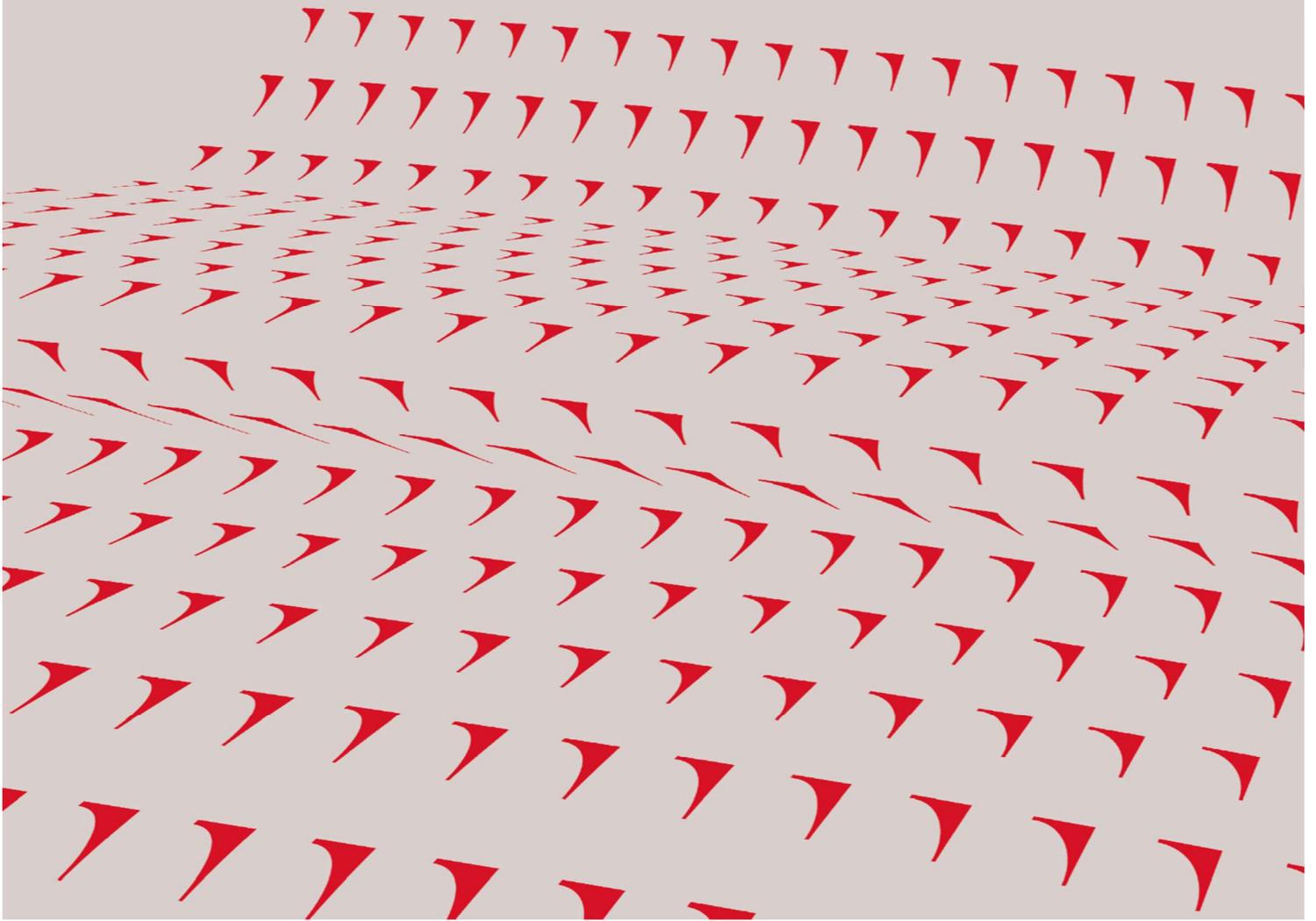




# Rules of the Control, Risk and Sustainability Committee

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## **1. FOREWORD**

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

## **2. COMPOSITION AND APPOINTMENT**

- 2.1. The Board of Directors sets up the Committee from within its number by means of a special resolution.
- 2.2. As per the terms of Art. 3 of the Company’s Corporate Governance Code, the Committee comprises a minimum of three non-executive directors, all of whom are independent.
- 2.3. The Board of Directors appoints the Committee, ensuring that its members have competence and/or experience in finance and/or risk management and/or sustainability. When making the appointment, the Board of Directors may also identify the Chairman of the Committee (the “**Chairman**”), who would otherwise be elected by the members of the Committee itself.
- 2.4. The length of the Committee’s mandate coincides with that of the Board of Directors so that if for any reason the Board’s mandate should terminate early the Committee’s mandate shall also end immediately.
- 2.5. At the proposal of the Chairman, the Committee can appoint a secretary, who – with the favourable opinion of the Chief Executive Officer - may be selected from one of the Company’s departments, to assist the Chairman in carrying out his or her duties and to prepare the minutes of the meetings.

## **3. FUNCTIONS OF THE COMMITTEE**

- 3.1. The Committee assists the Board of Directors, with preparatory, advisory, proposal-making and monitoring functions, in the evaluations and decisions relating to the Company’s internal control and risk management system and to sustainability. For these purposes, sustainability is understood as the set of strategies, processes, initiatives and activities aimed at achieving sustainable success, which is reflected in the creation of long-term value for shareholders, while taking into account the interests of the other stakeholders relevant to the Company, with particular reference to (i) environmental matters, (ii) local development with regard to safety, health and well-being, (iii) respect for human rights, (iv) gender equality and diversity, and (v)



business integrity, transparency and the fight against corruption.

3.2. More specifically, the Committee analyses and formulates proposals and/or opinions, referring back to the Board of Directors, on the following subjects:

Matters relating to the internal control and risk management system

- i) Defining the guidelines of the internal control and risk management system, consistently with the Company's strategies, and the assessment, at least on an annual basis, of the adequacy of such system with respect to the characteristics of the Company and the risk profile assumed, as well as of its effectiveness;
- ii) The correct use of accounting principles and their consistency for the preparation of the statutory and consolidated financial statements, after consulting with the Executive Responsible, the appointed legal auditor and the Board of Statutory Auditors;
- iii) The overall framework and structure of the content of non-financial disclosures, including sustainability reporting, as well as the verification of the compliance of such disclosures with the applicable regulations and the sustainability reporting standards adopted;
- iv) The suitability of the periodic disclosures, both financial and non-financial, to give a correct representation of the business, the strategies and the performance of the Company and the group including the non-financial parameters;
- v) The assessment of the results set out by the legal auditor in any letter of suggestions and in the additional report addressed to the control body;
- vi) The identification of the Company's main risks and the impact that the risks of the subsidiaries, as presented by the latter, could have on it, the management of the Company's risks resulting from prejudicial events that have come to the knowledge of the Board of Directors and/or the Committee, taking into account the regular reports prepared by the head of the risk management function regarding the identification, assessment, management and monitoring of such risks;
- vii) The appointment and revocation of the head of the internal audit function and the head of the risk management function (even when these functions have been assigned to external persons), having assessed the characteristics of independence, professionalism and - if external - organization, and remuneration of the same as well as evaluating their compliance with the levels of service set out in their mandates;



- viii) Monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit function and the risk management function;
- ix) The Company's annual internal audit plan;
- x) Any significant outcomes of audit activities carried out, as resulting from the regular reports prepared by the function; on this subject the Committee, as well as giving its assessment of the plan, can ask the internal audit function to verify specific operating areas, notifying the Chairman of the Board of Statutory Auditors and the Chairman of the Board of Directors at the same time;
- xi) The assignment to a specially instituted entity of the supervisory functions as per Art. 6, paragraph 1, letter b) of Legislative Decree no. 231/2001 ("**Decree 231**") and decisions as to its composition taking into account the content of the organization, management and control model adopted by the Company in compliance with the terms of the same Decree 231;
- xii) Every six months, the adequacy of the internal control and risk management system consistently with the provisions of Art. 5.4 below;
- xiii) Verifying that the Company's corporate government system is aligned with (i) the rules of law, (ii) the recommendations of the Corporate Governance Code with which the Company complies, and regularly examining the "*Letter from the Corporate Governance Committee*", and (iii) national and international best practice;
- xiv) Possibly submitting proposals to amend the corporate governance to the Board of Directors, when it deems such action to be necessary or opportune, and checking that the said proposals have been accepted by the Board;
- xv) Checking that the organization, management and control model adopted as per the terms of Decree 231 is being updated periodically;
- xvi) The description in the report on corporate governance of the main features of the internal control and risk management system and of the methods used to coordinate the various persons involved in the same, with an indication of the models and national and international best practice on which it is based, including an overall evaluation of the adequacy of the same with an account of the decisions made regarding the composition of the supervisory body referred to in point xi) above;



Matters relating to sustainability

- xvii) Decisions relating to environmental, social and governance factors, with a view to promoting the integration of national and international sustainability best practices into the Company's strategies and business activities;
  - xviii) Examination and assessment of the industrial plan, to be carried out in the light of: (i) the sustainability policies and, more generally, the matters relevant to the generation of value over time for all shareholders and for all other stakeholders, over a medium- to long-term horizon and in compliance with the principles of sustainable development; and (ii) the sustainability guidelines, objectives and the related processes;
  - xix) Development and monitoring of sustainability policies, aimed at meeting the social and environmental expectations of the various stakeholders and fostering sustainable development along the value chain;
  - xx) Assessment of existing sustainability initiatives and, more generally, of the Company's social activities, in order to verify their consistency with the sustainability policies, as well as the identification and selection of sustainability projects;
  - xxi) Monitoring of the Company's guidelines and positioning in relation to ethical and sustainability indices;
  - xxii) Examination of stakeholder engagement policies, where adopted;
  - xxiii) Definition and monitoring of the Company's non-profit strategies.
- 3.3. The Committee shall carry out any other tasks that may be assigned to it by the Board of Directors of the Company and/or that are contained in the guidelines for the internal control system.

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

- 4.1. The Committee meets when its Chairman calls a meeting, deeming it opportune (possibly even following a recommendation by the heads of the Company's control functions) or at the request of the Chairman of the Board of Directors, the Chief Executive Officer or the Chairman of the Board of Statutory Auditors and in any case, partly even for the purposes of Art. 5.3 below. The Committee meets at least once every six months to examine the periodic financial disclosures (Annual and Semi-Annual Financial Reports). When deemed useful to facilitate the scheduling of its work, the Committee can produce an annual calendar of its meetings.
- 4.2. The notice of meeting, containing the date, time and place of the meeting and its agenda, is sent out by e-mail to the members of the Committee by the secretary, at the



request of the Chairman, generally at least three days before the date fixed for the meeting or, in cases of urgency, with at least twenty-four hours' notice. The notice of meeting is sent out by the secretary of the Committee to the secretary to the Board of Directors, unless they are the same person.

- 4.3. The Committee meetings can also be held in audio/video conferencing, provided all the participants can be identified and that such identification is acknowledged in the minutes and that they are able to follow the discussion and intervene in real time during the treatment of the items on the agenda.
- 4.4. The supporting documentation for the meetings is made available in the section dedicated to the Committee of the platform for the members of the Board of Directors or by e-mail with adequate notice but in any case before the start of the Committee meeting.
- 4.5. The Committee meetings are chaired by the Chairman or, if he or she is absent or has an impediment, by the oldest member in terms of age.
- 4.6. The Committee meetings are attended by the Chairman of the Board of Statutory Auditors or by another Statutory Auditor designated by the Chairman; the other Statutory Auditors may however also attend.
- 4.7. Depending on the subjects on the agenda, at the invitation of the Chairman, the following persons shall also attend the meetings: executive and non-executive directors, the Chief Executive Officer, the Executive responsible for the financial statements and corporate documents, the Chief Financial Officer and, after informing the Chief Executive Officer, other managers of the Company with competence in the areas being dealt with at the meeting, the head of the Risk Management function, the head of the Internal Audit function, the members of the Supervisory Body and the entity holding the legal audit mandate.
- 4.8. For the Committee meetings to be valid a majority of the members in office must be present and the decisions of the Committee are taken with an absolute majority of those present. In the event of parity, the vote of the Chairman (or that of whoever is in the chair if the latter is absent or has an impediment) shall prevail.
- 4.9. The Committee meetings and its resolutions are valid, even if there has been no formal notice of the same, when the majority of the members of the Committee in office are present even in audio/video conferencing, when all those entitled to attend have been informed of the meeting in advance and the participants are sufficiently informed on the subjects to be dealt with.



4.10. Minutes are taken of the Committee meetings. The secretary draws up the minutes of the meetings. The draft of the minutes is submitted to the Chairman and the other members for any observations and the minutes are approved at the next Committee meeting, when possible. The minutes are also kept in electronic format at the Company's premises, under the care of the Secretary.

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

5.1. The Committee has the right to access all the information and Company departments necessary for it to carry out its duties and the Company shall provide the Committee with all the funding that it requires in order to do this.

5.2. To carry out its duties the Committee may use external consultants provided the latter are not in a position that could compromise the independence of their judgment.

5.3. The Chairman, or in his or her absence the oldest member of the Committee, shall inform the Board of Directors of the activities carried out at the first possible Board meeting.

5.4. Every six months when the annual and semi-annual financial reports are approved, the Committee shall provide a report on the activities that it has carried out in the previous six-month period.

5.5. The Committee shall promptly exchange any information relevant to the execution of their respective duties with the Board of Statutory Auditors, the Supervisory Body and with any other control bodies (including the firm responsible for the legal audit).

5.6. Where deemed appropriate with regard to the matters to be dealt with and in order to make the internal control system more efficient, the Committee can hold its meetings jointly with the Board of Statutory Auditors and with the other Board Committees.

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

6.1. These Rules were adopted with a resolution passed by the Board of Directors.

6.2. The Committee regularly checks the adequacy of these Rules and submits any proposed amendments or additions to the Board of Directors.