitlement, the possible allocation of the share capital increase to servicing the conversion of bonds issued even by third parties either in Italy or abroad, or servicing warrants, **(ii)** determine the reserves and provisions available for allocation to share capital and the amount

of the same and **(iii)** more in general, to define the procedures, terms and conditions of the share capital increase.

- > **(i)** issue once or more than once convertible bonds, even in foreign currencies, where permitted by law, with the relative share capital increase up to a maximum amount of Euro 500,000,000 (five hundred million) and **(ii)** more in general to define the procedures, terms and conditions of the bond issue and its regulations.

As regards the authorizations to buy back own shares, the ordinary Annual General Meeting of the Shareholders (AGM) held on April 30 2021 adopted a resolution authorizing the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, severally and with the right to sub-delegate:

- > as per the terms and effects of Art. 2357 of the Civil Code, as from the day after the above-mentioned Ordinary AGM and for a period of eighteen months, to buy back CIR shares as follows:
 - (i)** a maximum of 225,000,000 shares may be bought back, without prejudice to the fact that the number of own shares held by the Company may not in any case exceed one fifth of the total number of shares making up the share capital of CIR;
 - (ii)** the unit price of each single purchase of shares must not be more than 15% higher or lower than the benchmark price recorded by the Company's shares in the stock exchange trading session preceding each single share buyback or preceding the date on which the price is fixed in the event of purchases made following the procedures set out in points (a), (c) and (d) of paragraph **(iii)** below, and when the purchases are made with orders placed 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 in the same market;
 - (iii)** the purchase must take place in the market, in compliance with what is laid down in Art. 132 of D.Lgs. no. 58/98 and in rules of law and regulations in force at the moment of the transaction and, more precisely: *(a)* through a public tender to buy or exchange shares; *(b)* in regulated markets following procedures established by the rules for organizing and managing the same markets, which do not allow bids to be matched directly with predetermined ask prices; *(c)* through the proportional assignment to the shareholders of put options to be assigned within 15 months of the date of the AGM authorizing resolution and exercisable in up to 18 months from the same date; *(d)* through the purchase and sale of derivative instruments traded on regulated markets which involve the physical delivery of the underlying shares in compliance with the further provisions contained in Art. 144-bis of Consob's Rules for Issuers, and also with Art. 5 and Art. 13 of EU Regulation 596/2014;
- > as per the terms and effects of Art. 2357-ter of the Civil Code, to effect, still within the limits posed by the law, subsequent purchase and sale transactions and also to arrange, without any time limits or constraints, the own shares bought back for sale – even before completing the purchases authorized as above – in one or more tranches, through authorized intermediaries, at prices no lower than the last purchase price or carrying value or the current price on the Stock Exchange, with the specific exception of the directors of the Company and/or its subsidiaries to whom the shares may be transferred or assigned even free of charge, within the limits of the law, in implementation of specific incentive plans based on the shares of the Company;
- > as per the terms and effects of Art. 2357-ter of the Civil Code, to arrange – without any time limits or constraints – the own shares bought back, once or more than once, as consideration in an exchange of equity or for sale via a tender offer and/or to the shareholders even through a placement of warrants or deposit receipts representing shares (*American Depositary Receipts* or similar securities), to fulfil any obligations deriving from debt instruments convertible into or exchangeable with shares, or for assigning to employees or directors of the Company and its subsidiaries in implementation of stock grant plans, at a price no lower than the nominal value.

It should be noted that on May 10 2021, CIR launched a voluntary partial public tender offer for a maximum of 156,862,745 own shares, without a nominal value, equal to 12.282% of its share capital (“OPAV”). The period in which the offer could be accepted began on June 21 2021 and ended on July 29 2021. A total of 205,782,739 shares were tendered and, and as this was in excess of the maximum number, an allocation coefficient of 76.2% was applied. CIR thus purchased 156,861,838 shares for a total equivalent of Euro 79,999,537.38.

The Annual General Meeting of the Shareholders convened to approve the financial statements for the year ended December 31 2021 will be called upon to adopt a resolution on a new authorization to buy back the Company’s own shares, as per the terms and effects of Art. 2357 of the Civil Code, after the previous AGM resolution has been revoked.

2.10. l) Management and coordination activity (Art. 2497 and following articles of the Civil Code)

As per the terms of Art. 2497 and following articles of the Civil Code, the Company is subject to management and coordination by FDB.

With reference to the provisions of Art. 16, paragraph 1, letters a), b) and c) of the regulation adopted with resolution no. 20249 of December 28 2017 (the “**Consob Market Regulation**”), it should be noted that CIR:

- > has fulfilled the publicity obligations contained in Art. 2497-*bis* of the Civil Code;
- > has an independent negotiating capacity in relations with customers and suppliers;
- > has no centralized treasury function in common with FDB or with other companies controlled by the latter.

Regarding the provisions of Art. 16, paragraph 1, letter d) of the Consob Market Regulation, it should be noted that the committees set up by the Board of Directors of the Company and recommended by Borsa Italiana’s Corporate Governance Code all consist exclusively of independent directors (see in particular point 6 below). With reference to the same rule, it should also be pointed out that, although CIR is not a subsidiary subject to management and coordination activity by another company listed on regulated markets, the Board of Directors is made up of a majority of independent directors (see in particular points 4.4.1 and 4.4.8 below).

2.11. m) Other information - reference

It should be noted that as regards the further information as per Art. 123-*bis*, paragraph 1, of the TUF:

- > The information required by letter i), regarding possible agreements between the Company and directors involving leaving indemnity, compensation for termination without a just cause or termination following a public tender offer (OPA), are contained in Remuneration Report 2022 that will be published pursuant to Art. 123-*ter* of the TUF;
- > The information required by letter l), regarding the appointment and replacement of directors as well as amendments to the Company Bylaws, if they differ from the legislative and regulatory rules additionally applicable, are described in point 4.3 below.

3. COMPLIANCE (as per Art. 123-*bis*, paragraph 2, letter a), TUF)

The Company follows Borsa Italiana’s Corporate Governance Code, which is available on the website of the Corporate Governance Committee at the following address: <https://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Already in 2013 CIR S.p.A. had decided to draw up its own Code in order to transpose the principles and recommendations of what was previously the Code of Conduct for listed companies (*Codice di Autodisciplina delle società quotate*) and subsequently became the Corporate Governance Code of Borsa Italiana, adapting them to fit the Company's profile while respecting the provisions of the same.

This decision proved to have been even more propitious when Borsa Italiana's Corporate Governance Code was published in 2020 given that the latter introduced the principle of proportionality, modulating its recommendations as a function of the size and shareholding structure of the companies. It has therefore become even more useful for the Company to have its own Corporate Governance Code so that it can specify the decisions it has taken from among the various options given by the Borsa Italiana Code on the same subject, according to the profile of the companies.

According to Borsa Italiana's Corporate Governance Code, the Company is neither a "large company" nor does it have "concentrated ownership".

As for application of proportionality, it is worth taking note of the following decisions:

- > The CIR Code states that the independent directors must number at least three, which is a higher number than that stipulated in the TUF and in Borsa Italiana's Code (two) for a company that is not "large". Moreover CIR's current independent directors are in a majority, thus aligning CIR with recommendation 5 of Borsa Italiana's Code for "large" companies;
- > The CIR Code has no obligation for independent directors to meet at least once a year without the other directors being present, in line with the proportionality envisaged by recommendation no. 5 of Borsa Italiana's Corporate Governance Code, which reserves this obligation only for "large" companies; the obligation is nonetheless contemplated in CIR's governance as it is present in the "Regulations for the Lead Independent Director" approved by the Board of Directors on October 29 2021;
- > In the CIR Code, even though CIR is not a "large" company, on the subject of the maximum number of positions that directors and members of the Board of Statutory Auditors can hold (see point 4.4.3 below) the Board of Directors decided to align CIR with the provisions of recommendation 15 of Borsa Italiana's Corporate Governance Code for "large" companies;
- > The CIR Code stipulates that a control and risk committee and an appointments committee be set up, thus aligning CIR with the provisions of recommendation 16 of Borsa Italiana's Corporate Governance Code exclusively for "large" companies in which the independent directors represent less than half of the members of the Board of Directors, although CIR – as stated above – is not a "large" company and has a Board made up of a majority of independent directors;
- > Although CIR is not a "large" company, the CIR Code requires that the self-assessment of the Board of Directors be conducted every year, aligning CIR with the rules contained in recommendation 22 of Borsa Italiana's Corporate Governance Code applicable to "large" companies;
- > Although CIR is not a "large" company, the CIR Code states that the Board of Directors, with the assistance of the Appointments and Remuneration Committee should identify succession plans for the executive directors (see 4.3.2 below), aligning CIR with the rules contained in recommendation 5 of Borsa Italiana's Corporate Governance Code for "large" companies.

As for the differences compared to Borsa Italiana's Corporate Governance Code, the Company decided not to take recommendation 19 on board for the part which refers to the outgoing board of directors possibly submitting a list; this in view of the fact that this recommendation does not appear to be relevant to a company with a shareholding structure such as that of CIR.

CIR and its subsidiaries of strategic importance are not subject to any rules of law outside Italy that could influence the Issuer's corporate governance structure.

4. BOARD OF DIRECTORS

4.1. Role of the Board of Directors (as per Art. 123-bis, paragraph 2 letter d) TUF)

4.1.1. Definition of the strategy and orientation of the Company, particularly with a view to obtaining sustainable success

As stipulated in Art. 1, letter A) of the CIR Code (consistently with principles I and II- recommendation 1, Art. 1, of Borsa Italiana's Corporate Governance Code), the Board of Directors leads the Company, defining its strategy and, in full compliance with the governance of each of them, directs the strategy of its subsidiaries, with a view to achieving sustainable success and thus creating value in the long term to the benefit of the shareholders while also taking into account the interests of all the Company's relevant stakeholders.

In order to implement what is stated above, the Board of Directors is required to:

- > Examine and approve the strategic and financial plans of the Company every year and examine the consolidated business plans of its subsidiaries, evaluating their consistency with the same and with the objectives of the Company, and identifying factors relevant for the generation of value in the medium and long term;
- > Monitor periodically the performance the Company's operations and that of its subsidiaries comparing the results achieved with those budgeted and checking that the business plans have been implemented; in compliance with the *"Procedure for formulating and monitoring the implementation of strategic, business and financial plans of the companies of the group"* adopted by the Board of Directors;
- > Define the nature and level of risk compatible with the strategic objectives of the Company, taking into account, in terms of possible impact, the main risks relating to the business of the subsidiaries, which in their turn must define the nature and level of risk compatible with the specific nature of their businesses, with a view to achieving sustainable success in the medium-long term, in accordance with the *"Guidelines for the internal control and risk management system"*;
- > Adopt resolutions on the Company's transactions of significant strategic importance and examine those of its subsidiaries, having previously defined the criteria, according to which a Company transaction carried out by CIR assumes significant strategic importance. The criteria, on the basis of which a CIR transaction assumes significant strategic importance and the procedure for approving this kind of transaction are contained in the *"Procedure on the criteria for identifying and approving transactions of strategic importance"* approved by the Company's Board of Directors on October 29 2021. According to this update:
 - The following transactions are considered to be "transactions of strategic importance" and thus belong to the exclusive competence of the Board of Directors:
 - Financial investments and disinvestments for trading purposes for the short-term investment of liquidity the value of which is in excess of Euro 150 million;
 - The purchase, sale or subscription (even through contributions in kind) of equity holdings, the purchase, sale or leasing of businesses or business arms or other extraordinary transactions, when: **(i)** the price or the exchange value assigned to them is more than Euro 75 million; or **(ii)** even assuming that the counterparty is not a "Related Party", the deal has the characteristics to be qualified as a "Transaction of Greater Importance" as per the terms of the *"Rules for Related-Party Transactions"* adopted by CIR and in force at any one time; **(iii)** with specific regard to transactions for shareholdings in companies, when these involve loss of control as per the terms

of Art. 2359 of the Civil Code over the relative company (or similar entity) limited to cases in which the company operates in the sectors of automotive components or healthcare and in any other sectors identified from time to time by the Board of Directors of CIR;

- Any other transaction even different from the ones listed above, including borrowing or lending of any kind or the issuing of guarantees, which: **(i)** have a value (in terms of price, exchange value or principal amount lent or guaranteed) of more than Euro 75 million; or **(ii)** even if the counterparty is not a “Related Party” but the transaction presents the characteristics to be qualified as a “Transaction of Greater Importance” as per the terms of the “*Rules for Related-Party Transactions*” adopted by CIR, and in force at any one time;
- The following transactions of companies directly or indirectly controlled by CIR and subject to management and coordination by the latter are not classified as “transactions of strategic importance” for CIR but their examination and potential approval are subject to the same rules for approval reserved for such transactions (including the exclusive competence of the Board of Directors of CIR) and prior information thereof must be transmitted to CIR by the subsidiaries involved as stipulated in the already cited document “*Procedure for the formulation and monitoring of the implementation of the strategic, business and financial plans of the company and the group*”:
 - Transactions qualified by each subsidiary as “Transactions of Strategic Importance”;
 - The purchase, sale or subscription (even through contribution in kind) of equity holdings, the purchase, sale or leasing of businesses or business arms or any other extraordinary transaction when: **(i)** the price or exchange value assigned to them exceeds the thresholds for them to be qualified as “Transactions of Greater Importance” (or any similar definition) as per the terms of the “procedures for related-party transactions” adopted by the relative industrial sub-holding companies directly controlled by CIR and subject to management and coordination by the same (the “**Holding company subsidiaries**”) or – if this does not exist – of the “*Rules for Related-Party Transactions*” adopted by CIR and in force at any one time, applying the values of “shareholders’ equity” or “total consolidated assets” of the relative directly controlled subsidiary of CIR (and not the corresponding values of CIR); or **(ii)** with specific reference to the transactions involving equity holdings in companies, involving the loss of control as per the terms of Art. 2359 of the Civil Code over a company (or similar entity) limited to cases in which the said company (or similar entity) has been identified by the relative Holding Company Subsidiary/direct subsidiary of CIR as a “strategic subsidiary” on account of the activity it carries out or of its size;
 - Any other transaction, even one differing from the previous ones, including borrowing or lending of any kind or the granting of guarantees, that has a value that is above the threshold for being qualified as a “Transactions of Greater Importance” (or any equivalent definition) as per the terms of the “procedures for transactions with related parties” adopted by the relative Holding Company Subsidiary or – where this does not exist – of the “*Rules for Related-Party Transactions*” adopted by CIR and in force at any one time, applying the values of “shareholders’ equity” and “total consolidated assets” of the relative directly controlled subsidiary (and not the equivalent values of CIR).

4.1.2. Definition of the most appropriate system of corporate governance to carry out the business activity and pursue the Company's strategy

As set out in Art. 1, letter B) of the CIR Code (and in principle III, recommendation 2, Art.1, of Borsa Italiana's Corporate Governance Code) the Board of Directors defines the most effective system of corporate governance for running the business and pursuing its strategic objectives. More specifically, the Board of Directors:

- > Assesses the organizational, administrative and accounting structure, with particular reference to the SCIGR (in compliance with the "Guidelines for the system of internal control and risk management", see point 9 below);
- > Formulates, if deemed necessary or even merely opportune, reasoned proposals to put before the Shareholders' Meeting regarding the size of the Board of Directors, its composition and the duration of its mandates;
- > May formulate proposals regarding the selection and characteristics of the corporate model, the structure of the administrative and patrimonial rights of the shares and the percentages established for exercising the prerogatives for safeguarding minority interests.

4.1.3. Policy of dialogue with shareholders and other stakeholders

As set out in Art. 1, letter C) of the CIR Code (consistently with principle IV- recommendation 3, Art. 1, of Borsa Italiana's Corporate Governance Code) the Board of Directors promotes dialogue with the shareholders and the stakeholders important for the Company, in compliance with current rules on the subject of "market abuse" and observing the principles of the Guide for Disclosure to the Market published by Borsa Italiana S.p.A..

Regarding implementation of the above, the CIR Code states that the Board of Directors must ensure that the Company:

- > Guarantees correct internal management and external disclosure of documents and information regarding the Company and the Group that it heads and on this subject the Board of Directors adopted **(i)** the "Procedure for the management, treatment and communication of privileged information" and **(ii)** the "Code of conduct on the subject of internal dealing" (see point 5 below);
- > Maintains an effective dialogue with its shareholders and with the market, promoting various forms of communication and in this regard the Board of Directors of the Company adopted a specific "Policy for managing the dialogue with the shareholders in general";
- > Appoints a head for the *Investor Relations* function in order to manage direct information flows with shareholders, financial analysts and institutional investors, in compliance with the rules of the above-mentioned procedure. (On this matter, CIR has set up a special function in the Company, led by the Chief Financial Officer and the Executive Responsible and which is subject to supervision by the Chairman of the Board of Directors).

For further details on the dialogue with all of the shareholders, see point 12 below.

4.2. Activities carried out by the Board of Directors in 2021

Below is a concise description of the activities carried out by the Board of Directors of the Issuer in 2021.

- > On January 29 2021, it examined the business plans and the budgets for the year 2021 of the Company, the subsidiaries and the Group presented by the Chief Executive Officer and the Chief Financial Officer and Executive Responsible on the basis of documents made available well before the meeting, attached to the minutes of the meeting and preserved in the Company's records (for the subsidiary KOS its Chief Executive Officer attended the presentation of the plan).

- > On April 30 2021, July 30 2021 and October 29 2021, it monitored the quarterly performance of the Company and of the Group, on the basis of the reports and presentations made by the Chief Executive Officer and by the Chief Financial Officer and Executive Responsible, carrying out a systematic comparison of the results achieved with those of the previous year and with those set out in the budget.
- > On March 29 2021 and March 11 2022, it assessed the adequacy of the SCIGR, with the aid of preliminary analyses carried out by the Control, Risk and Sustainability Committee. The Committee's analysis took into account the reports prepared by the *Internal Audit* and *Risk Management* functions of the Company and by the supervisory body as per Decree 231 (the "Supervisory Body" or "OdV"). As far as the main subsidiaries are concerned, the SCIGR of the same is within the competence of their respective management bodies and the Company obtains the evaluations formulated by the competent functions of each subsidiary and by their respective boards of directors.
- > On May 10 2021, during a meeting convened for this very purpose, it analysed and adopted a resolution approving the Voluntary Partial Public Tender Offer mentioned above in point 2.9.
- > It devoted particular attention to the subject of sustainability, with the Control, Risk and Sustainability Committee meeting four times during the year and at the beginning of 2022 (on March 8 2021, July 2 2021, October 21 2021 and January 21 2022) to discuss the Guidelines of the ESG plan of the Company and its main subsidiaries with the Chief Executive Officer and the head of the ESG function of CIR, approving the "*Guidelines of the ESG Plan 2022-2025*" on January 28 2022.
- > It updated the Company's Corporate Governance, adopting on January 29 2021 the new CIR Code and then proceeding to further implement its measures on this subject with the approval:
 - on March 29 2021 of an update to the succession plans for the executive directors;
 - on October 29 2021 of **(i)** an update to the "*Rules for the Control, Risk and Sustainability Committee*"; **(ii)** an update of the "*Rules for the Appointments and Remuneration Committee*"; **(iii)** an update to the "*Rules for the Committee for Related-Party Transactions*" and **(iv)** "*Rules for the Lead Independent Director*".
- > On June 28 2021, it updated the "*Rules for Related-Party Transactions*", in compliance with the new "*Regulation giving rules on the subject of transactions with related parties*" adopted by Consob with resolution 21624 of December 10 2020. In the following weeks the Company implemented the updated "*Rules for Related-Party Transactions*" carrying out, among other things, a periodic update of the Register of Related Parties and the preparation of regular reports by the Executive Responsible included therein (see also point 10 below).
- > On October 29 2021, it updated **(i)** the "*Procedure for formulating and monitoring the implementation of the strategic, business and financial plans of the company and of the group*" and **(ii)** the "*Procedure on the criteria for identifying and approving transactions of strategic importance*". With this update the Board of Directors of CIR aimed to regulate certain managerial and organizational practices already in existence with regard to the formulation and monitoring of the annual budget and the multiyear business plan, regular reporting and interim projections of the whole-year results as well as the relative information flows and to better specify the criteria for identifying transactions of strategic importance.
- > On March 11 2022, it updated the "*Guidelines on the internal control and risk management system*".
- > Again on March 11 2022, it adopted a "*Policy for managing dialogue with the shareholders in general*".

- > With the assistance of the supervisory body as per D. Lgs. No. 231 of June 8 2001 (the “**Decree 231**”) it revised its organization, management and control model as per Decree 231 with a view to, among other things, **(i)** updating the catalogue of offences (“*reati-presupposto*”) in the light of recent amendments to the rules of law; **(ii)** adjusting the Company’s risk assessment in the light of the above amendments and the new organizational structure of the Company; **(iii)** increasing the efficiency and effectiveness of control protocols aimed at preventing the offences (“*reati-presupposto*”) of Decree 231 of relevance to the Company, regulating the information flows (among other things) for the supervisory body as per Decree 231 of the Company and its subsidiaries (on this subject see also point 9.5 below).
- > It assessed the size, composition and functioning of the Board and its Committees. The process was coordinated by the Appointments and Remuneration Committee and was carried out with the assistance of a consulting company of prime standing, selected by the Committee. The Committee also presented its results to the Board of Directors with the support of its consultants at the meeting held on March 11 2022 (see point 7.1 below). Even on the outcome of this process, the Board of Directors did not consider it necessary to submit any proposals to the Shareholders’ Meeting to define a system of corporate governance more functional to the needs of the business since it considered the current system to be adequate.

4.3. Appointment and replacement (as per Art. 123-bis, paragraph 1 letter l) TUF)

4.3.1. Appointment of directors

As established by Article 11 of the Company Bylaws, the Company is administered by a Board of Directors consisting of a number of members between five and twenty-one, whose term of office is determined by the Shareholders’ Meeting, in any case no more than three financial years, and they can be re-elected.

The Shareholders’ Meeting, on appointing them, decides on the number of members within the above limits, and this number shall remain valid for the duration of the mandate or in any case until a resolution changing the number is adopted.

The Shareholders’ Meeting, as established by Art. 11, paragraph 4 of the Company Bylaws, appoints the Board of Directors on the basis of lists presented by the Shareholders according to the terms and following the procedures set out in the rules applicable.

According to the Company Bylaws, only Shareholders who alone or together with other shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates who must be able to prove that they own the number of shares required within the terms and following the procedures laid down in legislation applicable. The Board of Directors is not entitled to present a list.

On this point, it should be pointed out that on January 28 2022, with executive decision no. 44, Consob, as per the terms of Article 144-septies, paragraph 1, of Consob’s Rules for Issuers, set 2.5% as the percentage of capital needed to present lists of candidates for the election of the administrative and control bodies, without prejudice to any lower percentage stipulated in the Company Bylaws. Therefore, the threshold for the presentation of lists for appointing the board of directors stated in the Company Bylaws is the same as the percentage identified by Consob for the current period.

To achieve the appointment of the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes of at least half of the percentage required for presentation of the same lists (1.25%) otherwise the lists will not be considered.

Lists containing 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 balance. Any lists presented that do not comply with the above instructions will be considered as not having been presented. For the diversity criteria and policies as applied to the Composition of the Board of Directors, please see 4.4.2 below.

The following procedure will be followed for the election of the members of the Board of Directors:

- > From the list which obtains the 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 (if only one list has been presented or admitted to the voting, all the directors will be drawn from that list);
- > From the second list which obtains the most votes at the Shareholders' Meeting one board member shall be drawn but he or she must not be connected in any way, even indirectly, with the shareholders who presented or voted for the list with the highest number of votes. The person elected is the one at the top of the list.

In the event that no list has been presented or that a lower number of directors is elected than the number decided on by the Shareholders' Meeting, then the Shareholders will have to be convened again to appoint a full Board of Directors.

When application of the procedure described 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 with 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.

The Board of Directors, according to the terms of CIR's Corporate Governance Code, requires the presence of sufficient number of independent directors to guarantee in terms of number and prestige that their opinions have a significant weighting in the decisions adopted by the board. For the presence and role of the independent directors see point 4.4.8 below.

The Company Bylaws do not contain any further requisites of independence than those established for the statutory auditors as per the terms of Art. 148 TUF, and/or of integrity and/or professionalism for them to take on the position of director.

The appointment proposals for the position of director must be accompanied by:

- > a *curriculum vitae* containing full information on the personal and professional characteristics of the candidate, with details of any positions of administration and control held in other companies;
- > where the conditions exist, a declaration by the candidate that he or she is suitable to be qualified as an independent director as per the rules of law or regulations;
- > a declaration by the candidates, under their own responsibility, that there are no reasons why they cannot be elected or any compatibility as defined by the law and that they have the requisites prescribed by law and by regulations in force for members of Boards of Directors;

Any incompleteness or irregularity relating to individual candidates will mean the elimination of the candidate from the list to be put to the vote.

The Issuer is not subject to any further rules (sectorial or of any other kind) on the subject of the composition of the Board of Directors.

4.3.2. Replacement of directors

When one or more Directors needs to be replaced due to a resignation or some other reason, the

replacement will be made as per Art. 2386 of the Civil Code, ensuring that the applicable requisites are observed. For the identification and appointment of a new director, the Board of Directors entrusts the Appointments and Remuneration Committee with the investigation process.

The Company has also adopted special plans for the succession of the executive directors (Chairman and Chief Executive Officer), approved most recently by the Board of Directors on March 29 2021, after examination by the Appointments and Remuneration Committee. These plans guarantee an orderly succession of executive directors in the event of early termination, in compliance with the procedure regulated in the same.

In the event of early termination of the Chief Executive Officer, the persons directly involved in the replacement process are: **(i)** the Chairman, charged with ascertaining that the conditions exist for the termination that has taken place, with calling a Board of Directors Meeting, as well as dealing temporarily with any urgent business, and **(ii)** the Appointments and Remuneration Committee called upon to assist the administrative body in the process of assessing the candidates for the replacement.

In the event of early termination of the Chairman, the same procedure is applied but the person involved, in addition to the Appointments and Remuneration Committee, is the Director Responsible for the succession, identified most recently by the Board of Directors on March 29 2021 in the person of Director Marco De Benedetti.

The succession plans for Executive Directors are subject to examination and, if deemed opportune, to an update at least once every three years.

4.4. Composition (as per Art. 123-bis, paragraph 2 letter d) and d- bis) TUF)

4.4.1. Composition as of December 31 2021

The Shareholders' Meeting held on June 8 2020, with a vote in favour of 99.97% of the capital with voting rights, resolved to elect the following twelve directors for the three years 2020-2022: Philippe Bertherat, Maristella Botticini, Edoardo De Benedetti, Franco Debenedetti, Marco De Benedetti, Rodolfo De Benedetti, Paola Dubini, Silvia Giannini, Pia Luisa Marocco, Monica Mondardini, Francesca Pasinelli and Maria Serena Porcari.

The directors were drawn from the only list presented, by the shareholder FDB, owner as of the date of the AGM of June 8 2020 of 30.179% of the share capital and 45.049% of the voting rights.

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

Director Pia Luisa Marocco resigned her position with effect as from April 30 2021 for personal reasons; the Shareholders' Meeting held on April 30 2021 decided, on the basis of the proposal put forward by the Board of Directors, not to replace the outgoing director and consequently to reduce the number of directors from 12 to 11.

Therefore, at the close of the year 2021 (and as of the date on which this Report was approved), the Company has a Board of Directors consisting of the 11 directors listed below.

	FIRST NAME AND LAST NAME	POSITION
	Philippe Bertherat	Non-executive independent director

	Maristella Botticini	Non-executive independent director
	Edoardo De Benedetti	Non-executive director
	Franco Debenedetti	Non-executive director
	Marco De Benedetti	Non-executive director
	Rodolfo De Benedetti	Chairman of the Board of Directors
	Paola Dubini	Non-executive independent director
	Silvia Giannini	Non-executive independent director
	Monica Mondardini	Chief Executive Officer
	Francesca Pasinelli	Non-executive independent director



**Maria Serena
Porcari**

Non-executive independent director

For further information regarding the directors, such as – among other things – their qualification, their main competences and professional characteristics, as well as their seniority since their first appointment, see Annexes A (*Tables*) and B (*Curricula vitae of the Directors*) of this Report. The CVs can also be found on the website of the authorized storage mechanism www.emarketstorage.com and on the Company's website in the section "*Governance*".

The Board of Directors currently consists of 2 **executive directors** and 9 non-executive directors. The executive directors are the Chairman of the Board of Directors and the Chief Executive Officer of the Company. The **non-executive directors** in their number and their prestige, as can be seen from their CVs, provide a guarantee that their judgment shall have a significant weighting in the resolutions adopted by the Board and in the effective monitoring of management; they each bring their own individual expertise to Board debates and contribute to the adoption of decisions in the interest of the Company.

The Board, after carrying out the appropriate checks, on April 30 2021 decided to qualify as **independent directors** six of the current members of the Board of Directors, a number greater than both **(i)** what is stipulated in Art. 147-ter, paragraph 4, of the TUF and in Art. 16, paragraph 1, letter d) of Consob's Markets Regulation, as an Issuer not subject to management and coordination by another company with its shares listed on regulated markets, and **(ii)** what is set out in Borsa Italiana's Corporate Governance Code for a company such as CIR, which cannot be qualified as "large" and is therefore required to have two independent directors, as well as **(iii)** CIR's Code, which requires a minimum of three independent directors.

The composition of the Issuer's Board of Directors is thus definitely suitable to guarantee adequate conditions of managerial independence, as stipulated in the Borsa Italiana Code and the CIR Code.

It should be noted that, since the close of the year and until the date of the Report, none of the above-cited directors has resigned his or her post, nor have there been any changes in the composition of the Board of Directors.

4.4.2. Diversity criteria and policies

The Company has adopted a policy regarding the **gender composition** of its administration, management and control bodies; more specifically, **(i)** the Company Bylaws, as already illustrated in point 4.3, expressly require the observance of gender balance in the Appointments process for the Board of Directors and the Board of Statutory Auditors and **(ii)** the CIR Code states that the Board of Directors must consist for at least two fifths of the least represented gender and that the control body must consist for at least one third of the least represented gender.

The current composition of the corporate bodies of the Issuer ensures an adequate gender diversity; in fact:

- > The Board of Directors is composed of 6 female directors and 5 male directors, with a preponderance of the female gender;
- > The three committees set up by the Board of Directors from among its members are all chaired by female directors;
- > The Board of Statutory Auditors is made up of three statutory auditors in office, one of whom belongs to the least represented gender, and three alternate auditors, one of whom belongs to the

least represented gender.

As for the adoption of further diversity policies, the Board of Directors of the Company on March 12 2018 expressed its intention not to adopt any further policies regarding the composition of the administration and control bodies, as recalled in Art. 123-*bis*, paragraph 2, letter d-*bis* of the TUF, without prejudice to the requisites of integrity, professionalism and independence, and to the situations of incompatibility and/or forfeiture envisaged by the law and the Company Bylaws, for the following reasons:

- > the Board of Directors regularly carries out an annual assessment of the size, composition and functioning of the Board itself and of its committees - taking into account elements such as education and training, professional profiles, experience including managerial experience, of its members, as well as their seniority in their position – and the outcome of this assessment has always been fully satisfactory;
- > the Board of Directors can, before electing a new Board, express opinions on the managerial and professional profiles whose presence on the Board would be deemed useful, thus directing, without prejudice to their reciprocal duties and prerogatives, the decisions of the Shareholders in freely designating the members of the administrative body.

While recognizing that it could reconsider its position in the future, the Board decided that the processes described above were themselves sufficient to guarantee a monitoring of the structure, in terms of diversity, of the composition of the administrative body and also to guarantee the possibility, when considered appropriate, of pointing the shareholders in the direction of diversity.

In any case, the current shareholders of the Company have always paid attention to diversity when compiling the lists, considering that:

- > the current Board of Directors contains considerable diversity in all the different ways possible (age, gender, training, experience / seniority, professional categories and competences, international dimension etc.) and considered as a whole it has a balanced mix of experience and competences that are adequate and in line with the Company's needs;
- > the results of the self-assessment for the year 2021, as already mentioned, confirmed the adequacy of the composition, even in terms of diversity (in the broad sense of the word), of the current Board of Directors.

The Issuer has adopted measures aimed at promoting equal treatment and equal opportunities for both genders within the Group, with the definition of objectives within the sphere of the Group's *ESG* plan. On this subject, see the Non-Financial Statement for 2021, available on the Company's website.

4.4.3. Maximum number of positions

In order to guarantee the necessary availability of the Directors, the Board of Directors with the assistance of the Appointments and Remuneration Committee included in the CIR Code (Art. 2. "A") the following guidelines regarding the maximum number of positions that a Director of the Issuer can hold in other companies listed on regulated markets, even foreign markets, in financial companies, banks, insurance companies or companies of a significant size ("**Significant Companies**"):

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

It should be noted that: **(i)** “companies of a significant size” means companies with revenues of more than Euro 500 million and/or assets in excess of Euro 1,000 million and/or a number of employees that exceeds 2,000; **(ii)** “financial companies” means only those providing financial services to the public and subject to supervision; **(iii)** positions held in Significant Companies belonging to the same group will count as a single position (and this single position will be considered as that of executive director for the calculation of the limits, if at least one of the positions held in the same group is that of executive director).

The above general criteria can always be waived for one or more directors with a motivated resolution adopted by the Board of Directors. In deciding on a waiver, the Board of Directors can consider the figures relating to the attendance of the Director in question at Board and Committee meetings of CIR.

Currently, all the Directors have a number of positions lower than the maximum number envisaged by the criteria defined by the Board of Directors, as can be seen from the information given in Annex C (“*List of positions held by the directors of CIR*”).

4.4.4. Functioning

The functioning of the Board of Directors of CIR is regulated by the rules of law in force from time to time, by the Company Bylaws, by the CIR Code and by a series of rules and procedures approved by the same Board.

The Board of Directors is convened by the Chairman with a notice sent to all Directors and Statutory Auditors at least five (in practice, seven) days before the date on which the meeting is to be held.

At the end of each financial year, the Board of Directors approves the calendar of meetings for the following year, disclosing to the market just the meetings for the approval of the semi-annual and annual reports and financial statements.

The directors should receive the supporting documentation (or info package) at least three days before the date of the meeting. During 2021 the average time was four days.

The documentation is made available to the directors in electronic format through a special platform supplied by a prime European provider to which only the directors have access (for the part relating to the documentation for Board of Directors meetings) as well as staff working for the Company’s Corporate Governance function). A double authentication system of access ensures security.

As for the quality of the information provided, the Board of Directors expressed its full satisfaction with the last self-assessment carried out.

The minutes of each meeting are the responsibility of the Chairman of the Board of Director and the Secretary to the Board of Directors. The minutes are approved by the Board of Directors during the subsequent meeting after having sent them out to the directors at least seven days before such meeting – and where deemed appropriate – they are sent out even earlier to the directors who actually intervened.

The Company ensures that the directors and members of the Board of Statutory Auditors can take part in an **induction programme** after they are appointed and during their mandate. This has the aim of giving them sufficient knowledge of the business sectors in which the Issuer operates, explaining the dynamics of the Company and their evolution, the principles of correct management of risk and the relative regulatory environment.

In 2021, the Board met 8 times and the average duration of the meeting was approximately three hours. From January 1 2022 until the date of this Report inclusive, the Board has met twice with an average duration of three hours and for the rest of the year 2022 three more meetings have been scheduled.

The attendance rate of the Directors was 91%. The Executive Responsible also took part in all of the

meetings.

Because of the emergency due to the Covid-19 pandemic, board meetings were mainly attended remotely, which the Company Bylaws permit.

It should be noted that in 2021 the Covid-19 public health emergency led the Board of Directors and management to concentrate on monitoring the consequences of the spread of the pandemic on the Group's business and on the measures and action to be taken to limit the medical, economic and financial impact of the pandemic on the Company, and within the limits of its competence, on the Group. Given these managerial priorities and the conditions limiting attendance in person, no induction sessions were organized.

4.4.5 Role of the Chairman of the Board of Directors

The Chairman of the Board of Directors:

- > As per the terms of the Company Bylaws:
 - convenes and chairs the meetings of the Board of Directors and signs the minutes of the same;
 - chairs the Shareholders' Meetings and establishes the method of voting on the individual matters;
 - legally represents the Company;
 - together with the Chief Executive Officer, presents the Appointment proposal for the Executive Responsible.
- > As per the terms of the CIR Code:
 - With the assistance of the Secretary to the Board of Directors, ensures
 - That the information made available is sufficient to allow the directors to act in an informed manner as they carry out their role;
 - That the pre-meeting information is made available at least three days before the date of the Board meeting, except for cases of necessity or urgency, in which case the Chairman of the Board of Directors makes sure that adequate information is provided promptly during the board meetings;
 - That the number of meetings and the relative agendas enable the necessary time to be dedicated to each matter, encouraging debate and the contribution of all the directors;
 - That the activity of the committees is coordinated with the activity of the Board of Directors;
 - That the directors and statutory auditors can take part, after their appointment and during their mandate, in initiatives in the most appropriate forms aimed at giving them sufficient knowledge of the business sector in which the Issuer operates and the dynamics of the Company and the evolution thereof, partly with a view to the Company achieving sustainable success; they also need to be informed of the principles of correct risk management and of the regulatory environment and the self-regulation required of the Company;
 - That, in agreement with the Chief Executive Officer, and even at the request of one or more directors, executives of the Company and those of the companies of the group that it heads take part in board meetings to provide detailed information as appropriate;

- That the Board of Directors receives information on any significant content that should emerge from interaction with the market and with the shareholders;
- That the self-assessment process is adequate and transparent.
- Can request that a meeting of one of the committees set up by the Board of Directors be called;
- Proposes the appointment and revocation of the Secretary to the Board of Directors;
- Formulates, in agreement with the Chief Financial Officer, the proposal for approval of a policy for managing dialogue with the shareholders in general.

4.4.6 *Role of the Secretary to the Board of Directors*

The Secretary to the Board of Directors:

- > As per the terms of Art. 3 of the Company Bylaws is designated by the Board of Directors (not necessarily from among its members).
- > As per the terms of the CIR Code:
 - assists the Chairman of the Board of Directors in his activities;
 - is appointed and revoked by the Board of Directors, at the proposal of the Chairman (Art. 3.“C”);
 - gives assistance and has a consulting capacity with impartiality of judgment on all aspects relevant for the system of corporate governance to function correctly (Art. 3.“C”).

In the year 2021, the position of Secretary to the Board of Directors was held by Mr Massimo Segre. In compliance with the provisions of the CIR Code, in the year 2021 the Secretary to the Board **(i)** assisted the Chairman of the Board of Directors in the organization of Board proceedings and **(ii)** provided assistance and had a consulting role with the Board of Directors on any aspect relevant to the correct functioning of the system of corporate governance.

As from January 28 2021, following the resignation of Mr Massimo Segre, the role of Secretary to the Board of Directors was assumed by the Company’s General Counsel, Attorney Pietro La Placa, who also holds the position of Secretary of the three committees set up by the Company. The latter was appointed by the Board of Directors, at the proposal of the Chairman of the same Board.

4.4.7 *Executive Directors*

On June 8 2020 the Board of Directors appointed the General Manager Ms Monica Mondardini as **Chief Executive Officer** of the Company.

The Chief Executive Officer (*Amministratore Delegato*) is responsible for the implementation of the resolutions adopted by the Board of Directors and/or the Chairman for his areas of competence and is the principal person responsible for managing the business.

The Chief Executive Officer, whose duties are defined in the Company Bylaws and in the CIR Corporate Governance Code, was assigned the following powers by the Board of Directors of the Company: **(i)** to make financial investments and/or disinvestments for trading purposes, investing liquidity in the short term where the unit value is equal to or lower than Euro 75 million; **(ii)** to purchase/sell or subscribe to equity holdings, to purchase/sell businesses or business arms or effect any other investment or disinvestment activity, borrow, lend or issue guarantees, for amounts equal to or lower than Euro 25 million, on condition that 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 (automotive components and healthcare); **(iii)** without prejudice to the limits posed in points “i” and “ii” above, all powers for the administration of the Company, to be exercised with her sole signature; **(iv)** the exclusive

power to represent the Company as shareholder at the ordinary and extraordinary general meetings of other companies, the power to present lists of directors and statutory auditors and to effect or present any other deed or document in preparation for the above-mentioned general meetings; **(v)** the right to have others replace her with more limited powers, assigning powers of attorney for certain deeds or categories of deed; **(vi)** and – pursuant to Art. 19, paragraph 2, of the Bylaws – the legal representation of the Company.

The Company has adopted the interlocking rule, i.e. the principle stating that the Chief Executive Officer of an issuer cannot hold the position of director in another issuer not belonging to the same group, in which a director of the issuer is the Chief Executive Officer. Please make reference to point 4.4.3 above.

On June 8 2020 the Board of Directors appointed Director Rodolfo De Benedetti as **Chairman** of the Board of Directors.

It should be noted that as of the date of this Report, as per the terms of Art. 93 of the TUF, CIR is controlled *de facto* by FDB, of which the Chairman Rodolfo De Benedetti is a shareholder; as indicated in paragraph 2, letter g) above, on March 16 2021 a shareholder agreement was signed that is relevant to the terms of Art. 122, paragraphs 1 and 5, letters a), b) and c), TUF as it concerns the shares of FDB and of CIR. This Pact was signed by all the shareholders of FDB and thus also by Chairman Rodolfo De Benedetti, but none of the shareholders, as of the date of this Report controls FDB as per the terms of Art. 93 of the TUF.

The Chairman, whose duties are defined in the Company Bylaws and in the rules contained in the CIR Corporate Governance Code, was assigned the following powers with a Board resolution adopted on June 8 2020: **(i)** the legal representation of the Company; **(ii)** to make financial investments and/or disinvestments for trading purposes, investing liquidity in the short term where the unit value is equal to or lower than Euro 150 million; **(iii)** to purchase/sell or subscribe to equity holdings, purchase/sell businesses or business arms or any other investment or disinvestment activity, borrow, lend and issue guarantees, for amounts equal to or lower than Euro 75 million, on condition that 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 (automotive components and healthcare).

In compliance with the terms of current regulatory and legal rules and those of Art. 15 of the Company Bylaws, the Chief Executive Officer provides appropriate **information for the Board** at least once every three months to the Board of Directors and the Board of Statutory Auditors on the exercise of her powers and on the transactions of greater economic, financial and patrimonial importance effected by the Company and its subsidiaries, at the meetings of the Board of Directors.

No executive committee has been instituted and there are no other executive directors apart from those indicated above.

4.4.8 Independent Directors and Lead Independent Director

Six out of eleven directors are qualified as **independent directors**. They are, specifically, the following directors: Philippe Bertherat, Maristella Botticini, Paola Dubini, Silvia Giannini, Francesca Pasinelli, and Maria Serena Porcari.

The competences of the independent directors (which can be seen from their CVs attached to this Report) and their number (which, as already noted, is well above the minimum identified by the rules applicable) mean that the condition of adequacy for the requirements of the Company and the functioning of the Board of Directors is fulfilled. This is also valid for the Board committees, which are formed solely of independent directors (see point 6 below).

The Board of Directors evaluates the independence of the directors on the basis of what is set out in Art. 148, paragraph 3, of the TUF, and the criteria defined in Borsa Italiana's Corporate Governance Code, which the CIR Code adopted. According to the CIR Code, a check is carried out at least once a year at the

Board of Directors Meeting following the Shareholders' Meeting called to approve the Annual Report and Financial Statements. For the year 2022, therefore, this check should be carried out at the Board Meeting scheduled to take place on April 29 2022.

On April 30 2021, the Board of Directors, on the basis of information provided by those directly concerned or information available to the Issuer, confirmed the qualification as independent of the above Directors, who attested under their own responsibility that they could be qualified as e "independent" **(i)** pursuant to Art. 147-ter of the TUF, with reference to the requisites set out in Art. 148, paragraph 3, of the same decree, and **(ii)** in relation to what is stipulated on the subject in the CIR Code.

The said Directors also undertook to notify the Company promptly if any circumstances were to arise that could be considered relevant for ascertaining the presence of the requisites for independence. As from financial year 2021, with the adoption by the Company of the CIR Code, if there are any new factors that could, in the opinion of the Board of Directors, compromise independence, the Director will have to resign.

It must be pointed out that three Directors have exceeded the limit of nine years in office out of the last twelve years as stated in Borsa Italiana's Corporate Governance Code and the CIR Code, which could compromise the independence of the directors concerned. Indeed, Director Paola Dubini has been a director of the Company since May 16 2011 and Directors Maristella Botticini and Silvia Giannini were appointed as directors of the Company on June 8 2020 but had previously been directors of the incorporated company since April 29 2011, and thus they can substantially be considered as of the date of this Report to have exceeded the limit of nine years in office. In order to see the circumstance as above in context, it should be pointed out that 2020 saw the fusion by incorporation of CIR S.p.A. into Cofide S.p.A., which then took the name of CIR S.p.A. The shareholder, in presenting the list, thought it appropriate in a period of change for the Board of Directors to maintain at least partial continuity in its composition with that of the incorporating company and that of the incorporated company by keeping directors who had held particular positions or gained an in-depth knowledge of the Company, such as the three directors in question. The Board of Directors also decided to qualify the said directors as independent, waiving the criterion of length of mandate, considering that in the three cases in question having exceeded nine years on the Board had in no way compromised their independence, given the integrity and independence that has always characterized their judgment and given that the Board of Directors has the right of waiver as per the Corporate Governance Code.

The Board of Statutory Auditors verified the correct application of the criteria and procedures for ascertaining independence adopted by the Board to evaluate the independence of its members.

As for the so-called "Meeting of the Independents" (*i.e.*, the meeting of independent directors in the absence of the other directors), one such meeting took place in 2021 (on May 19 2021) to discuss a proposal to put to the Board of Directors regarding an induction session to share the Group's strategic vision.

The Board of Directors designates a *lead independent director*, to be a point of reference and coordinate the non-executive Directors, and more specifically the independent directors. The lead independent director collaborates with the Chairman to guarantee that the Directors receive complete and timely information flows. The lead independent director has the right, among other things, to call meetings of independent directors only ("*Consesso degli Indipendenti*"), either of his or her own accord or at the request of other Directors to discuss topics considered of interest with regard to the functioning of the Board of Directors or the management of the Company.

On June 8 2020, the Board of Directors appointed as lead independent director independent Director Maria Serena Porcari, until the end of the Board of Directors' mandate, *i.e.* until the Annual General Meeting called to approve the Financial Statements for the year ended December 31 2022.

On October 29 2021, the Board of Directors, at the proposal of the lead independent director, approved “Regulations for the Lead Independent Director” which **(i)** as well as identifying the functions of the lead independent director, **(ii)** regulate the functioning of the so-called “*Consesso degli Indipendenti*” (see above) and **(iii)** clarifies the rights of the lead independent director in relation to access to Company documents.

5. MANAGEMENT OF COMPANY INFORMATION

In order to ensure the correct management of company information, the Board of Directors has adopted **(i)** the *Code of Conduct on the subject of Internal Dealing* and **(ii)** a “*Procedure for the management, treatment and communication of relevant and privileged information*”.

5.1. Code of Conduct on the subject of Internal Dealing

The “*Code of Conduct on the subject of Internal Dealing*” was approved by the Board of Directors of the Company on July 29 2016 and was subsequently amended on July 27 2018, in compliance with EU Regulation no. 596/2014 (“**MAR**”), EU Implementing Regulation 2016/523 and EU Delegating Regulation 2016/522 and Art. 114, paragraph 7, of the TUF and the related rules for implementation thereof contained Consob’s Rules for Issuers.

The Company’s Legal and Corporate Affairs Department (the “*Corporate Affairs Office*”), as the entity responsible for this issue, deals with the receipt, management and disclosure to the market of relevant transactions effected on the Issuer’s shares and on the financial instruments connected with the shares, by “relevant persons” and “closely associated persons”, as identified on the basis of rules and regulations in force. To guarantee prompt fulfilment of the disclosure obligations, the above-mentioned relevant persons are given specific information in the Code of Conduct on the subject of Internal Dealing which **(i)** contains the rules of law and regulations that make up the regulatory environment to be referred to, **(ii)** gives the terms and conditions for notifying Consob, the Issuer and the market, **(iii)** requests that a declaration be made to the Issuer with a list of closely associated persons and **(iv)** gives an indication of the rules for the so-called “black-out period”, i.e. the ban on relevant persons entering into deals in specific periods of the year (coinciding with the thirty calendar days preceding the announcement of the accounting and financial data relating to the financial statements for the year, the consolidated accounts and the Semi-Annual Financial Report).

5.2. Procedure for managing, treating and disclosing relevant and privileged information

The “*Procedure for managing, treating and disclosing relevant and privileged information*” contains instructions for managing internally and disclosing externally Company documents and information regarding CIR and (to the extent that it is relevant for CIR) its subsidiaries, with particular reference to the so-called “*Relevant and Privileged Information*”, as well as rules relating to the keeping and updating of the lists of persons who have access to Relevant and Privileged Information. The Procedure was adopted in compliance with rules and regulations on the subject of market abuse and the guidelines formulated on the subject by the Supervisory Authority and more specifically in compliance with Guidelines for the Management of Privileged Information issued by Consob in October 2017. The Procedure aims to guarantee **(i)** the maximum reserve and confidentiality in the handling of Relevant and Privileged Information, **(ii)** compliance with the principles of transparency and truthfulness in the disclosure of such information outside the Company and **(iii)** the correct keeping and constant updating of the lists of persons who have access to Relevant and Privileged Information.

The “*Code of Conduct on the subject of Internal Dealing*” and the “*Procedure for managing, treating and*

disclosing relevant and privileged information” can be consulted on the CIR website in the section “Governance”.

6. INTERNAL COMMITTEES (AS PER ART. 123-BIS, PARAGRAPH 2, LETTER D), TUF)

The Board of Directors has set up three Committees: **(i)** the Control, Risk and Sustainability Committee (also “CRSC”), **(ii)** the Appointments and Remuneration Committee (also “ARC”) and **(iii)** the Committee for Related-Party Transactions (also “CRPT”). The committees are all made up of non-executive independent directors. The chart below illustrates the composition of the committees:

FIRST NAME & LAST NAME	CRSC	ARC	CRPT
Philippe Bertherat		○	
Maristella Botticini	○		○
Paola Dubini	○		○
Silvia Giannini	●	○	●
Francesca Pasinelli	○	●	○
Maria Serena Porcari	○	○	○

○ indicates a member

● indicates the Chairman

Availing itself of the right set out in Borsa Italiana’s Corporate Governance Code (recommendation no. 16), the Company, given the Group’s organizational structure and considering the competences of the designated members, decided to group together the functions of the Appointments Committee and the Remuneration Committee in a single committee, the Appointments and Remuneration Committee.

Composition, duties and functioning are defined not only in the CIR Code but also in more detail in the respective regulations.

Some concise information is, however, given below: **(i)** for the CRSC in point 9.3; **(ii)** for the ARC in points 7 and 8; and **(iii)** for the CRPT in point 10.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS – APPOINTMENTS COMMITTEE

7.1. Self-assessment and succession

The Board of Directors, as established in the CIR Code, carries out a self-assessment of its functioning annually at the end of each financial year or, at the latest, in the first quarter of the following year.

The Board of Directors entrusted the Appointments and Remuneration Committee with the task of organizing the self-assessment activity.

The self-assessment process can follow one of two methodologies:

- > The “internal” method, which involves the distribution of a questionnaire to all the directors and the processing of the results internally by the Secretary to the Board under the supervision of the ARC, which intervenes directly in the validation of the questionnaire, the analysis and interpretation of the results and the return of the same to the Board of Directors, possibly with some proposals for improvement;
- > The “external” method, which involves the designation by the ARC of a consultant to carry out the preparatory work for the self-assessment, the questionnaire and an interview of each Director (as well as any further activities that the ARC may from time to time decide on: e.g. peer reviews,

examination of the documentation of the Board of Directors) and, as in the previous method, the analysis and interpretation of the results and any proposals for improvement are first shared with the ARC and then with the Board of Directors.

It is required that the “external” method be adopted at least once in course of the three-year mandate of the Board of Directors.

Regarding the self-assessment for the year 2021, this:

- > was carried out using the “external” method with the assistance of a prime consultancy company selected by the ARC;
- > looked at the following areas, among other things: **(i)** the size and composition of the Board of Directors; **(ii)** the number, frequency and scheduling of the meetings; **(iii)** flows of information to the Board of Directors; **(iv)** functionality of the decision-making process; **(v)** information given by the Chief Executive Officer; **(vi)** information on relations with the shareholders and with the market; and **(vii)** composition and functioning of the Committees.

The results of the self-assessment were illustrated to the Board of Directors by the Chairman of the Appointments and Remuneration Committee on March 11 2022 with the support of the consultants and can be summarized as a very positive overall evaluation of the size, composition and functioning of the Board and its Committees (just as an example, an average of over 92% of the responses expressed satisfaction).

As regards the succession process for directors, the Board of Directors ensures that this is transparent and functional in terms of achieving an optimal composition. On this subject, as per the terms of the CIR Code, the Board of Directors:

- > can submit reasoned proposals to the Shareholders’ Meeting regarding the size of the administrative body and, if deemed necessary, also regarding its composition and the duration of the mandates;
- > can, before the appointment of a new board, let the shareholders have its views on the optimal composition of the board of directors and on the competences and professionalism that would be useful to have on the board. Since the new CIR Code, which includes the above clauses, was adopted, the Shareholders’ Meeting has never been called upon to appoint any directors.

As far as the replacement of directors who are no longer in office is concerned, see above point 4.3.2.

7.2. Appointments Committee

The Appointments and Remuneration Committee is made up of four directors, all of whom are non-executive and independent and they all have sufficient experience of accounting, finance and remuneration policies.

As per the terms of the “*Regulations of the Appointments and Remuneration Committee*”, the proceedings are coordinated by the Chairman of the Committee, the minutes are taken as is regular practice with the assistance of the Secretary to the Board of Directors (who also acts as secretary of the ARC) and the Board of Statutory Auditors and the Chairman of the Committee refer back on the work carried out to the Board of Directors at the first available meeting of the latter. No other persons attend the committee meetings apart from the members of the same and the members of the control body, with the exception of the Secretary to the Board of Directors and (subject to first informing the Chief Executive Officer) other employees of the Company that the committee may invite to provide assistance or information.

The Appointments and Remuneration Committee, in addition to its duties on the subject of remuneration (see point 8 below), has a consultative, propositive and monitoring role with regard to the composition of the Board, the succession of the directors and the self-assessment activity. More

specifically, in these spheres, the ARC provides the Board of Directors with support in the following areas:

- > Defining the optimal composition of the board of directors and its committees (size, managerial and professional profiles and competences considered necessary, diversity criteria);
- > Formulation of recommendations as to the composition of the Board of Directors, when a renewal is imminent;
- > Identification of candidates for the position of director in the event of co-option as per the terms of Art. 2386, paragraph 1, of the Civil Code;
- > Defining the maximum number of positions of director or statutory auditor that the directors of the Company may take on in companies listed on regulated markets (even foreign markets), financial companies, insurance companies and companies of a significant size, taking into account whether or not the directors sit on any of the Board's internal committees;
- > Carrying out the self-assessment of the board of directors and its committees;
- > Preparing and revising the Succession Plan in the event of early replacement of the chairman or the chief executive officer and carrying out the investigatory function set out therein for the purposes of identifying the replacement.

In 2021 the Appointments and Remuneration Committee met ten times (including the sessions regarding remuneration) and all members attended the meetings (except for two meetings where one member had sent apologies for absence) as did the members of the Board of Statutory Auditors (except one meeting where one member had sent apologies).

The average duration of the meetings was just over one hour and 15 minutes. At the meetings the following main subjects were dealt with:

- > Remuneration policy for 2022 and provisions of the CIR Code relating to this;
- > Fees for the directors with special positions;
- > Stock grant plan;
- > Remuneration of the Executive Responsible;
- > New "*Regulations for the Appointments and Remuneration Committee*";
- > Succession plans for the executive directors;
- > Impact of the OPAV on outstanding stock grant plans;
- > Benchmarking activity for the compensation of the executive directors;
- > Self-assessment of the Board of Directors.

The committee always had access to the information and Company departments that it needed to carry out its duties and it had a budget that was used to appoint two external consultants (to carry out the benchmarking activity mentioned in the Remuneration Report and for the supporting activity for the self-assessment of the Board of Directors as per point 7.1 above).

The Appointments and Remuneration Committee did occasionally invite the Chairman or the Chief Executive Officer to attend a meeting to provide information or points of view that the Committee wanted to hear.

During this year and as of the date of this Report the Committee has met twice; for the rest of the year a further three meetings have been scheduled.

8. REMUNERATION OF THE DIRECTORS – REMUNERATION COMMITTEE

The Board of Directors has defined a remuneration policy, adopting the principles and recommendations of Borsa Italiana’s Corporate Governance Code on the subject of remuneration.

For further details on remuneration reference should be made to the “*Report on Remuneration Policy and on Compensation paid - 2021*”, published on the Company’s website in the section “Governance”. With reference to the remuneration for the year 2022 and compensation paid in 2021, see the “*Report on Remuneration Policy and on Compensation paid - 2022*”, to be published within the time-frame laid down by law, again on the Company’s website in the section “Governance”.

Regarding remuneration, the ARC assists the Board of Directors in the following areas:

- > It helps the Board of Directors to formulate the remuneration policy and monitors its practical application;
- > It makes proposals or expresses opinions regarding the remuneration of directors who hold particular positions, the General Manager and the Executives with strategic responsibilities;
- > It makes proposals or expresses opinions on the criteria and objectives for the variable part of remuneration;
- > It formulates proposals or expresses opinions on share-based plans, including **(i)** the regulations of the plans with particular regard to the terms and conditions for the vesting of the rights, **(ii)** the beneficiaries and **(iii)** the number of rights to be assigned;
- > It checks the achievement of the objectives established for the vesting of the variable part of remuneration and the rights under the plans and formulates the relative proposal to put to the Board of Directors;
- > It periodically evaluates the adequacy, the consistency and the practical application of the remuneration policy for directors and top management.

The “*Regulations of the Appointments and Remuneration Committee*” stipulate that in any case no director or executive may take part in committee meetings at which proposals for the board relating to his or her own remuneration are drawn up.

In 2021 the ARC availed itself of the collaboration of an external consultant of prime standing to carry out the benchmarking process for the remuneration of the executive directors in order to define the remuneration policy for 2022. Before awarding the mandate, a tender was held by the Legal and Corporate Affairs Department of the Company, under the supervision of the ARC, in order to check whether there were any situations that could compromise the independent judgment of the consultant.

For the remaining activities of the Committee in 2021, see point 7.2 above.

9. SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT - CONTROL AND RISK COMMITTEE

9.1. Foreword

During 2021 and in the early months of 2022, in implementation of the provisions of the CIR Code, the Company updated its system of internal control and risk management (“**SCIGR**”).

In this regard, as well as updating its Organization, Management and Control Model as per Decree 231 (see point 4.2 above and point 9.5 below), the Company also updated its “*Guidelines for the system of internal control and risk management*” (the “**Guidelines**”).

The Guidelines establish a system of internal control and risk management that identifies a series of

rules aimed at contributing:

- > To compliance with laws and regulations in force, with the Company Bylaws and internal rules (policies, procedures and operating practice) in force at any one time;
- > To the reliability and accuracy of financial and non-financial information;
- > To an administration of the business based on the adoption of conscious, healthy, correct and prudent decisions consistent with the Company's objectives;
- > To limiting the possibility of erroneous management decisions or fraudulent evasions of the same SCIGR;
- > To an effective and efficient implementation of Company processes;
- > To the Company achieving sustainable success;

through an adequate process of identifying, measuring and managing the main risks in terms of operations and compliance, monitoring these risks, taking steps to mitigate them and taking action to correct them when necessary, organizing satisfactory information flows and coordinating the players involved.

The SCIGR is inspired by and is in line with national and international best practice. More specifically, the Company organized the SCIGR in line with and following the recommendations of Borsa Italiana's Corporate Governance Code as implemented by the Company with the CIR Code, and also in accordance with the so-called CoSO Report, which is the regulatory framework recognized internationally as a reference for a better understanding, analysis and evaluation of the effectiveness of the system.

In line with the so-called "three lines of defence" model and with the principles of the same, the SCIGR is organized in three levels of control. In this "three-line" model, the Board of Directors, with the assistance of the Control, Risk and Sustainability Committee, defines the three lines of defence, deploys the necessary resources, and ensures that the powers are in place to organize and then supervise the system.

The three levels of internal control of the SCIGR are illustrated below.



The organization of the SCIGR involves the following players, each according to their competences:

- > The Board of Directors, which sets the guidelines and assesses the adequacy of the system, and more specifically:
 - Defines the guidelines for the SCIGR according to the strategies and profile of the Company and evaluates, at least once a year, the adequacy and effectiveness of the same;

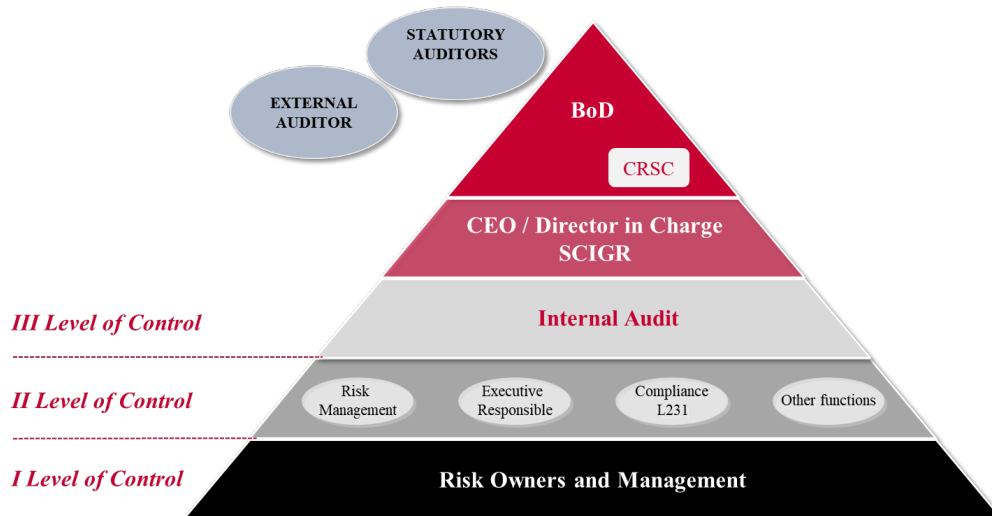
- Appoints and revokes the appointment of the Director Responsible;
 - Appoints and revokes the appointment of the Executive Responsible, having first consulted with the Board of Statutory Auditors, monitoring to ensure that he or she has the requisites of professionalism and integrity required by current legislation, establishing the fees and the duration of the mandate and giving the person appointed sufficient powers and resources to exercise the functions entrusted to him or her as per the terms of the law;
 - Appoints and revokes the appointment of the head of Internal Audit, having first consulted with the Board of Statutory Auditors, setting his or her remuneration in line with company policies and ensuring that the person appointed has sufficient resources to carry out the relative duties. If the Board should decide to outsource the Internal Audit function, either all of it or certain segments of its operations, to an external entity the Board must ensure that the latter has the necessary requisites of professionalism, independence and organization and must give adequate reasons for this decision in the report on corporate governance;
 - Appoints and revokes the appointment of the head of the Risk Management function, having first consulted with the Board of Statutory Auditors, setting his or her remuneration in line with company policies and ensuring that the person appointed has sufficient resources to carry out the relative duties. If the Board should decide to outsource the function, either all of it or certain segments of its operations, to an external entity the Board must ensure that the latter has the necessary competences and professionalism in the field of risk management and must give adequate reasons for this decision in the report on corporate governance;
 - Gives the OdV the supervisory functions as per Art. 6, paragraph 1, letter b) of Decree 231 in order to ensure coordination between the various persons involved in the SCIGR;
 - Approves, every year, after consulting with the Board of Statutory Auditors, the work plan prepared by the head of CIR's Internal Audit function ("**Audit Plan**");
 - Analyses the regular report prepared by the Internal Audit function;
 - Analyses the regular report prepared by the Risk Management function;
 - Analyses the regular report prepared by the OdV;
 - Identifies the nature and level of risk compatible with the strategic objectives of the Company, including in its evaluations all elements that could be significant for the Company to achieve sustainable success;
 - Evaluates whether it is appropriate to adopt measures to guarantee the effectiveness and impartiality of judgment of the other company departments involved in the control (second level of control), verifying that they have adequate professionalism and resources;
 - Evaluates, having consulted with the Board of Statutory Auditors, the results contained in any letter of suggestions from the legal auditors and in the additional report addressed to the Board of Statutory Auditors;
- > The Director in charge of the SCIGR (hereinafter also the "**Director in Charge**"), who has the task of setting up the SCIGR and ensuring that it is adequate for the nature and size of the business exercised by the Company. Even in compliance with Art. 2381 of the Civil Code, the Director in Charge is identified in the person of the Chief Executive Officer;
 - > The Control, Risk and Sustainability Committee, set up within the Board of Directors with the task, among other things, of assisting the Board of Directors with its evaluations and decisions in

relation to the SCIGR and the approval of the regular reports of a financial and non-financial nature;

- > The head of the Internal Audit function, responsible for checking that the SCIGR is functioning, adequate and consistent with the guidelines provided by the Board of Directors;
- > The Risk Management function, which has the task of identifying risks, defining their possible impact and formulating measures to mitigate such risks;
- > The Executive Responsible, who carries out the duties set out in the Company Bylaws (Art. 21) and laid down by applicable rules and regulations (one of many, Art. 154-*bis* of the TUF) and is – in short – responsible for the system of control over financial information;
- > The Company’s Supervisory Body, charged with monitoring the functioning of the organization, management and control model as per Decree 231 (the **231 Model**) and ensuring compliance with the same;
- > The Board of Statutory Auditors, which monitors the effectiveness of the SCIGR.

Lastly, within the sphere of the SCIGR the so-called “risk owners” are important as are, more in general, the members of management in their role as persons responsible, each according to his or her competence and in the terms set out in the company organization, for identifying, managing and monitoring the risks inherent in the area of company operations that they are in charge of.

The diagram below sums up the players involved in the SCIGR.



9.2. Chief Executive Officer

As set out in the Guidelines (and also in compliance with the terms of Art. 2381, paragraph 3, of the Civil Code), the Chief Executive Officer has the role of Director in Charge with the responsibility for ensuring the functioning and adequacy of the SCIGR in relation to the nature and size of the business exercised by the Company.

In particular, the Director in Charge:

- > Ensures that the guidelines defined by the Board of Directors are put into practice, ensuring that the SCIGR is implemented and managed and checking that it is adequate and effective, as well as seeing that it is adapted to the dynamics of operating conditions and the regulatory environment (even with the support of the competent functions of the Company);

- > With the support of the Risk Management function, looks after the identification of the Company's main risks, taking into account the characteristics of the business activities carried out, and submits them periodically to examination by the Board of Directors;
- > With the support of the Risk Management function, assesses the possible impact on the Company of the subsidiaries' risks, which are defined independently by the subsidiaries and are transmitted to the Company;
- > Can entrust the Internal Audit function with the task of checking specific operating areas and checking that internal rules and procedures are being complied with in the execution of the Company's transactions, informing the Chairman of the Board of Directors, the Chairman of the CRSC and the Chairman of the Board of Statutory Auditors of the same immediately (except where, in order for the check to be effective, it is appropriate to act without informing all or some of these parties);
- > Refers back promptly to the CRSC, or to the Board of Directors on problems or critical issues regarding company risks that either emerge from her own work or have come to her attention.

During the year 2021, the Chief Executive Officer:

- > With the support of the *Risk Management* function, identified the Company's main risks, taking into account the characteristics of the activities carried out by the Issuer and its subsidiaries, and submitted them periodically to examination by the Board of Directors;
- > Implemented the guidelines in force at the time, curating the planning, realization and management of the SCIGR and constantly checking that it was adequate and effective, and also ensuring that it was adapted to fit the dynamics of operating conditions and the legislative and regulatory environment and, to this end, promoting the update to the new Guidelines mentioned previously;
- > Gave the Internal Audit function responsibility for carrying out checks on specific operating areas and on compliance with internal rules and procedures in the execution of company transactions; and
- > Referred back promptly to the Control, Risk and Sustainability Committee on problems and critical issues that emerged as she carried out her activity or about which she was in any case informed, so that the Committee could take the necessary action.

9.3. Control, Risk and Sustainability Committee

The Control, Risk and Sustainability Committee is made up of five directors, all of whom are independent and non-executive, who have sufficient experience in accounting, finance and risk management.

As set out in the "*Regulations of the Control, Risk and Sustainability Committee*", the proceedings are coordinated by the Chairman of the Committee, the meetings are minuted regularly with the assistance of the Secretary to the Board of Directors (who also acts as secretary of the CRSC), the Board of Statutory Auditors attends and the Chairman of the Committee refers back on the work carried out to the Board of Directors at the first Board meeting and in any case at least twice a year when the annual and semi-annual financial statements are examined.

The CRSC carries out consultative, propositive and monitoring functions on the Company's SCIGR and on its strategies on the subject of sustainability and it assists the Board of Directors in setting the guidelines for the Company's internal control and risk management system and in assessing its adequacy each year. Its duties are those contained in Borsa Italiana's Code, which were included in the CIR Code, in the "*Regulations of the Control, Risk and Sustainability Committee*" and in the "*Guidelines*". More specifically, in relation to the SCIGR, the CRSC does the following:

- > It supports the Board of Directors in the tasks and functions assigned to it in relation to the SCIGR, see point 9.1 above;
- > After consulting the Executive Responsible, the legal auditor and the Board of Statutory Auditors, the CRSC evaluates the correct application of accounting principles and their consistency for the purposes of the preparation of the consolidated financial statements;
- > It evaluates the suitability of the periodic financial and non-financial disclosures to give a correct representation of the business model, the Company's strategies, the impact of its activity and the performance obtained;
- > It examines the content of the periodic non-financial disclosure in the part relevant for the purposes of the SCIGR;
- > It expresses opinions on the analysis and identification of the main Company risks and supports the assessments and decisions of the Board of Directors regarding the risks resulting from prejudicial facts that have come to the knowledge of the Board;
- > It examines the Audit Plan of the Company and its subsidiaries CIR Investimenti S.p.A. and CIR International S.à r.l. – and proposes adoption of the same to the Board of Directors – and the reports prepared by the Internal Audit Department;
- > It monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit Department;
- > It can give the Internal Audit department the task of checking specific operating areas, immediately informing the Chairman of the Board of Directors, the Director Responsible and the Chairman of the Board of Statutory Auditors of the same (except where, for the check to be effective, it is necessary to act without all or part of these communications);
- > It refers back to the Board of Directors on a regular basis (i.e. when the annual and semi-annual financial statements are approved), on the adequacy of the SCIGR in accordance with the parameter of Art. 2381 of the Civil Code and with the provisions of the Guidelines;
- > It carries out other functions that may from time to time be assigned to it by the Board of Directors in relation to specific critical issues regarding the SCIGR.

As stated in the *“Regulations of the Control, Risk and Sustainability Committee”*, the Committee has the right (and was able to exercise this right in 2021) to access the information and the Company functions necessary for it to carry out its duties and to have recourse to external resources. For this purpose the Board of Directors allocated a special expense budget to the Committee, which has not been used by the same Committee because for all the important matters the Company, when necessary, appointed external consultants of prime standing and the Committee did not have to make any such decisions of its own accord.

In 2021 the Committee met seven times and all the members attended the meeting (except for one meeting when one member had sent apologies) as did all the members of the Board of Statutory Auditors (except for one meeting when one member had sent apologies). The average length of the meetings was two hours.

In 2021 and the early months of 2022 the Committee carried out the following activities:

- > It verified the correct use of accounting principles and their consistency for the purposes of drawing up the financial statements for the year and the consolidated financial statements for 2020, after hearing the opinion of the Executive Responsible, the legal auditors and the Board of Statutory Auditors;
- > It verified the correct use of the standards adopted for the preparation of the non-financial

disclosure for 2020, after hearing the opinion of the competent department, the legal auditors and the Board of Statutory Auditors;

- > It analysed the Company's main risks on the basis of the report prepared by the Risk Management function;
- > It assessed the adequacy of the SCIGR on the basis of the reports prepared by the Internal Audit function;
- > It monitored the independence, the adequacy, the effectiveness and the efficiency of the Internal Audit function;
- > It examined and expressed its opinion on the annual plan of the Company's Internal Audit function;
- > It examined any significant results of the audit activity carried out, and the results of the regular reports prepared by the department;
- > It referred back systematically to the Board of Directors on the results of its assessments, preparing the semi-annual and annual reports on the activity carried out;
- > It approved the update to the "*Regulations of the Control, Risk and Sustainability Committee*";
- > It dealt with topics relating to sustainability (examination of the non-financial disclosure and ESG plans of CIR and its two main subsidiaries).

Some of the meetings were attended by the Chief Executive Officer, the Executive Responsible for the preparation of the Company's financial statements, the head of Internal Audit and the head of Risk Management, who were invited by the Chairman of the Committee in order to give information or support.

During the current year and as of the date of this Report the Committee has met twice; for the rest of the year three further meetings have been scheduled.

9.4. Head of the Internal Audit function

With regard to the Internal Audit function, the Guidelines state that:

- > in accordance with the *International Professional Practices Framework* (IPPF) issued by the *Institute of Internal Auditors* and in compliance with the Company's Code of Ethics (an integral part of Model 231), Internal Audit is an independent and objective activity for assurance and consulting purposes, aimed at improving the effectiveness and efficiency of the organization; it assists the organization in the pursuit of its objectives using a professional and systematic approach, which generates added value as its aim is to evaluate and improve the control, risk management and corporate governance processes;
- > the head of the Internal Audit function is responsible for checking that the SCIGR functions and is adequate and consistent with these Guidelines and with any further indications given by the Board of Directors;
- > the head of the Internal Audit function:
 - should have sufficient competence and professionalism on the subject of internal control and risk management;
 - should not be in charge of any operating area;
 - should report directly to the Board of Directors;
 - should have direct access to all the information useful for carrying out his or her mandate.

- > The head of the Internal Audit function is responsible for carrying out the following activities:
 - Checking, both on an ongoing basis and in relation to specific needs and in accordance with international standards, the operational functioning and the suitability of the SCIGR through the Audit Plan approved – after hearing the Board of Statutory Auditors – by the Board of Directors and which is based on a structured process of analysis and rank ordering of the main risks;
 - Checking, within the sphere of the said Audit Plan, the reliability of the computer systems including the accounting systems;
 - Preparing individual audit reports on activities carried out which are shared each time with the Director Responsible, the bodies and functions involved (e.g. OdV, Executive Responsible, functions being audited), unless it is appropriate, for the check to be effective, to act without sharing with all or part of the persons or entities involved);
 - Giving back-up to other functions/control bodies (e.g. the OdV, Executive Responsible), following an integrated and coordinated approach aimed at maximizing the effectiveness and efficiency of internal controls;
 - Preparing and transmitting regularly every six months, for the CRSC, the Board of Directors and the Director Responsible, except in cases where the said reports refer specifically to the activities of the above entities and persons: **(i)** the Audit Plan for the year; **(ii)** a report containing sufficient information on its activity; **(iii)** an evaluation of the suitability of the SCIGR; **(iv)** information regarding the system of internal control and risk management of each subsidiary based on the reports of their respective heads of the Internal Audit function; **(v)** preparing and transmitting, even at the request of the Board of Statutory Auditors, reports on events of particular importance.

The Board of Directors of the Company appointed as head of the Internal Audit function Mr Vittorio Gennaro, chief executive of S.r.l.. The outsourcing of this position took place after a check was made (with a positive outcome) as to whether Mr Vittorio Gennaro had adequate requisites of professionalism, independence and organizational skills. The remuneration of the head of the Internal Audit function was defined in line with Company policies and as a function of the duties assigned to it.

In compliance with what is set out in the currently valid guidelines and with the CIR Code (and confirmed as from March 11 2022 by the updated Guidelines, see below), the head of the Internal Audit function in 2021:

- > was not in charge of any operating area;
- > reported directly to the Board of Directors;
- > had direct access to all the information useful for carrying out the duties of his position.

During 2021, the head of the Internal Audit function:

- > checked, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operation and the suitability of the SCIGR, through the Audit Plan approved by the Board of Directors of the Company on March 29 2021, which was based on a structured process of analysis and rank ordering of the main risks;
- > prepared regular reports containing sufficient information on his activity, on the ways in which risk management is conducted and on compliance with the set plans in terms of content, as well as an assessment of the suitability of the SCIGR;
- > checked, within the scope of the Audit Plan, the reliability of the computer systems including the accounting system.

9.5. Organization Model as per D. Lgs. 231/2001

Decree 231 introduced the criminal liability of entities for offences committed fraudulently by persons with a particular functional relationship with the Company, where the alleged misdeed was committed in the interest or to the advantage of the same; this liability was also, among other things, extended by D.Lgs. no. 61/2002 to corporate offences.

Decree 231 allows exemption from liability for companies if they can demonstrate that they have adopted and effectively implemented suitable organization models that can prevent criminal offences from being committed and have assigned the task of supervising the functioning of the model and compliance with the same and ensuring that it is updated to an entity equipped with independent powers of initiative and control.

On April 30 2003, with the aim of preventing the corporate offences envisaged by Decree 231 and D.Lgs. no. 61/2002 from being committed, the Board of Directors of the Company among other things set up a Supervisory Body with the competences and functions established in the Code of Ethics. On October 29 2004 the Board of Directors also approved the "Organization Model", which was later supplemented after the broadening of the scope of the regulations included in Decree 231. The general part of Model 231 can be found on the Company's website in the section "Governance".

The Board of Directors Meeting held on March 9 2020 appointed as members of the Supervisory Body, as per D.Lgs. 231/01, Giuseppe Bianchi, Vittorio Gennaro and Andrea Gottardo, who carry out their duties in coordination with the Internal Audit function.

The Supervisory Body of the Company met 5 times during 2021 and the average duration of the meetings was just over one hour. Since the beginning of 2022 the Supervisory Body has met twice and has scheduled a further three meetings. The Supervisory Body has monitored the functioning and observance of Model 231, checking that it was effective and formulating any possible updates needed due to changes in the regulatory environment.

As anticipated, in 2021, the Board of Directors, with the assistance of the OdV, updated its Model 231 in order, among other things, to **(i)** update the catalogue of eligible offences in the light of recent regulatory changes; **(ii)** update the Company's risk assessment in the light of the above regulatory changes and the organizational evolution of the Company; **(iii)** increase the efficiency and effectiveness of control protocols aimed at preventing the eligible offences of Decree 231 that are relevant for the Company, also regulating information flows (among other things) for the Company's Supervisory Body as per Decree 231 from its subsidiaries;

9.6. Firm of auditors

The Annual General Meeting 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.

During the year it examined the additional Report as per Art. 11 of EU Regulation no. 537/2014 prepared by the firm of auditors KPMG S.p.A.

Before the additional Report was evaluated by the Board of Directors, it was analysed by the Control, Risk and Sustainability Committee, which had been informed by the Board of Statutory Auditors of the results of the audit of the financial statements for 2020 given in KPMG's additional Report on the legal audit of the Company's financial statements. It acknowledged that this document reported no observations or critical issues. The Board of Statutory Auditors informed the Committee of the fact that no significant deficiencies had been found in the Company's SCIGR. It also confirmed that it had assessed that the Firm of Auditors still had the requisite of independence.

9.7. Executive responsible for the preparation of the Company's financial statements

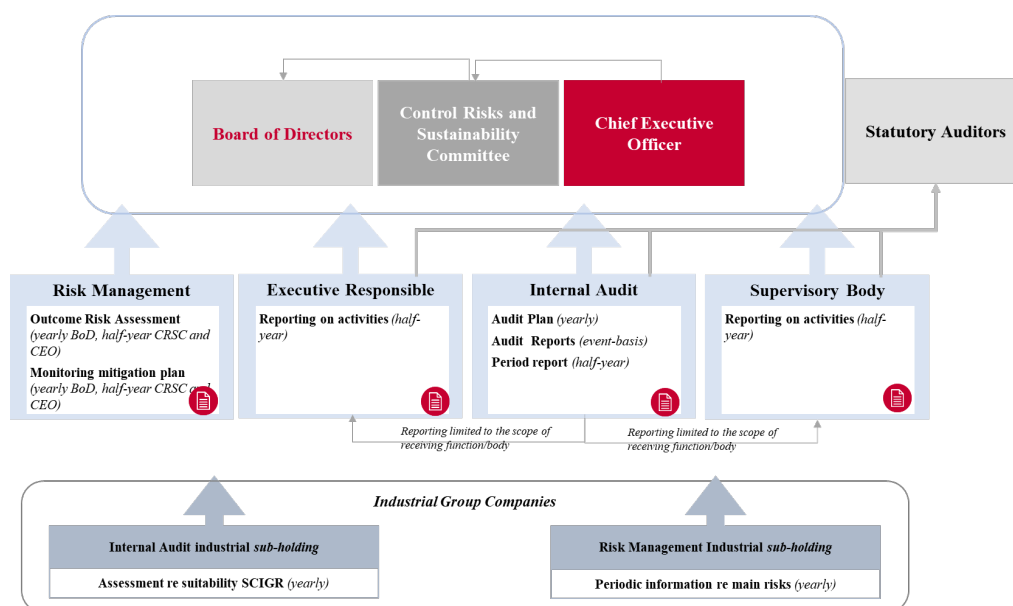
As per the terms of Art. 21 of the Company Bylaws, the Board of Directors, at the proposal of the Chief Executive Officer and in agreement with the Chairman and having heard the opinion of the Board of Statutory Auditors, appointed Mr Michele Cavigioli as the executive responsible for the preparation of the Company’s financial statements and corporate documents (the “**Executive Responsible**”) as from January 1 2021. Mr Cavigioli holds the position of Chief Financial Officer and, as required by the Bylaws, has adequate experience in accounting and finance.

The Executive Responsible, in compliance with the abov-cited clause of the Bylaws, has sufficient powers and resources to carry out his mandate, granted with a special power of attorney. In this regard, the Executive Responsible is assisted in his activity by the Internal Audit function.

9.8. Coordination of persons and entities involved in the internal system of control and risk management

As anticipated in the paragraphs above, the Guidelines specify the procedures for coordinating the persons and entities involved in the SCIGR to ensure that the activities carried out by the same are documented appropriately and that the results are shared in special sessions of the Board of Directors and the Control, Risk and Sustainability Committee that are held regularly at least once every six months or more frequently in cases of necessity.

On this subject, the diagram below gives a graphic representation of the main flows of information envisaged in the Guidelines.



Lastly, below is the matrix showing the main flows of information to the corporate entities of the Company and between the functions dealing with control.

Body/function	Information/Document	Periodicity	Recipients				
			BoD	Chief Executive Officer	CRSC	Statutory Auditors	Other functions
Risk Management	Outcome Risk Assessment	Yearly					• Internal Audit
	Outcome Risk Assessment	Half-year					
	Report on mitigation plan monitoring	Yearly					
	Report on mitigation plan monitoring	Half-year					
Executive Responsible	Reporting	Half-year					
Internal Audit	Audit Plan	Yearly					• Supervisory Body and Executive Responsible based on the scope of their activities
	Audit Report	Event-basis					• Supervisory Body and Executive Responsible based on the scope of their activities
	Periodic reporting	Half-year					• Supervisory Body and Executive Responsible based on the scope of their activities
Supervisory Body	Reporting	Half-year					
Chief Executive Officer	Possible issues of the SCIGR	Event-basis					
CRSC	Report on suitability of SCIGR	Half-year					

Recipients

10. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

As anticipated, on June 28 2021 the Board of Directors updated the “Rules for Related-Party Transactions” to bring them into line with the new “Regulation giving rules on the subject of transactions with related parties” adopted by Consob with resolution 21624 of December 10 2020. In the following weeks the Company implemented the updated “Rules for Related-Party Transactions”, ensuring, among other things, that the regular updating of the Register of Related Parties and the preparation of the regular reports by the Executive Responsible contained therein were carried out.

The “Rules for Related-Party Transactions” (available on the Company’s website in the section “Governance”):

- > set out the criteria and the procedures for identifying the Company’s related parties and for updating the list of related parties;
- > dictate the principles for identifying related-party transactions;
- > regulate the procedures to be used by the Company for transactions with related parties, identifying internal rules that can ensure transparency and the substantial and procedural correctness of such transactions;
- > establish the procedures for fulfilling the relative disclosure obligations.

In implementation of this Procedure, among other things, the Chief Executive Officer entrusted:

- > the Executive Responsible with the task of **(i)** keeping the Register of Related-Party Transactions;

and **(ii)** identifying the values that will constitute the parameter for determining the Relevance Indexes necessary for the so-called “Transactions of Greater Importance”;

- > the General Counsel with the task of keeping the Register of Related Parties.

The Board of Directors has set up a Committee for Related-Party Transactions. As already mentioned (see point 6 above), the CRPT consists of five directors, all of whom are non-executive and independent: Silvia Giannini (Chairman), Maristella Botticini, Paola Dubini, Francesca Pasinelli and Maria Serena Porcari. The Board is of the opinion that this composition guarantees that the Committee will have adequate experience in accounting, finance and risk management.

As stated in the “*Regulations of the Committee for Related-Party Transactions*” adopted on October 29 2021, work is coordinated by the Chairman of the Committee, Silvia Giannini, the meetings are regularly minuted with the assistance of the Secretary to the Board of Directors (who also acts as secretary of the CRSC), the Board of Statutory Auditors attends and the Chairman of the committee reports on the work done to the Board of Directors at the first available Board meeting.

The committee carries out a consulting, propositive and monitoring role and assists the Board of Directors on the matter of related-party transactions as per the terms of the Procedure. More specifically, the CRPT has the following duties (the terms shown with a capital letter are defined in the Procedure):

- > evaluating and expressing an opinion on all the Related-Party Transactions other than the so-called exempt Transactions;
- > evaluating and expressing an opinion on exempt Transactions if asked to do so by the Chairman of the Board of Directors, the Chief Executive Officer or by the Board of Directors of the Company in its entirety;
- > evaluating the correct application of the conditions for exemption for the Ordinary Transactions concluded at Market Equivalent or Standard conditions that are Transactions of Greater Importance;
- > verifying, at least once a year, the adequacy of the “*Rules for Related-Party Transactions*”;
- > carrying out any further tasks that may be required of it by the Board of Directors of the Company and/or be included in the “*Rules for Related-Party Transactions*” (as amended from time to time).

In 2021 the committee met twice and all the members were present at both meeting together with the members of the Board of Statutory Auditors. The meetings lasted for an average of 45 minutes.

During the current year and as of the date of this Report the committee has met once; for the remaining part of the year a further two meetings have been scheduled.

In 2021 and the early months of 2022 the committee carried out the following activities:

- > assessment of related-party transactions, including the assessment of the exemption criteria for the so-called Exempt Transactions;
- > examination of the regular reports of the Executive Responsible on the subject of the implementation of the “*Rules for Related-Party Transactions*”;
- > examination of the new “*Regulations of the Committee for Related-Party Transactions*”.

11. BOARD OF STATUTORY AUDITORS

11.1. Appointment

The appointment of the statutory auditors and the functioning of the Board of Statutory Auditors are regulated by the rules and regulations applicable, by Art. 22 of the Company Bylaws and are referred to in Art. 2 of the CIR Corporate Governance Code.

The Board of Statutory Auditors is formed of three statutory auditors in office and three alternate auditors, whose mandate lasts for three years and they can be re-elected.

The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists presented by the shareholders, which consist of two sections: one for the candidates for the position of Statutory Auditor in office, the other for the candidates for the position of Alternate Auditor; in each section the candidates are listed in numerical order. Lists put forward containing a number of candidates equal to or greater than three must include candidates belonging to both genders in both lists.

The lists of candidates, signed by the shareholders who are presenting them must be filed within the terms and following the procedures required by the rules and regulations applicable.

Only shareholders who, either alone or together with others, represent at least 2.5% of the share capital, or any other percentage that may be determined as per the terms of the law or regulations, have the right to present lists and they must be able to prove their ownership of the number of shares required within the time limits and following the procedures laid down by law.

Together with each list and within the same time-frame, declarations must be filed in which the individual candidates accept their candidature and attest, under their own responsibility, that there are no reasons why they cannot be elected nor is there any incompatibility and that they have the requisites required by law and current regulations for members of Boards of Statutory Auditors.

The lists are also accompanied by a *curriculum vitae* containing the personal and professional details of the candidates with an indication of any other positions of director or statutory auditor that they hold in other companies.

The members of the Board of Statutory Auditors are elected as follows:

- > From the list that obtains the highest number of votes at the Shareholders' Meeting, two members in office and two alternate members are drawn on the basis of the numerical order in which they are listed in the two sections of the list;
- > From the list that obtains the second highest number of votes at the Shareholders' Meeting ("minority list") and which is not connected even indirectly with the shareholders who presented or voted for the list that obtained the most votes, the other member in office and the other alternate member are drawn, again according to the numerical order in which they appear in the sections of the list;
- > If only one list is presented, all the statutory auditors in office and the alternate auditors will be drawn from that list.

When application of the procedure described in the previous points does not give the gender balance required by current legislation, the last member elected from the list that obtained the most votes belonging to the most represented gender will lapse and will be replaced by the first candidate not elected from the same list belonging to the least represented gender. Otherwise, the Shareholders' Meeting must make up the number of the Board of Statutory Auditors with the majorities required by law, ensuring compliance with this condition.

The position of Chairman of the Board of Statutory Auditor goes to the candidate of the minority list that obtained the most votes. If only one list is presented, the chairmanship of the Board of Statutory Auditors goes to the first candidate for the position of statutory auditor on that list.

In the event of the replacement of a statutory auditor in office, the alternate auditor belonging to the same list as the outgoing auditor will take his or her place, provided the terms of the law and the Bylaws are complied with and taking specifically into account the gender balance obligation.

11.2. Composition and Functioning (As per Art. 123-Bis, Paragraph 2, Letters D) and D-Bis), TUF)

The Board of Statutory Auditors currently in office was appointed by the Annual General Meeting of the Shareholders on June 8 2020, with a three-year mandate, which will thus end with the approval of the Financial Statements for the year ended December 31 2022. The members of the Board of Statutory Auditors were drawn from the one list presented to the Shareholders' Meeting by FDB.

The members of the Board of Statutory Auditors are: Francesco Mantegazza (Statutory Auditor in office and Chairman of the Board of Statutory Auditors), Maria Maddalena Gnudi (Statutory Auditor in office) and Gaetano Rebecchini (Statutory Auditor in office).

Francesco Mantegazza has a degree in Business Economics and is on the Register of Tax Consultants ("*Dottori Commercialisti*") and on the register of Legal Auditors.

Maria-Maddalena Gnudi (Statutory Auditor in office) has a degree in Economics and Commerce and is on the the Register of Tax Consultants ("*Dottori Commercialisti*") and on the register of Legal Auditors.

Gaetano Rebecchini (Statutory Auditor in office) has a degree in Business Economics, a master's degree in finance and is on the Register of Tax Consultants ("*Dottori Commercialisti*") and on the register of Legal Auditors.

For further information see the Table "*Structure of the Board of Statutory Auditors*" in Annex A.

The control body also has an adequate degree of diversity in terms of gender, age, experience/seniority, professional competences, training and international dimension.

On their appointment, all the statutory auditors filed the declarations in which they attested that there were no reasons why they could not be elected, that there was no incompatibility as per the law and that they possessed the requisites of independence, integrity and professionalism required by current regulations and set out in the Company Bylaws.

The Board of Statutory Auditors verifies:

- > Compliance with the law and the Bylaws;
- > Observance of the principles of correct administration;
- > The adequacy of the organizational structure;
- > The effectiveness of the internal control system and the administrative and accounting system; and
- > The practical application of the rules of corporate governance set out in the Corporate Governance Code.

During the year 2021 the Board of Statutory Auditors met 19 times and the average duration of the meetings was one hour and thirty minutes; all the members of the Board of Statutory Auditors attended the meetings; since the beginning of 2022 and the date of this Report, the Board of Statutory Auditors has met 5 times and has scheduled another 15 meetings for the rest of the year.

The statutory auditors were always present at the meetings of the Board of Directors, who devote an ample amount of time to updates on the markets in which the subsidiaries operate and their strategic plans, and to the Committee meetings, particularly the Control, Risk and Sustainability Committee, and also interact with the Risk Management and Internal Audit functions and with the Supervisory Body.

The remuneration of the statutory auditors was established by the Shareholders' Meeting on the basis of the commitment required of them and the importance of the position that they hold, in relation to the characteristics of the Company in terms of size and business sectors.

12. RELATIONS WITH THE SHAREHOLDERS

The Company has created the section "Investors" on its website, where information of greater significance for the shareholders is made available, such as the strategy of the company and its subsidiaries, highlights from the main financial figures, financial statements, presentations dedicated to the shareholders, press releases and the performance of the CIR shares on the Stock Exchange.

The person in charge of managing shareholder relations is the Chief Financial Officer, Michele Caviglioli, with the support of the department responsible for shareholder relations.

On March 11 2022 the Board of Directors adopted a special policy for managing the shareholders in general. This policy is based both **(i)** on the general principle of providing correct, clear and prompt information on the performance of the Company and the Group that it heads and on significant corporate transactions that could influence the price of the listed financial instruments; and **(ii)** the general principle of guaranteeing equal access to information.

In implementation of the above, the main moment of dialogue with the shareholders is the Annual General Meeting of the Shareholders, during which the Chairman and the Chief Executive officer analyse and comment on the results obtained in the previous year and the areas on which the Company is focusing for the future.

Furthermore, when the annual and semi-annual results are published, the Company organizes a conference call for shareholders and analysts at which the Chairman of the Board of Directors and the Chief Financial Officer explain and comment on the results for the period.

Lastly, the Chairman of the Board of Directors and the Chief Financial Officer of the Company report back to the Board of Directors on their activity as required by the relative rules and regulations.

13. GENERAL MEETINGS OF THE SHAREHOLDERS (AS PER ART. 123-BIS, PARAGRAPH 2, LETTER C), TUF)

The functioning of the Shareholders' Meeting is regulated by Chapter III, Articles 8, 9, and 10 of the Company Bylaws and by the Rules for Shareholders' Meetings, which was last updated on April 29 2011.

No quora are needed for the Ordinary General Meeting of the Shareholders to be valid or for voting purposes. Each share gives the right to one vote, except for what is stated in Art. 8 of the Company Bylaws, see no. 2 above, letter *d*).

Without prejudice to what is stipulated in the Bylaws, the functioning of the Shareholders' Meeting is defined in the above cited Rules for Shareholders' Meetings, which can be found on the Company's website in the section "Governance", which regulate the procedures for attending, intervening and voting at the Shareholders' Meeting. Shareholders entitled to exercise the right to vote may ask for the floor on the items on the Agenda, making observations and asking for information, to which the Chairman of the Board of Directors gives a response.

Within the time limits specified in current regulations, the Board of Directors makes available a booklet containing the proposals on the Agenda of the Shareholders' Meeting, the documents relating to the items to be discussed and the answers to any questions submitted by the shareholders.

If possible, all the directors and statutory auditors attend the shareholders' meetings, and particularly those directors who, for the positions they hold, can make a useful contribution to the discussion at the meeting. When the Financial Statements are approved, the Chairman and the Chief Executive Officer give the shareholders sufficient information on the performance of the Company and on the activities carried out.

The Appointments and Remuneration Committee refers back to the shareholders on how the committee exercised its functions in this Report and also in the Report on Remuneration Policies and on the Compensation Paid.

14. FURTHER CORPORATE GOVERNANCE PRACTICES (as per Art. 123-bis, paragraph 2, letter a), TUF)

14.1. Code of Ethics

On March 7 2003 the Board of Directors approved the Code of Ethics of the Group (which was subsequently updated) 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".

14.2. Non-financial disclosure and "ESG" responsibilities

As its vocation is that of holding majority interests over a long-term time horizon, the Company has always believed that management must make "sustainable success" its objective and has included in its Corporate Governance Code the same emphasis on this as that placed by the Corporate Governance Code for listed companies published in January 2020.

The Board set as one of its priorities for the year 2021 the definition and inclusion in its multiyear plans of governance, environmental, social ("ESG") objectives. It has also included the achievement of "ESG" objectives as one of the parameters for evaluating top management performance both in the parent company and in its subsidiaries, in line with Italian and international best practice.

In 2021, in particular, the Chief Executive Officer set the guidelines of the Company's ESG plan and, in concert with the subsidiaries, the guidelines of the ESG plan of each one of them. On January 29 2022 the Board of Directors approved the ESG plan.

The Non-Financial Disclosure for the year 2021 was prepared in compliance with the standards issued by the "Global Reporting Initiative", commonly known as the "GRI Standards". The Sustainability Report is the main instrument for giving information about the pursuit of sustainable success and the performance of the Company and the Group and its commitment to conducting its business activity with the aim of creating value not only for the shareholders but also for the rest of its stakeholders.

CIR's subsidiaries take part in the process of gathering data and non-financial information and preparing the document with the aim of ensuring a clear and precise indication of the information considered to be significant for the stakeholders according to the principles of balance, comparability, accuracy, timeliness, clarity and reliability expressed in the GRI guidelines, as well as the recommendations issued over time by the ESMA.

15. CHANGES SINCE THE CLOSE OF THE YEAR UNDER EXAMINATION

With the exception of what is indicated in the Report, there were no other changes on the subject of Corporate Governance between the close of the year 2021 and the date of this Report.

16. CONSIDERATIONS ON THE LETTER OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

Following the invitation of the Chairman of the Corporate Governance Committee to submit the “Recommendations of the Committee for 2022” to examination by the Board of Directors and the competent committees and to give sufficient proof of the debate on the subject in the Report on Corporate Governance, below is a summary of the considerations that emerged from the examination by the Committees and the Board of Directors of the Company, on March 4 and March 11 respectively.

Regarding the recommendation for 2021, which was confirmed, relating to the integration of sustainability into the definition of the strategies, the SCIGR and the remuneration policy, in the year 2021 the Company and its subsidiaries drew up their *ESG plans for 2022-2025*. The objectives in terms of sustainability, whether referring to the business or to its environmental and social impact, were integrated into the strategy and policies of the Company, including them in the multiyear business plans of the Company and its subsidiaries approved by the respective Boards of Directors which met in the first two months of 2022. Furthermore, starting from 2022 sustainability parameters have been integrated as elements of remuneration policy, making them part of the key performance indicators and targets to which the vesting of variable remuneration is linked.

With regard to the proportionality approach introduced by the Corporate Governance Code in January 2020, which aimed to foster the needs and the particular characteristics of companies with a strong controlling shareholder but of a smaller size, the Company does not belong to the category of “large issuers” but judges both the categories and the flexibility identified by the Code as decidedly pertinent. Having said that, as far as the decisions made by the Company are concerned, in some cases the Company has decided to take partial advantage of the flexibility given and in most cases has adhered to the most demanding requirements of the Code (see point 3 above).

As regards the independence of the directors, the Company applies the criteria defined by the TUF and by Borsa Italiana’s Corporate Governance Code; as for the current composition of the Board of Directors and more specifically of the qualification of its members as independent, it should be noted that the Company does not apply one of the conditions for non-independence in the Corporate Governance Code for three out of six of its independent directors, i.e. the maximum limit of nine years out of the last 12 years in a position. Referring back to point 4.4.8 for a description of the reasons for this, it is worth noting that, even if the Company did not qualify the directors affected as independent, the number of remaining directors with all the requisites required by the TUF and Borsa Italiana’s Corporate Governance Code would still be in line with the rules for a “non large” issuer, controlled by a non-listed company, such as our Company. Regarding the criteria used to evaluate the significance of professional, commercial or financial relationships and the additional remuneration with reference to the independent directors, it should be pointed out that no independent director has this kind of relationship or receives any additional remuneration from the Company or the Group.

In relation to the adequacy and timeliness of the pre-board meeting information pack, the CIR Code has explicitly set the time-frames before the Board meeting that is deemed appropriate for sending out the documentation, setting it at three days (with an even tighter schedule for the so-called “transactions of strategic importance”, the timing of which is set out in the already mentioned “*Procedure on the criteria for identifying and approving transactions of strategic importance*”). This Report shows the actual compliance with the pre-defined time limits, stating also the average amount of notice with which the pre-board meeting information pack was sent out and highlighting the fact that in no case did the Company use the generic exemptions for not sending out the documentation in time.

Regarding the [composition of the Board of Directors](#) and the [succession of its members](#), the Company has given a clear allocation of the duties involved to the Appointments Committee and has also formulated succession plans for the executive directors.

As concerns the recommendation of [gender equality](#), it should be noted (see point 4.4.2 above) that the Issuer has adopted measures to promote equal treatment and equal opportunities for both genders in the Group by defining the objectives of the same within the scope of the Group's ESG plan. In this regard, reference should be made to the Non-Financial Disclosure for 2021, which is available on the Company's website.

On the subject of [remuneration policies](#), as set out in detail in the Report on Remuneration Policy and the Compensation Paid in the year 2021, there are pre-defined criteria that are objective, clear and measurable for determining the variable elements of remuneration/compensation and pre-defined conditions for the assignment of end-of-mandate indemnity, with maximum amounts envisaged in both cases.

ANNEX A – TABLES

STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES (in office as of the date of this Report)											
Board of Directors ⁽¹⁾									Control, Risk and Sustainability Committee ⁽²⁾	Appointments and Remuneration Committee ⁽²⁾	Committee For Related-Party Transactions
Position	Members	Year of birth	Date first appointed	In office since:	In office until approval of Fin. Statements as of	List	No. of other positions	Attendance			
Chairman	DE BENEDETTI Rodolfo	1961	09.06.1986	08.06.2020	31.12.2022	M	2	8/8	-	-	-
Chief Executive Officer (•) (◊) ⁽²⁾	MONDARDINI Monica	1960	03.02.2020	08.06.2020	31.12.2022	M	2	8/8	-	-	-
Director	BERTHERAT Philippe	1960	08.06.2020 28.04.2017 (*)	08.06.2020	31.12.2022	M	-	8/8	-	8/10	-
Director	BOTTICINI Maristella	1966	08.06.2020 29.04.2011 (*)	08.06.2020	31.12.2022	M	-	8/8	7/7	-	1/1
Director	DE BENEDETTI Edoardo	1964	29.04.2013	08.06.2020	31.12.2022	M	-	7/8	-	-	-
Director	DE BENEDETTI Marco	1962	15.03.1994	08.06.2020	31.12.2022	M	1	8/8	-	-	-
Director	DEBENEDETTI Franco	1933	08.06.2020	08.06.2020	31.12.2022	M	-	8/8	-	-	-
Director	DUBINI Paola	1963	16.05.2011	08.06.2020	31.12.2022	M	1	5/8	7/7	-	1/1
Director	GIANNINI Silvia	1952	08.06.2020 29.04.2011 (*)	08.06.2020	31.12.2022	M	1	8/8	7/7	10/10	1/1]
Director	PASINELLI Francesca	1960	08.06.2020 04.06.2018 (*)	08.06.2020	31.12.2022	M	4	8/8	7/7	10/10	1/1
Director (◊) ⁽²⁾	PORCARI Maria Serena	1971	29.04.2016	08.06.2020	31.12.2022	M	-	8/8	7/7	10/10	1/1

NOTES

It should be noted that on February 19 2020 the merger by incorporation took effect of CIR S.p.A. – Compagnie Industriali Riunite (“the Incorporated Company”) into COFIDE – Gruppo De Benedetti S.p.A. the “Incorporating Company”), with the consequent elimination of the incorporated company (“Merger”). As an effect of the merger, the Incorporating Company changed its name to “CIR S.p.A. – Compagnie Industriali Riunite”.

In the year 2021 the resignation of director Pia Marocco caused the number of directors to be reduced from 12 to 11.

It should be noted that when the current Board of Directors was appointed only one list was presented. Quorum required for the presentation of lists: 2.5%.

The symbol (•) indicates the Director Responsible.

The symbol (◊) indicates the Lead Independent Director.

The symbol (◊) indicates the principal person responsible for managing the issuer (Chief Executive Officer).

The Date first appointed for each director means the date on which the director was appointed or co-opted to the Board of Directors of the Issuer for the very first time.

For the independent directors, the second date of first appointment (*) refers to the date of first appointment in the Incorporated Company CIR S.p.A. – Compagnie Industriali Riunite.

The column “List” shows the list from which each director was drawn (“M”: majority list).

The column “No. of other positions” shows the number of positions of director or statutory auditor held by the person concerned in other companies listed on regulated markets, even foreign markets, in financial companies, banks, insurance companies or companies of a significant size.

(1) Appointed by the Shareholders’ Meeting of the Company on June 8 2020.

(2) Appointed by the Board of Directors of the Company on June 8 2020.

STRUCTURE OF THE BOARD OF STATUTORY AUDITORS (in office as of the date of this Report)									
Board of Statutory Auditors ⁽¹⁾									
Position	Members	Year of birth	Date of first appointment	In office since	In office until	List	Indep. as per the Code	Attendance of meetings	No. of positions in other listed companies
Chairman	MANTEGAZZA Francesco	1973	08.06.2020	08.06.2020	31.12.2022	M	X	19/19	3
Statutory Auditor in office	GNUDI MARIA-MADDALENA	1979	08.06.2020	08.06.2020	31.12.2022	M	X	19/19	2
Statutory Auditor in office	REBECCHINI Gaetano	1987	08.06.2020	08.06.2020	31.12.2022	M	X	19/19	4
Alternate Auditor	DELLATORRE Antonella	1971	30.06.2014	08.06.2020	31.12.2022	M	X	--	--
Alternate Auditor	MACCHIORLATTI VIGNAT Luigi	1963	24.04.2002	08.06.2020	31.12.2022	M	X	--	--
Alternate Auditor	MARINI Gianluca	1965	08.06.2020	08.06.2020	31.12.2022	M	X	--	--

NOTES

It should be noted that on February 19 2020 the merger by incorporation took effect of CIR S.p.A. – Compagnie Industriali Riunite (“**the Incorporated Company**”) into COFIDE – Gruppo De Benedetti S.p.A. the “**Incorporating Company**”), with the consequent elimination of the incorporated company (“**Merger**”). As an effect of the merger, the Incorporating Company changed its name to “CIR S.p.A. – Compagnie Industriali Riunite”.

During the year 2020 there were no changes in the composition of the Board of Statutory Auditors appointed by the Shareholders’ Meeting of the Company on June 8 2020.

It should be noted that when the current Board of Statutory Auditors was appointed only one list was presented. Quorum required for the presentation of lists: 2.5%.

The date of first appointment means the date on which the Statutory Auditor was appointed for the very first time to the Board of Statutory Auditors of the Issuer.



The column “List” shows the list from which each statutory auditor was drawn (“M”: majority list).

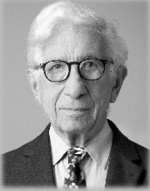
The column “Attendance of meetings” shows the attendance of the statutory auditors of the meetings of the Board of Statutory Auditors (more specifically, it shows the number of meetings attended out of the total number of meetings).



The column “No. of positions in other listed companies” shows the number of positions of director or statutory auditor held by the person concerned in other companies listed on regulated markets, even foreign markets, in financial companies, banks, insurance companies or companies of a significant size. The number of positions of director or statutory auditor held by the person concerned as per the terms of Art. 148-bis TUF and the relative rules for implementation of the same contained in Consob’s Rules for Issuers is published by Consob on its website as per the terms of Art. 144-quinquiesdecies of Consob’s Rules for Issuers.




(1) Appointed by the Shareholders’ Meeting of the Company on June 8 2020.


ANNEX B – CURRICULA VITAE OF THE DIRECTORS


	FIRST NAME AND LAST NAME	CURRICULUM VITAE
	<p>Philippe Bertherat</p>	<p>Philippe Bertherat (Geneva, 1960) is an independent director of CIR since June 2020.</p> <p>He was previously an independent director of CIR (before its merger with COFIDE) from 2017 to February 2020.</p> <p>He graduated in Law from the University of Geneva.</p> <p>He began his professional career at Kleinwort Benson in London before entering the Pictet financial group in 1984 of which he was a Managing Partner from 1995 to 2015.</p> <p>He is Chairman of the Board of Directors of Mamco (Museum of Modern and Contemporary Art) in Geneva.</p>
	<p>Maristella Botticini</p>	<p>Maristella Botticini (Travagliato – Brescia, 1966) is an independent director of CIR since June 2020.</p> <p>She was previously an independent director of CIR (before its merger with COFIDE) from 2011 to February 2020.</p> <p>She graduated in Political Economics from the Bocconi University in 1990 and was awarded a PhD in Economics by the Northwestern University (USA) in 1997.</p> <p>She is Professor of Economics (since 2009) at the Bocconi University in Milan.</p> <p>She is a fellow of the Innocenzo Gasparini Institute of Economic Research (since 2011) at the Bocconi University, a Vice President and fellow of the Centre for Economic Policy Research (CEPR) in London. In 2023 she will be President of the European Economic Association</p> <p>She carries out research activity on economic history, microeconomics and institutional economics. She is the author of books and articles that have appeared in international publications.</p> <p>Previously, she was professor of economics at the University of Turin and associate professor in the Department of Economics of Boston University. During her academic career in the United States she received various forms of recognition such as an Alfred P. Sloan Research Fellowship and a CAREER grant from the National Science Foundation. Recently she was awarded an Advanced Research Grant by the European Research Council (ERC).</p>
	<p>Edoardo De Benedetti</p>	<p>Edoardo De Benedetti (Turin, 1964) is a director of CIR (formerly COFIDE) since April 2013.</p> <p>He is a doctor specializing in internal medicine and cardiology and works in the department of cardiac catheterization of the Hôpital de La Tour in Meyrin (Switzerland). Since 2003, as well as being joint head of interventional cardiology he has also exercised his profession as a cardiologist in a private practice.</p>

		<p>After his university studies at the Faculty of Medicine of the University of Geneva, where he graduated in 1990, he obtained a Swiss specialization in internal medicine in 1995 and another in cardiology in 1998 at the Geneva University Hospital. From 1999 to 2003 he was head of surgery at the CHUV University Hospital in Lausanne where he perfected his skills in interventional cardiology.</p> <p>In 2000, thanks to a research scholarship, he was engaged as a researcher at the National Institute of Health and Medical Research (INSERM) in Paris, working also as an interventional cardiologist at the Bichat-Claude Bernard Hospital.</p> <p>He has been involved in various humanitarian missions at hospitals in Sarajevo (Bosnia), Tbilisi (Georgia) and Djakove (Kosovo) and has authored numerous articles published in various specialist journals in the field of cardiovascular medicine.</p> <p>He is on the scientific committee of the Foundation Together to Go – TOG which deals with rehabilitation for children affected by neurological problems.</p> <p>He is married and has two daughters.</p>
	<p>Franco Debenedetti</p>	<p>Franco Debenedetti (Turin, 1933) is a director of CIR since June 2020.</p> <p>He was a director of CIR (before its merger with COFIDE) from 1976 to 2019.</p> <p>He completed his studies at the Turin Politecnico where he graduated in 1956 with top marks in Electro-technical Engineering, specializing in 1957 in Nuclear Engineering.</p> <p>He worked for 35 years for large Italian companies in top management positions, particularly, from 1959 to 1976 for the family business Compagnia Italiana Tubi Metallici Flessibili, which became Gilardini, and from 1976 to 1994 for large multinationals.</p> <p>He began his career as head of production and development for Compagnia Italiana Tubi Metallici Flessibili (from 1959) and subsequently assumed the role of Deputy Chairman of Gilardini (in 1972).</p> <p>He was Director of the Components Sector of FIAT (1976-1978) and Chief Executive Officer of Olivetti (1978-1992). He also founded Tecnost and had it listed on the stock exchange (1985) and Teknecom (1986).</p> <p>In those years he continued to hold managerial positions in the company business, which became CIR, particularly in Sogefi (filters) and Sasib (cigarette packaging and electric signalling), of which he was Chairman and Chief Executive Officer (1986-1994).</p> <p>Between 1994 and 2006 he was a Senator of the Republic of Italy.</p> <p>In 1996 he received the Ezio Tarantelli award from the Club dell'Economia for the best idea in the year 1995 in Economics and Finance.</p> <p>He is currently Chairman of the Bruno Leoni Institute and</p>

		<p>director of ISPI and of the Rodolfo DeBenedetti Foundation.</p> <p>He also contributes frequently to the main Italian newspapers. He is the author, among other things, of 'La Guerra dei Trent'anni' (Einaudi, 2009), 'Scegliere i vincitori, salvare i perdenti' (Marsilio, 2016) and 'Fare profitti. Etica dell'impresa' (Marsilio, 2021).</p>
	<p>Marco De Benedetti</p>	<p>Marco De Benedetti (Turin, 1962) is a director of CIR (formerly COFIDE) since March 1994.</p> <p>He is the Managing Director of Carlyle and Co-Head of Carlyle Europe since November 2005.</p> <p>He is also Deputy Chairman of Moncler S.p.A. and a director of GEDI Gruppo Editoriale S.p.A..</p> <p>He previously held the position of Chief Executive of TIM (July 1999 - July 2005) and Chief Executive of Telecom Italia (July 2005 - October 2005).</p> <p>He graduated in history and economics from the Wesleyan University (Middletown, CT-US) in 1984. In 1987 he was awarded a Master's degree in Business Administration by the Wharton Business School (Philadelphia, PA-US).</p>
	<p>Rodolfo De Benedetti</p>	<p>Rodolfo De Benedetti (Turin, 1961) is the Chairman of CIR since April 2013. The CIR group, of which he is the controlling shareholder together with his brothers Marco and Edoardo, operates particularly in healthcare (KOS) and automotive components (Sogefi). Within the group he is also a director of Sogefi.</p> <p>Previously, he was Chief Executive Officer of CIR from 1993 and of COFIDE from 1995. He joined COFIDE in 1988 as International Affairs Manager and subsequently became General Manager. In 1990 he also became General Manager of CIR.</p> <p>Prior to his positions in CIR and COFIDE, Rodolfo De Benedetti worked from September 1985 to December 1986 for Lombard Odier, one of the main private banking groups in Switzerland with offices in Geneva, as Assistant to the Chief Executive and from January 1987 to January 1988 he was with the investment bank Shearson Lehman Brothers (New York) as an Associate in the Merchant Banking Group.</p> <p>He is a shareholder and director of Decalia S.A., an international investment management company set up in 2014.</p> <p>He is a director of Aon Italia, a company active in risk consulting and insurance and re-insurance broking, and is a director of October, a non-banking platform active in lending to small and medium enterprises.</p> <p>He is also a member of ERT (European Round Table of Industry), a forum of over 50 of the main European businesses in various sectors, and Chairman of the European Advisory Board of Harvard Business School.</p> <p>Rodolfo De Benedetti completed his studies in Geneva where he graduated in 1982 in Political Economics and in 1985 in Law.</p> <p>Married to Emmanuelle de Villepin, he is the father of Neige,</p>

		Alix and Mita.
	<p>Paola Dubini</p>	<p>Paola Dubini (Novara, 1963) is an independent director of CIR (formerly COFIDE) since May 2011.</p> <p>She is an Associate Professor at the Bocconi University in Milan.</p> <p>She has had experience in research and teaching both in the United States and in France. She has carried out research of various topics of strategic management, especially in managing and enhancing the value of artistic and cultural heritage. She was director of the ASK (Art, Science and Knowledge) research centre of the Bocconi University and of the Degree Course in Economics for the Arts, Culture and Communication (CLEACC).</p> <p>She is the author of numerous publications at national and international level.</p> <p>She is currently a director of Egea S.p.A., SIAE, Fondazione Arnoldo e Alberto Mondadori, Palazzo Ducale di Mantova, of the Lombardia Film Commission and of Ciesseci S.p.A., Deputy Chairman of the National Science and Technology Museum in Milan and of the CRT Foundation Triennale Teatro.</p>
	<p>Silvia Giannini</p>	<p>Silvia Giannini (Ferrara, 1952) is an independent director of CIR since June 2020.</p> <p>She was an independent director of CIR (before its merger with COFIDE) from 2011 to February 2020.</p> <p>She is an economist who was educated at the University of Bologna (degree in Political Science in 1976) and the University of Cambridge.</p> <p>She was formerly Ordinary Professor of Financial Science at the University of Bologna from 1993 and is the author of numerous Italian and international publications on taxation.</p> <p>She is a member of the Ministry of Economics and Finance's Commission on "tax expense".</p> <p>She is a director of Aeroporto Marconi di Bologna S.p.A. and a member of the Policy Board of the Foundation of the Monte di Bologna e Ravenna bank. She is also on the management board of the association Il Mulino and on the Scientific Committee of the Bruno Visentini Foundation.</p> <p>Previously she was an Extraordinary Professor at the University of Cagliari, permanent lecturer in the Science of Finance at the Higher School of Public Administration and contract lecturer in the science of Finance in the Faculty of Law of the Luiss Guido Carli University of Rome.</p>
	<p>Monica Mondardini</p>	<p>Monica Mondardini (Cesena, 1960) is the Chief Executive Officer of CIR, a position she has held since May 2013. Within the group she is also Chairman of Sogefi and a director of KOS.</p> <p>She graduated in Statistics and Economics from the University of Bologna.</p> <p>She has had professional experience in the publishing and financial sectors and has gained important experience abroad, having spent nine years in France and eleven years in Spain.</p> <p>She began her career in 1985 in Gruppo Editoriale Fabbri,</p>

		<p>taking part in an international development project that in 1989 took her to Spain.</p> <p>In 1990 she joined Hachette, the prime French publishing group belonging to the Lagardère group; she first managed the Spanish branch of Hachette Livre and then, in 1993, she was appointed Director of the international branch with headquarters in Paris, and member of the Executive Committee of Hachette Livre. In this role, she managed the foreign activities of the group, present particularly in Spain and South America.</p> <p>In 1998 she moved to the Generali Group, as General Manager of Europ Assistance, with offices in Paris. Europ Assistance is a service company, including insurance services, and is present in all the main countries of the world, a pioneer in the sector in which it operates and a brand of great prestige.</p> <p>In 2001 she was appointed Chief Executive Officer of Generali Spain, with headquarters in Madrid where she remained until the end of 2008. Generali Spain is one of the main insurance companies in Spain; it is the result of a structured process of acquisitions by Generali of local companies and in the period in which she managed it the companies were turned around and integrated into Generali, making it one of the main players in the market.</p> <p>In January 2009 she returned to Italy as Chief Executive Officer of Gruppo Editoriale L'Espresso, which after its merger with Itedi (publisher of the newspapers La Stampa and Il Secolo XIX) became GEDI Gruppo Editoriale, the main Italian newspaper publisher, a pioneer and leader in online news and one of the largest groups in Europe in daily and multimedia news. She was Chief Executive of the company until April 2018.</p> <p>In May 2013 she took on the position of Chief Executive Officer of CIR S.p.A..</p> <p>She is also an independent director of Edenred S.A. and Hera S.p.A..</p> <p>In 2006 was awarded by the Comites of Madrid the "Targa all'Italianità", reserved for Italians resident in Spain who have enhanced the reputation of their country. In 2014 she was honoured by the French Embassy in Rome and the French Chamber of Commerce in Italy as Italian Personality of the Year in economic relations between the two countries. In 2016 she was honoured with the title of Knight of the Legion of Honour.</p>
	<p>Francesca Pasinelli</p>	<p>Francesca Pasinelli (Gardone Val Trompia – Brescia, 1960) is an independent director of CIR since June 2020.</p> <p>She was an independent director of CIR (before its merger with COFIDE) from 2018 to February 2020.</p> <p>She is General Manager and director of the Telethon Foundation since 2009.</p> <p>She was General Manager of Dompé Q-rare, a division of Dompé S.p.A., from 2007 to 2009. Previously, she was Scientific Director of the Telethon Foundation, Divisional Director of Schering Plough S.p.A. and held various managerial positions in</p>

		<p>Smith Kline Beecham S.p.A. and Glaxo S.p.A..</p> <p>She is a director of the following listed companies: Anima Holding S.p.A., Diasorin S.p.A..</p> <p>She is also a director of Anima SGR, Anima Alternative SGR, Dompé Farmaceutici S.p.A., Bormioli Pharma S.p.A. and EryDel S.p.A..</p> <p>She is a Commander of the Order of Merit of the Republic of Italy and a Grand Officer of the Order of Merit of the Republic of Italy.</p> <p>She graduated in Pharmacy from the University of Parma and specialized in Pharmacology at the University of Milan.</p>
	<p>Maria Serena Porcari</p>	<p>Maria Serena Porcari (Premosello-Chiovenda – Verbano-Cusio-Ossola, 1971) is an independent director of CIR (formerly COFIDE) since April 2016.</p> <p>She is Executive Chairman of the Foundation Dynamo Camp Onlus and Chairman and Chief Executive of Dynamo Academy Srl, a social enterprise.</p> <p>She is a member of the Board of Directors of the Serious Fun Children’s Network Association and of the Hospice Mariateresa Chiantore Seràgnoli Foundation, a Member of the Scientific Committee for Sustainability that assists the Board of Directors of ICCREA Banking Group and is on the General Board of the Cassa di Risparmio di Pistoia e Pescia Foundation.</p> <p>She is also a member of the Board of Directors of Intek S.p.A. and of the Luigi Bocconi University of Commerce.</p> <p>She began her professional career in 1994 in venture capital. She worked for IBM Italy (from 1995 to 2004).</p> <p>She graduated <i>cum laude</i> from the Bocconi University in Milan and is a business and tax consultant (<i>dottore commercialista</i>). She obtained an MBA from the Henley Management School, UK and a CEMS Master in International Management.</p>

ANNEX C – LIST OF POSITIONS HELD BY THE DIRECTORS AND STATUTORY AUDITORS OF CIR S.P.A.

LIST OF POSITIONS HELD BY THE DIRECTORS OF CIR S.p.A. IN OTHER COMPANIES LISTED ON ITALIAN REGULATED MARKETS OR OTHER SIGNIFICANT COMPANIES (AT DECEMBER 31 2021)		
	FIRST NAME AND LAST NAME	POSITIONS
	Philippe Bertherat	- no other positions -
	Maristella Botticini	- no other positions -
	Edoardo De Benedetti	- no other positions -
	Franco Debenedetti	- no other positions -
	Marco De Benedetti	Deputy Chairman of Moncler S.p.A.
	Rodolfo De Benedetti	Director of Sogefi S.p.A.* Director of Decalia S.A. Deputy Chairman of Decalia Asset Management SIM S.A. Director of AON Italia
	Paola Dubini	Director of SIAE
	Silvia Giannini	Director of Aeroporto Marconi di Bologna S.p.A.
	Monica Mondardini	Chairman of Sogefi S.p.A. * Director of KOS S.p.A. * Director of Edenred S.A. Director of Hera S.p.A.
	Francesca Pasinelli	Director of Anima Holding S.p.A. Director of Anima Sgr S.p.A. Director of Anima Alternative Sgr S.p.A. Director of Bormioli Pharma S.p.A. Director of Dompé Farmaceutici S.p.A. Director of Diasorin S.p.A. Director of EryDel S.p.A.

	Maria Serena Porcari	Director of Intek S.p.A.
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* companies of the Group

LIST OF POSITIONS HELD BY THE STATUTORY AUDITORS IN OFFICE AND ALTERNATE AUDITORS OF CIR S.p.A. IN OTHER COMPANIES LISTED ON ITALIAN REGULATED MARKETS OR OTHER SIGNIFICANT COMPANIES (AT DECEMBER 31 2021)		
	FIRST NAME AND LAST NAME	CURRICULUM VITAE
	Francesco Mantegazza	Chairman of Allianz Viva S.p.A. Statutory Auditor of Savills Investment Management SGR S.p.A. Chairman of the Board of Statutory Auditors of 21 Investimenti SGR S.p.A.
	Maria-Maddalena Gnudi	Statutory Auditor of Intercos S.p.A. Director of Beghelli S.p.A.
	Gaetano Rebecchini	Director of Imprebanca S.p.A. Statutory Auditor of Prelios S.p.A. Statutory Auditor of Tiscali S.p.A. Statutory Auditor of Eurotech S.p.A.
	Antonella Dellatorre	- no other positions -
	Luigi Macchiorlatti Vignat	- no other positions -
	Gianluca Marini	- no other positions -