

# CEMENTIR HOLDING N.V.

## BOARD RULES

governing the internal proceedings of the board of directors

Effective as of 5 October 2019

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## **1 DEFINITIONS AND CONSTRUCTION**

### **1.1 Definitions**

- 1.1.1 In these rules capitalised terms have the meaning as set out in Schedule 1.
- 1.1.2 Any reference in these rules to "in writing" means in writing or by other reproducible electronic communication.

### **1.2 Construction**

- 1.2.1 The Schedules attached to these rules form an integral part of these rules.

## **2 COMPOSITION OF THE BOARD, DIVISION OF DUTIES AND RESPONSIBILITIES**

### **2.1 Composition**

- 2.1.1 The Board prepares a profile of its size and composition, taking into account the nature of the Business and the Board's activities. The current profile is set out in Schedule 3.
- 2.1.2 Non-executive directors are appointed for a maximum term of three years and can thereafter be re-appointed, with due observance of the Articles of Association. The maximum period for which non-executive directors can be in office will be twelve years, provided however that this maximum period shall end after the close of the first annual General Meeting held after twelve years have lapsed since his or her first appointment.
- 2.1.3 Executive directors are appointed for a maximum term of three years and can thereafter be re-appointed, with due observance of the articles of association.

### **2.2 Responsibilities of the Board**

- 2.2.1 The Board is responsible for the overall conduct of the Cementir Group and has the powers, authorities and duties vested in it by and pursuant to the relevant laws of the Netherlands and the Articles of Association. In all its dealings, the Board shall be guided by the interests of the Cementir Group as a whole, including but not limited to the Company's shareholders. The Board has the final responsibility for the management, direction and performance of the Company and the Cementir Group.
- 2.2.2 The non-exhaustive list of items to be considered and decided upon by the Board is set out in Schedule 2.
- 2.2.3 In addition to the delegations described in clause 2.4.1 and 3.1.2 the Directors may divide their tasks by mutual consultation in writing taking into account the responsibilities of the Executive Directors and Non-Executive Directors as set out in clause 2.3.

2.2.4 The Board shall establish a position on the relevance of long-term value creation for the Company and the Business and shall take into account the relevant stakeholder interests. In fulfilling its responsibilities, the Board and each of the Directors is guided by the interests of the Company and the Business.

2.2.5 The Directors may obtain information from officers and external advisors.

### **2.3 Executive Directors and Non-Executive Directors**

2.3.1 The Executive Directors shall be responsible for the management of the Company with the widest powers to the maximum extent permitted by the applicable law, developing and setting the Company's objectives and strategy, overseeing the associated risk profile and addressing corporate social responsibility issues that are relevant to the Company.

2.3.2 The Executive Directors shall discuss the effectiveness of the design and operation of the internal risk management and control systems with the Audit Committee and render account of this to the Board.

2.3.3 The Non-Executive Directors shall be responsible for the supervision of the performance of the Executive Directors and the general affairs of the Company and shall assist the Executive Directors by providing advice and direction. Non-Executive Directors supervise at least the following key elements:

- (a) developing a general strategy, including the strategy for realising long-term value creation, and taking into account risks connected to the Cementir Group's business activities;
- (b) ensuring compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;
- (c) satisfying the integrity of financial information and ensuring the appropriateness of financial controls and risk management systems; and
- (d) reviewing the performance of the Board as a whole, each Director individually, and the committees of the Board.

2.3.4 For as long as only one Executive Director has been appointed, that Executive Director shall automatically be the Chief Executive Officer. If more than one Executive Director has been appointed, the Board shall elect one of the Executive Directors as Chief Executive Officer.

2.3.5 The Board may grant Directors such titles as the Board deems appropriate. The Board will designate one of the Executive Directors as CEO and Chairman.

2.3.6 The Board will designate one of the Non-Executive Directors as Senior Non-Executive Director.

2.3.7 The Senior Non-Executive Director shall act as the chairman of the Board for purposes of Dutch law and the Code. The Board may designate one of the Non-Executive Directors as vice-chairman.

2.3.8 The Board may revoke titles granted at any time, provided that when there is only one Executive Director in office, the titles CEO and Chairman cannot be revoked.

## **2.4 Chief Executive Officer**

2.4.1 The Chief Executive Officer is primarily responsible for the day-to-day management of the Company, including the following tasks and responsibilities:

- (a) the operational management of the Company;
- (b) the profit responsibility of the Company and the Cementir Group's enterprises;
- (c) setting performance targets for the Cementir Group;
- (d) managing the business performance of the Cementir Group;
- (e) examining, analysing and proposing to the Board strategic business opportunities that can contribute to the further growth of the Cementir Group;
- (f) compliance with all relevant laws and regulations, the Articles of Association and good corporate governance practice;
- (g) executing the decisions of the Board;
- (h) determining the objectives to be achieved by the Board; and
- (i) communicating with all relevant stakeholders of the Company, the media and the public; and
- (j) preparing the Company's annual accounts as referred to in article 2:361 BW.

2.4.2 The tasks and responsibilities (including the power to sub-delegate such tasks and responsibilities) as described in clause 2.4.1 are delegated to the Chief Executive Officer. The Chief Executive Officer has the authority to adopt resolutions regarding the matters that fall within the tasks and responsibilities delegated to him or her. Such resolution will be considered to be a resolution of the Board.

2.4.3 The Chief Executive Officer may grant executive officers and other employees the authority to represent the Company on a continuing basis.

## **2.5 Senior Non-Executive Director and vice-chairman**

- 2.5.1 The Senior Non-Executive Director is primarily responsible for ensuring that:
- (a) there is sufficient time for deliberation and decision-making by the Board;
  - (b) the Directors receive all information that is necessary for the proper performance of their duties in a timely fashion;
  - (c) the Board and its committees function properly;
  - (d) the Board designates one of the Non-Executive Directors as vice-chairman;
  - (e) the performance of the Directors is assessed at least annually;
  - (f) the Directors follow their introduction programme, education or training programme;
  - (g) the Board performs activities in respect of culture;
  - (h) signs from the Business are recognised and any actual or suspected material misconduct and irregularities are reported to the Board without delay; and
  - (i) effective communication with shareholders is assured.
- 2.5.2 The Senior Non-Executive Director cannot be a former Executive Director and must be independent in accordance with Best Practice provision 2.1.8 of the Code.
- 2.5.3 The Senior Non-Executive Director cannot be the chair of the Audit Committee or the Remuneration and Nomination Committee.
- 2.5.4 The vice-chairman deputises for the Senior Non-Executive Director in the event that the position of Senior Non-Executive Director is vacant or if the Senior Non-Executive Director is unable to act.
- 2.5.5 The vice-chairman shall act as point of contact for Directors concerning the functioning of the Senior Non-Executive Director.

## **2.6 Vacant positions or inability to act Executive and Non-Executive Directors**

- 2.6.1 If the seat of an Executive Director is vacant or upon the inability of the Executive Director to act, the remaining Executive Director or Executive Directors will temporarily be entrusted with the executive management of the Company, unless the Board provides for a temporary replacement. If the seats of all Executive Directors are vacant, or upon the inability of all Executive Directors or the sole Executive Director to act, as the case may be, the executive management of the

Company will temporarily be entrusted to the Non-Executive Directors, unless the Board provides for one or more temporary replacements.

- 2.6.2 If the seat of a Non-Executive Director is vacant or upon the inability of a Non-Executive Director to act, the remaining Non-Executive Director or Non-Executive Directors will temporarily be entrusted with the performance of the duties and the exercise of the authorities of that Non-Executive Director, unless the Board provides for a temporary replacement. If the seats of all Non-Executive Directors are vacant or upon inability of all Non-Executive Directors or the sole Non-Executive Director to act, as the case may be, the General Meeting shall be authorised to temporarily entrust the performance of the duties and the exercise of the authorities of Non-Executive Directors to one or more other individuals.

### **3 COMMITTEES OF THE BOARD**

#### **3.1 General**

- 3.1.1 The Board may assign certain tasks to one or more permanent or ad hoc committees comprising one or more Directors.
- 3.1.2 The task of committees is to prepare the decision-making of the Board. The committees cannot adopt resolutions on behalf of the Board. The tasks and responsibilities as described in the respective committee charters annexed to these Board Rules, are delegated to the respective committees.
- 3.1.3 The Board appoints the members of each committee. For each committee, the Board appoints a chairman from among the committee members and, if deemed desirable, a secretary. The secretary does not need to be a Director.
- 3.1.4 Board committees report on a regular basis to the Board about their actions, reviews, proposals, findings and resolutions.

#### **3.2 Permanent Committees**

- 3.2.1 The Board has the following permanent committees:
- (a) the Audit Committee, with duties and internal proceedings as set out in the charter attached as Schedule 5; and
  - (b) the Remuneration and Nomination Committee, with duties and internal proceedings as set out in the charter attached as Schedule 6.
- 3.2.2 An Executive Director may not be a member of the Audit Committee and the Remuneration and Nomination Committee.

#### **3.3 Ad hoc committees**

- 3.3.1 The Board may establish ad hoc committees.



3.3.2 The duties and internal proceedings of ad hoc committees are set out in writing by the Board and will form part of these rules.

## **4 COMPANY SECRETARY**

### **4.1 Duties and responsibilities**

4.1.1 The Company Secretary assists the Board.

4.1.2 The Company Secretary:

- (a) ensures that the proper procedures are followed and that any statutory obligations and any obligations under the Articles of Association and these rules are complied with;
- (b) facilitates the provision of information to the Board; and
- (c) supports the Senior Non-Executive Director in the organisation of the Board's affairs, including the provision of information, meeting agendas, evaluation and training programmes.

### **4.2 Appointment and dismissal**

4.2.1 The Board appoints and dismisses the Company Secretary.

## **5 MEETINGS OF THE BOARD AND DECISION-MAKING**

### **5.1 Convening meetings and agenda**

5.1.1 Meetings are held as often as the Senior Non-Executive Director or the Chief Executive Officer or any two Directors jointly request, provided that there must be at least four regularly scheduled Board meetings in each financial year.

5.1.2 Meetings are convened in a timely manner by the Senior Non-Executive Director, the Chief Executive Officer or the vice-chairman, or if each of them is absent or unable to act, by any Director. The notice sets out the meeting agenda.

5.1.3 The Director convening a meeting sets the agenda for that meeting. Directors may submit agenda items to the Director(s) convening the meeting.

### **5.2 Meeting location**

5.2.1 Meetings are normally held at the Company's offices in Rome, Italy, but may also take place elsewhere.

5.2.2 Meetings may also be held by telephone, videoconference, or electronic communication, provided that all participants can hear each other simultaneously. Directors attending the meeting by telephone or videoconference are considered present at the meeting.

### **5.3 Attendance**

- 5.3.1 Each Director attends Board meetings and the meetings of the committees of which he or she is a member. If a Director is frequently absent from these meetings, this Director must account for these absences.
- 5.3.2 A Director may be represented at a meeting by another Director holding a proxy in writing or in a reproducible manner by electronic means of communication.
- 5.3.3 The Board may require that certain officers and external advisors attend its meetings.
- 5.3.4 The external auditor may attend the Board meeting at which the external auditor's report on the audit of the financial statements is discussed.

### **5.4 Chairman of the meeting**

- 5.4.1 The Chief Executive Officer chairs the meeting. If the Chief Executive Officer is not present at the meeting, the Senior Non-Executive Director chairs the meeting. If both the Chief Executive Officer and the Senior Non-Executive Director are not present at a meeting, the vice-chairman chairs the meeting. If the Chief Executive Officer, the Senior Non-Executive Office and the vice-chairman are not present at the meeting, the Directors present at the meeting will designate one of them as chairman of that meeting.

### **5.5 Adoption of resolutions - quorum requirements**

- 5.5.1 The Board may only adopt resolutions at a meeting if the majority of the Directors entitled to vote is present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered.
- 5.5.2 If the CEO believes there is an urgent situation that requires the Board's immediate resolution, the quorum requirement referred to in clause 5.5.1 does not apply, provided that:
  - (a) at least three Directors entitled to vote are present or represented at the meeting including at least one Executive Director, if the Executive Director is entitled to vote on matters being considered; and
  - (b) reasonable efforts have been made to involve the other Directors in the decision-making.
- 5.5.3 The chairman of the meeting ensures that adopted resolutions are communicated to Directors not present at the meeting without delay.

### **5.6 Adoption of resolutions - majority requirements**

- 5.6.1 Each Director has one vote.

5.6.2 Where possible, the Board adopts its resolutions by unanimous vote. If this is not possible, the resolution is adopted by a simple majority of the votes cast.

5.6.3 In the event of a tie vote the Chief Executive Officer has a casting vote.

5.6.4 If there is insufficient agreement on a proposed resolution during the meeting, the chairman of the meeting may defer the proposal for further discussion or withdraw the proposal.

## **5.7 Meeting minutes**

5.7.1 The Company Secretary or any other person designated as the meeting secretary prepares the meeting minutes. The minutes are adopted:

- (a) by a resolution adopted at the next Board meeting; or
- (b) by the chairman and secretary of the particular meeting, after having consulted the Directors present or represented at that meeting.

## **5.8 Adopting resolutions without holding a meeting**

5.8.1 The Board may also adopt resolutions without holding a meeting, provided that such resolutions are adopted in writing or in a reproducible manner by electronic means of communication, and all Directors entitled to vote consented to adopting such resolutions without holding a meeting. Clauses 5.5 through 5.7 apply to adopting resolutions without holding a meeting.

## **5.9 Evidence of adopted resolutions**

5.9.1 Board resolutions can be evidenced by a statement signed by the Senior Non-Executive Director and the Company Secretary, a written resolution as referred to in clause 5.8.1 or minutes of the meeting adopted in accordance with clause 5.7.1.

5.9.2 Resolutions adopted at a specific meeting can also be evidenced by a statement signed by the chairman and the secretary of that meeting.

# **6 CONFLICTS OF INTEREST**

## **6.1 Preventing conflicts of interest**

6.1.1 Any conflict of interest between the Company and Directors must be prevented. The Board is responsible for dealing with any conflicts of interest that Directors or majority shareholders may have in relation to the Company.

6.1.2 Directors must be alert to conflicts of interest and may not:

- (a) compete with the Company;

- (b) demand or accept substantial gifts from the Company for themselves or their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree;
- (c) provide unjustified advantages to third parties at the Company's expense; or
- (d) take advantage of business opportunities that the Company is entitled to, for themselves or for their spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree.

## **6.2 Definition**

6.2.1 For purposes of clauses 6.3 through 6.6, a "conflict of interest" means:

- (a) a direct or indirect personal conflict of interest within the meaning of article 2:129(6) BW; and
- (b) any other situation which causes reasonable doubt about whether the Director concerned is primarily guided in the decision-making process by the interests of the Company and the Business.

6.2.2 A conflict of interest may, for example, exist if the Company intends to enter into a transaction with a legal entity:

- (a) in which that Director personally has a material financial interest;
- (b) whose management or supervisory board includes a member who has a family law relationship with that Director; or
- (c) where that Director has a management or supervisory position.

## **6.3 Consequences**

6.3.1 A Director may not participate in the Board's or a committee's deliberations and decision-making process on a subject where the Director is found to have a conflict of interest pursuant to clause 6.5.1. The Director does not qualify as a Director entitled to vote in relation to that subject. If the Board is unable to adopt a resolution as a result of all Directors being unable to participate in the deliberations and decision-making process due to a conflict of interest, the resolution may nevertheless be adopted by the Board and the first sentence of this article 6.3.1 does not apply.

## **6.4 Obligation to report**

6.4.1 A Director other than the Senior Non-Executive Director or vice-chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director, or in the Senior Non-Executive Director's absence, the vice-chairman. The Senior Non-Executive Director must, without

delay, report any conflict of interest or potential conflict of interest to the vice-chairman or, in the vice-chairman's absence, to the other Directors. The vice-chairman must, without delay, report any conflict of interest or potential conflict of interest to the Senior Non-Executive Director or, in the Senior Non-Executive Director's absence, to the other Directors. The Director must provide all relevant information, including any relevant information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree.

## **6.5 Determination of conflicts of interest**

6.5.1 The Board decides whether a Director has a conflict of interest, without the Director concerned being present.

## **6.6 Disclosure**

6.6.1 Transactions in which there is a conflict of interests shall be performed and disclosed in accordance with applicable law and the Code.

## **6.7 Loans and guarantees**

6.7.1 The Company may not grant any personal loan, guarantee, or similar to a Director unless in the ordinary course of business and on terms applicable to the personnel as a whole, and after approval of the majority of the Non-Executive Directors being present or represented at the meeting where such grant is being discussed. No remissions of loans are granted.

## **6.8 Regulations governing ownership of securities**

6.8.1 The Company draws up regulations governing ownership of, and transactions in, securities, other than securities issued by the Company, by a Director.

## **7 WHISTLE BLOWERS, MISCONDUCT AND IRREGULARITIES**

7.1.1 The Board establishes a procedure for reporting actual or suspected irregularities within the Company and the Business. The procedure is published on the Company's website. The Board ensures that employees have the opportunity to file a report without jeopardizing their legal position.

## **8 RELATIONSHIP WITH THE BOARD AND THE GENERAL MEETING**

### **8.1 Main contact**

8.1.1 The Senior Non-Executive Director is the main contact on behalf of the Board for the General Meeting and for individual Directors in matters concerning the performance of other Directors.

8.1.2 The vice-chairman is the main contact on behalf of the Board for individual Directors in matters regarding the Senior Non-Executive Director's performance.

## **8.2 General Meeting - requests for information**

- 8.2.1 The Board adequately provides any information the General Meeting requires, unless overriding interests (*zwaarwegende belangen*) of the Company prevent the Board from doing so.
- 8.2.2 If the Board decides not to provide the General Meeting with all information requested based on overriding interests of the Company, the Board must explain this.

## **8.3 Board - annual evaluation of Directors and remuneration**

- 8.3.1 The Senior Non-Executive Director is the main contact on behalf of the Board regarding the performance of Directors other than the Senior Non-Executive Director. The vice-chairman is the main contact on behalf of the Board regarding the Senior Non-Executive Director's performance.
- 8.3.2 The Executive Directors regularly, and at least annually, evaluate their own performance and the performance of the Executive Directors individually.
- 8.3.3 The Non-Executive Directors regularly, and at least annually, evaluate their own performance, the performance of the Non-Executive Directors individually, the performance of the Executive Directors as a whole and the Executive Directors individually without any Executive Directors being present. The performance of the various committees is evaluated as well.
- 8.3.4 A Director retires early in the event of inadequate performance, structural incompatibility of interests, and in other instances in which the majority of the Non-Executive Directors deems this necessary.
- 8.3.5 The remuneration of the Non-Executive Directors reflects the time spent and the responsibilities of their role. Directors may be awarded remuneration in the form of shares or rights to shares. Shares held by a Non-Executive Director are long-term investments.

## **9 POSITIONS OUTSIDE THE COMPANY**

- 9.1.1 A Director must inform the Board before accepting (board) positions, including positions on the committee of a board.
- 9.1.2 Other (board) positions of Directors are discussed at a Board meeting at least annually.

## **10 CONFIDENTIALITY**

- 10.1.1 Each Director must treat all information and documentation obtained in connection with his or her position as Director with the necessary discretion, integrity and confidentiality.

## **11 CULTURE AND CODE OF CONDUCT**

- 11.1.1 The Board is responsible for stimulating openness and accountability within the Company.
- 11.1.2 The Board discusses the adopted values for the Company and the Business that contribute to a culture focused on long-term value creation.
- 11.1.3 The Board draws up a Code of Conduct and monitors its effectiveness and compliance with this code.

## **12 MISCELLANEOUS**

### **12.1 Miscellaneous**

- 12.1.1 These rules have been adopted by the Board pursuant to article 7.1.4 of the Articles of Association.
- 12.1.2 The Board may occasionally resolve not to comply with these rules.
- 12.1.3 The Board may amend these rules.
- 12.1.4 These rules are posted on the Company's website.
- 12.1.5 If any provision of these rules is held to be or becomes invalid (in each case either in its entirety or in part) that provision will, to the extent of its invalidity, be deemed not to form part of these rules, but the validity of the remainder of these rules will not be affected.

### **12.2 Governing law and jurisdiction**

- 12.2.1 These rules are governed exclusively by Dutch law.
- 12.2.2 Any disputes arising out of or in connection with these rules, including disputes concerning their applicability will be resolved by the courts in Amsterdam, the Netherlands.

## Schedule 1 Definitions

- (a) "**Audit Committee**" means the committee of the Board referred to in clause 3.2.1(a);
- (b) "**Articles of Association**" means the articles of association of the Company;
- (c) "**Board**" means the board of directors of the Company;
- (d) "**Budget**" means the annual budget of the Company as adopted by the Board;
- (e) "**Business**" means the business of the Cementir Group;
- (f) "**BW**" means the Dutch Civil Code (*Burgerlijk Wetboek*);
- (g) "**Senior Non-Executive Director**" means the Non-Executive Director with the title Senior Non-Executive Director, in accordance with clause 2.3.6;
- (h) "**Chairman**" means the Executive Director with the titles CEO and Chairman, in accordance with clause 2.3.5;
- (i) "**Chief Executive Officer**" means the Executive Director with the title Chief Executive Officer, in accordance with clause 2.3.4;
- (j) "**Code**" means the Dutch Corporate Governance Code;
- (k) "**Code of Conduct**" means the code of conduct of the Company;
- (l) "**Company**" means Cementir Holding N.V.;
- (m) "**Company Secretary**" means the company secretary appointed in accordance with clause 4;
- (n) "**Director**" means an Executive Director or Non-Executive Director of the Company;
- (o) "**Cementir Group**" means the Company and all entities included in the group (*groep*, within the meaning of article 2:24b BW) headed by it;
- (p) "**Executive Director**" means a Director of the Company appointed as executive director;
- (q) "**General Meeting**" means the corporate body that consists of shareholders and all other persons with meeting rights, or the meeting in which the shareholders and all other persons with meeting rights assemble;
- (r) "**Non-Executive Director**" means a Director of the Company appointed as non-executive director;



- (s) "**Remuneration and Nomination Committee**" means the committee of the Board referred to in clause 3.2.1(b); and
- (t) "**Schedule**" means a schedule to these rules.

## **Schedule 2** Tasks and responsibilities of the Board

- 1** Without limiting the scope of the Board's role, the ongoing items to be considered and decided upon by the full Board include:
  - (a) reviewing and approving (any material amendment to) the business plan;
  - (b) reviewing and approving (any material amendment to) the Budget;
  - (c) ensuring the Cementir Group's compliance with applicable laws and regulations;
  - (d) proposing the Dutch statutory management report and financial statements for adoption by the General Meeting;
  - (e) approving decisions as required by Dutch law; and
  - (f) discussing and approving the strategies for the shaping of the portfolio and direction of the Cementir Group, including the strategy for realising long-term value creation.
  
- 2** At least once a year, the full board shall discuss:
  - (a) the functioning of the Board, the Chief Executive Officer, the Senior Non-Executive Director and the other Directors, and the conclusions to be drawn on the basis of this; and
  - (b) the corporate strategy of the Cementir Group, the risks of the business and the evaluation by the Board of the structure and operation of the internal risk management and control systems.
  
- 3** The full board will further consider and decide upon the following:
  - (a) proposing to suspend any Director and suspending any of the Executive Directors, without the Director concerned being present;
  - (b) the creation or discontinuation of any material business activities;
  - (c) proposing or resolving, as the case may be, to declare or pay any dividends or other distributions to shareholders (other than to a member of the Cementir Group) or repurchase or redeem securities or indebtedness of any member of the Cementir Group (other than if held by a member of the Cementir Group);
  - (d) proposing or resolving, as the case may be, to change the external auditors of the Company to audit the Company's Dutch statutory annual accounts and board report;
  - (e) proposing or resolving, as the case may be, to liquidate, initiate any bankruptcy, dissolution or winding up proceedings, moratorium or

suspension of payments (or any similar proceedings in the relevant jurisdiction) in respect of the Company or any significant Cementir Group company, unless Directors are required to do so by applicable law;

- (f) recommending a public offer for shares in the Company;
- (g) granting any pledge, lien, security interest or other encumbrance on any material asset or property of the Cementir Group with a value in excess of 10% of the total assets of the Cementir Group, except in accordance with the existing financing covenants or the Budget and except where it concerns an intercompany pledge, lien, security interest or other encumbrance; and
- (h) entering into any derivatives, foreign exchange contracts, swaps, options or similar financial instruments, except in accordance with a foreign exchange risk management or hedging program approved by the Audit Committee.

## **Schedule 3 Profile of the Board**

### **1 GENERAL**

1.1.1 This profile was prepared and approved by the Board in accordance with article 2.1.1 of the Board Rules. This Profile will be evaluated on a regular basis and assessed in the light of changing situations and strategic changes taking place at the Company and its affiliated enterprises.

1.1.2 This profile sets out:

- (a) the size of the Board;
- (b) the desired expertise and background represented in the Board;
- (c) the desired independence of Non-Executive Directors.

1.1.3 Each Director is capable of assessing the broad outline of the Company's overall management.

1.1.4 The Board considers this profile when preparing nominations of persons to be appointed as Directors.

1.1.5 This profile is posted on the Company's website.

1.1.6 The following information about each Non-Executive Director is included in the Board's report:

- (a) gender;
- (b) age;
- (c) nationality;
- (d) principal position;
- (e) other positions, in so far as they are relevant to the performance by the Non-Executive Director of his or her duties;
- (f) date of initial appointment; and
- (g) current term of office.

## **2 SIZE, COMPOSITION, DIVERSITY AND INDEPENDENCE**

### **2.1 Size**

2.1.1 The Board consists of at least one Executive Director and at least one Non-Executive Director, provided that the total number of Directors must be at least five (5) and at most fifteen (15).

### **2.2 Composition**

2.2.1 The desired composition of the Board is such that the requisite experience, expertise, background, diversity and - as regards to the Non-Executive Directors - independence is present to enable the Board to best carry out its responsibilities.

2.2.2 In particular, the desired composition of the Board includes the following areas of expertise and backgrounds among its members:

- (a) financial administration and accounting, and internal risk management and control systems;
- (b) management strategy and risks inherent to the Business;
- (c) management selection, recommendation and development;
- (d) compliance, corporate governance, stock exchange rules and stakeholder management; and
- (e) international developments in markets and products in a field comparable with that in which the Company operates or which it is seeking to enter.

### **2.3 Diversity**

2.3.1 The desired composition of the Board complies with the Company's diversity policy.

2.3.2 The Board draws up a diversity policy for the composition of the Board. The policy addresses the specific targets relating to diversity and the diversity aspects relevant to the Company, such as nationality, age, gender, and education and work background.

### **2.4 Independence**

2.4.1 The desired composition of the Board enables Non-Executive Directors to operate independently, including the ability to operate critically with one another, the Executive Directors of the Board, and any particular interests involved.

2.4.2 In particular, the desired composition of the Non-Executive Directors of the Board ensures that:

- (a) a director will only qualify as an “independent director” if, in the opinion of that company’s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director; and
- (b) at least one Non-Executive Director qualifies as independent pursuant to clause 2.4.3 sections (a) up to and including (e);
- (c) the number of independent Non-Executive Directors meets the requirements of the Market Rules and related Instructions of Borsa Italiana, being:
  - I. at least 2 independent Non-Executive Directors when the Board consists of up to 8 Directors;
  - II. at least 3 independent Non-Executive Directors when the number of Directors is at least 9 and at most 14; and
  - III. at least 4 independent Non-Executive Directors when the Board consists of more than 14 Directors.

2.4.3 A Non-Executive Director is not independent if the Non-Executive Director or his or her spouse, registered partner or life companion, foster child or relative by blood or marriage up to the second degree:

- (a) has been an employee or Executive Director (including of associated companies) five years prior to his or her appointment;
- (b) receives personal financial compensation from the Company or an associated company, other than the compensation received for the work performed as Non-Executive Director and in so far as this is not in the ordinary course of business;
- (c) has had an important business relationship with the Company or an associated company in the year prior to the Non-Executive Director’s appointment. This includes the case where a Non-Executive Director, or the firm of which he or she is a shareholder, partner, associate or advisor, has acted as advisor to the Company (consultant, external auditor, civil law notary or lawyer) and the case where the Non-Executive Director is a managing director or an employee of a bank with which the Company has a lasting and significant relationship;
- (d) is a member of the management board of a company in which an Executive Director is a supervisory director;
- (e) has temporarily performed management duties during the previous twelve months while all Director positions are vacant or all Directors are unable to act;

- (f) has a shareholding in the Company of at least ten percent, taking into account shares held by natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement; or
- (g) is a managing director or supervisory director (or a representative) of a legal entity which holds at least ten percent of the shares in the Company, unless the entity belongs to the Group.

2.4.4 The Board shall undertake an annual review of the independence of the Directors and in accordance with the applicable independence criteria under the Code, shall affirmatively determine who of the Non-Executive Directors qualify as independent and whether the Board should take steps to increase the number of Non-Executive Directors who qualify as independent under the provisions of the Code.

2.4.5 The names of the independent Directors shall be published in the Company's Dutch statutory annual accounts and board report.

## Schedule 4 Rotation schedule of the Board

### 1 GENERAL

- 1.1.1 This rotation schedule, which is aimed at retaining the balance in the requisite expertise, experience and diversity, was prepared on the basis of clause 2.1.1 of these rules in accordance with Schedule 3, and was last updated on 13 October 2019.
- 1.1.2 The term of office of a Director ends ultimately immediately after the close of the first annual general meeting held after the date indicated in the column 'End of current term' below.
- 1.1.3 This rotation schedule is posted on the Company's website.

### 2 ROTATION SCHEDULE

Name	First appointment	Date of current appointment or reappointment (*)	End of current term
<b>Francesco Caltagirone</b> Executive Director ( <i>Chief Executive Officer and Chairman</i> )	27 June 1995	5 October 2019	AGM 2020
<b>Alessandro Caltagirone</b> Non-Executive Director ( <i>Vice-chairman</i> )	10 May 2006	5 October 2019	AGM 2020
<b>Azzurra Caltagirone</b> Non-Executive Director ( <i>Vice-chairman</i> )	10 May 2006	5 October 2019	AGM 2020
<b>Edoardo Caltagirone</b> Non-Executive Director	27 June 1992	5 October 2019	AGM 2020
<b>Saverio Caltagirone</b> Non-Executive Director	22 May 2003	5 October 2019	AGM 2020
<b>Fabio Corsico</b> Non-Executive Director	15 January 2008	5 October 2019	AGM 2020
<b>Mario Delfini</b> Non-Executive Director	27 June 1992	5 October 2019	AGM 2020
<b>Veronica De Romanis</b> Non-Executive Director	21 April 2015	5 October 2019	AGM 2020
<b>Paolo Di Benedetto</b> Non-Executive Director	18 April 2012	5 October 2019	AGM 2020
<b>Adriana Lamberto Floristan</b> Non-Executive Director	19 April 2018	5 October 2019	AGM 2020
<b>Chiara Mancini</b> Non-Executive Director	21 April 2015	5 October 2019	AGM 2020
<b>Roberta Neri</b> Non-Executive Director	19 April 2017	5 October 2019	AGM 2020



## **Schedule 5    Audit Committee Charter**

### **1        ROLE, RESPONSIBILITIES AND COMPOSITION OF THE AUDIT COMMITTEE**

#### **1.1     Role and responsibilities**

1.1.1    The Audit Committee prepares the decision-making of the Board regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

1.1.2    The Audit Committee focuses on monitoring the Board in matters including:

- (a)      relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;

The internal audit function has sufficient resources to execute the internal audit plan and has access to information that is important for the performance of its work. The internal audit function has direct access to the Audit Committee and the external auditor. Records are kept of how the Audit Committee is informed by the internal audit function.

The internal audit function reports its audit results to the Board and the essence of its audit results to the Audit Committee and informs the external auditor. The findings of the internal audit function includes the following:

- (i)      any flaws in the effectiveness of the internal risk management and control systems;
  - (ii)     any findings and observations with a material impact on the risk profile of the Business; and
  - (iii)    any failings in the follow-up of recommendations made by the internal audit function.
- (b)      the Company's funding;
  - (c)      the application of information and communication technology by the Company, including risks relating to cybersecurity; and
  - (d)      the Company's tax policy.

1.1.3    In addition, the Audit Committee carries out the following duties:

- (a)      recommending persons for appointment as senior internal auditor;
- (b)      annually forming a position on how the internal audit function fulfils its responsibility;

The Board discusses the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code with the Audit Committee.

- (c) if the Company does not have an internal audit department, recommending annually to the Board whether adequate alternative measures have been taken. The Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Board's report;
- (d) reporting annually to the Board on the functioning of, and the developments in, the relationship with the external auditor;

The Audit Committee advises the Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Board's observations during this process. Based on this, among other things, the Board determines its nomination for the appointment of the external auditor to the general meeting.

- (e) submitting a proposal to the Board for the external auditor's engagement to audit the financial statements;

The Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Board takes the decision on the engagement.

If a new external auditor is to be engaged by the Company the Audit Committee motivates the proposal as referred to in this article. The proposal states at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement.

- (f) annually discussing the draft audit plan with the external auditor, including:
  - (i) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and
  - (ii) based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the financial statements and the management letter;

- (g) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the financial statements; and
- (h) meeting with the external auditor as often as it considers necessary, but at least once a year, without Executive Directors being present.

1.1.4 The Audit Committee also carries out the following duties:

- (a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
- (b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
- (c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;
- (d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and
- (e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

## **1.2 Composition**

1.2.1 The Board determines the size of the Audit Committee, provided that the Audit Committee consists of at least three members.

1.2.2 More than half of the members of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

1.2.3 The Senior Non-Executive Director or a former Executive Director cannot serve as chairman of the Audit Committee. The chairman of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

1.2.4 At least one member of the Audit Committee must have specific expertise in financial reporting and in the reviewing of financial reports.

## **2 MEETINGS AND DECISION-MAKING**

2.1.1 Clause 5 of these Board rules applies equally to the meetings and decision-making of the Audit Committee, provided that:

- (a) meetings of the Audit Committee are attended by the Chief Financial Officer, the internal auditor and the external auditor, unless the Audit Committee determines otherwise; and

- (b) the Audit Committee may decide that, and if so when, the Chief Executive Officer attends its meetings.

### **3 REPORT TO THE BOARD**

3.1.1 The Audit Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.

3.1.2 The Audit Committee reports to the Board on its deliberations and findings. This report includes the following information:

- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;
- (b) the methods used to assess the effectiveness of the internal and external audit processes;
- (c) material considerations regarding financial reporting; and
- (d) the way material risks and uncertainties referred to in Best Practice provision 1.4.3 of the Code have been analysed and discussed, along with a description of the most important findings of the Audit Committee.

3.1.3 In particular, the Audit Committee reports on the results of the annual statutory audit to the Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit Committee in the audit.

## **Schedule 6 Remuneration and Nomination Committee Charter**

### **1 RESPONSIBILITIES AND COMPOSITION OF THE REMUNERATION AND NOMINATION COMMITTEE**

#### **1.1 Responsibilities**

1.1.1 The Remuneration and Nomination Committee prepares the Board's decision-making (including, if applicable, proposals of the Board for the General Meeting) regarding the determination of the remuneration of individual Directors, including severance payments.

1.1.2 The Remuneration and Nomination Committee submits a proposal to the Board (including, if applicable, proposals of the Board for the General Meeting) concerning the remuneration of each Director. The proposal is drawn up according to the remuneration policy that has been established and in any event covers:

- (a) the objectives of the strategy for the implementation of long-term value creation within the meaning of Best Practice provision 1.1.1 of the Code;
- (b) the scenario analyses carried out in advance;
- (c) the pay ratios within the Company and the Business;
- (d) the development of the market price of the shares;
- (e) an appropriate ratio between the variable and fixed remuneration components. The variable remuneration component is linked to measurable performance criteria determined in advance, which are predominantly long-term in character;
- (f) if shares are being awarded, the terms and conditions governing this. Shares should be held for at least five years after they are awarded; and
- (g) if share options are being awarded, the terms and conditions governing this and the terms and conditions for exercising the share options. Share options may not be exercised during the first three years after they have been awarded.

1.1.3 The Remuneration and Nomination Committee also prepares the Board's decision-making (including, if applicable, proposals of the Board for the General Meeting) regarding:

- (a) the drawing up of selection criteria and appointment procedures for Executive Directors and Non-Executive Directors;
- (b) the periodical assessment of the size and composition of the Board, and the making of proposal for a composition profile of the Board;

- (c) the periodical assessment of the performance of individual Executive Directors and Non-Executive Directors and reporting this to the Board;
- (d) the drawing up of a plan for the succession of Executive Directors and Non-Executive Directors;
- (e) the proposal for appointment and reappointment of Executive Directors and Non-Executive Directors;
- (f) the supervision of the policy of the Board regarding the selection criteria and appointment procedures for senior management; and
- (g) the drawing up of the Company's diversity policy for the composition of the Board.

## **1.2 Composition**

- 1.2.1 The Board determines the size of the Remuneration and Nomination Committee, but the Remuneration and Nomination Committee must consist of at least three members.
- 1.2.2 The Board appoints the members of the Remuneration and Nomination Committee.
- 1.2.3 More than half of the members of the Remuneration and Nomination Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

## **1.3 Chairman**

- 1.3.1 The Board appoints one of its members as chairman of the Remuneration and Nomination Committee.
- 1.3.2 The Chairman or a former Executive Director may not serve as chairman of the Remuneration and Nomination Committee.

## **2 MEETINGS AND DECISION-MAKING**

- 2.1.1 Clause 5 of these Board rules applies equally to the meetings and decision-making of the Remuneration and Nomination Committee.

## **3 REPORT TO THE BOARD**

- 3.1.1 The Remuneration and Nomination Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Remuneration and Nomination Committee were carried out in the financial year, and also reports on the composition of the Remuneration and Nomination Committee, the number of meetings of the Remuneration and Nomination Committee and the main items discussed at those meetings.

3.1.2 The Remuneration and Nomination Committee describes, in a transparent manner, in addition to the matters required by law:

- (a) how the remuneration policy has been implemented in the past financial year;
- (b) how the implementation of the remuneration policy contributes to long-term value creation;
- (c) that scenario analyses have been taken into consideration;
- (d) the pay ratios within the Company and the Business and, if applicable, any changes in these ratios in comparison with the previous financial year;
- (e) in the event that a Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance and on which the variable remuneration depends, and the relationship between the remuneration and performance; and
- (f) in the event that a current or former Director receives a severance payment, the reason for this payment.

3.1.3 The main elements of the agreement of an Executive Director with the Company is published on the Company's website in a transparent overview after the agreement has been concluded, and in any event no later than the date of the notice calling the General Meeting where the appointment of the Executive Director will be proposed.