



TERMS AND CONDITIONS OF THE PARTICIPATORY FINANCIAL INSTRUMENTS

Attached to the resolution of the extraordinary shareholders' meeting of 12/12/2019 as per art.37 bis of the By-Laws

1. PURPOSE

- 1.1 These terms and conditions (the "**Terms and Conditions**") govern the characteristics, content, rights, term, issuance modalities and conditions, as well as the circulation and functioning rules of the participatory financial instruments ("**PFI**s") of CMC di Ravenna Soc.Coop. ("**CMC**" or the "**Company**"), whose issuance has been approved with resolution of the extraordinary shareholders' meeting on 16/05/2019, subject to the homologation, by the Court of Ravenna, of the composition with creditors with direct continuity proposed by CMC (the "**Composition**"), and in execution thereof.

The Terms and Conditions – as approved by the mentioned extraordinary shareholders' meeting on 16/05/2019 and subsequently amended thereby on 12/12/2019 – is attached to the Company By-Laws (the "**By-Laws**") and forms an integral part thereof, pursuant to and for the purposes of the sixth paragraph of art.2346 of the Italian Civil Code.

Following the approval of the issuance of PFIs for the maximum amount (Euro 500,000,000.00) and within the maximum time limits (four years starting from the resolutions date, by and not later than 16 May 2023), as well as of these Terms and Conditions, by the mentioned extraordinary shareholders' meetings, every further determination and activity, within the maximum amount and time limits as above resolved - which by way of example the actual issuance of PFIs in two or more tranches, the times of the single issuances and the related amounts, the offer of PFIs in subscription to the addresses, the perfection of the Contribution, the delivery and possible withdrawal of the Certificates embedding the PFIs, the conversion (in whole or in part, upon request and/or automatic) of PFIs into Bonds, the determination of the Conversion Periods of PFIs into Bonds, the accounting evidences, any amendments and/or supplements to the Terms and Conditions, delegated by the shareholders' meeting to the Board of Directors, or consequent to the determinations and activities delegated to the Board of Directors, or necessary or appropriate in order to repeal material errors, ambiguities or inaccuracies in the text, provided that said amendments are not prejudicial to the rights of the PFI Holders - are in particular and without limitation delegated to the Board of Directors.

- 1.2 For the purposes hereof, the Composition provided for the awarding of PFIs, on account of *datio in solutum*, to CMC's unsecured creditors ("**Creditors**") broken down in the following classes:

- 1) Class 2: Actual Unsecured Creditors of financial nature;
- 2) Class 3: Actual Unsecured Creditors of non-financial nature;

3) Class 4: Creditors (of third parties) Guaranteed by CMC, to be satisfied after the possible occurrence of the Event, as defined in the Composition;

4) Class 5: Potential Creditors-Risks Provisions, to be satisfied after the possible occurrence of the Event, as defined in the Composition.

The PFIs governed by these Terms and Conditions will be issued in two or more tranches, the first of which ("**First Issuance**") within 90 days of the Composition homologation, and the second ("**Second Issuance**") in the period between the 12th and 18th month after the homologation, being the closing of the Composition provided for within two years of the homologation.

Corresponding to the mentioned creditors classes, PFIs – although being all of the same type and entitling Holders to the same rights - in consideration of the mentioned multiple issuances by the Board of Directors, are divided in:

- "**PFIs-2020**", subject matter of the First Issuance, destined to Creditors of Classes 2 and 3, as well as to Creditors of Classes 4 and 5 in relation to whom the Event occurs on a date prior to the First Issuance;

- "**PFIs-2021**", subject matter of the Second Issuance, destined to Creditors of Classes 4 and 5 in relation to whom the Event occurs on a date subsequent to the First Issuance.

The PFIs name may be varied by the Board of Directors based on the actual issue dates, also in consideration of the possible issuance of further tranches of PFIs, within the mentioned Composition closing date within two years of the homologation.

After their issuance, PFIs-2021 will entitle the relevant Holders to the same rights as the PFIs-2020, and all Holders will rank *pro quota* and *pari passu* in the exercise of the rights granted by the PFIs, analytically described in the subsequent articles of the Terms and Conditions.

The generic reference to "PFIs" includes, in these Terms and Conditions, both PFIs-2020 and PFIs-2021, or the PFIs anyhow called issued in execution of the resolutions of the extraordinary shareholders' meeting of 16/5/2019 and 12/12/2019.

- 1.3 PFIs are not debt securities, their nature is similar to equity and their nominal value is Euro 1,00 each, and may be transferred, in accordance with the provisions of art.3 of these Terms and Conditions.
- 1.4 PFIs are represented by paper certificates issued by the Company's Board of Directors, signed by a director thereof (hereafter, the "**Certificates**" and individually a "**Certificate**"), and in the name of the holder, corresponding to the Creditor of the respective class, in a number corresponding to its actual claim (the "**Holder**"), without prejudice to the provisions of subsequent art.1.8 in relation to Challenged Creditors.
- 1.5 Each Certificate is registered and sets out:
 - a) the name of "PFIs-2020" or "PFIs-2021" (without prejudice to the variation of name by the Board of Directors pursuant to art.1.2, or other name);
 - b) the identification elements of the Holder (surname and first name, tax code and domicile of the Holder who is an individual; or company name, registered office, tax code of the Holder which is a legal person or entity);
 - c) the number of PFIs represented by the Certificate;
 - d) indication of the PFIs transfers;
 - e) possible indication of "Claim being challenged" in the cases laid down in art. 1.8.
- 1.6 The Company, possibly also upon request of the Holder, is entitled to proceed with the grouping together or fractioning of the Certificates representing the PFIs: upon actual issuance, the Board of Directors will issue one single Certificate per each Holder.

- 1.7 The Company establishes and updates, at the care of the Directors, the register of Holders (hereafter, the "**Register**") with indication of:
- a) the number of PFIs issued and outstanding, the related Contribution as well as the related Certificate;
 - b) the identification elements of the Holder, as well as of the possible election of special domicile and possible granting of power of attorney to third parties (either notarial or authenticated by notary, or equivalent for foreign countries) to exercise the Holder's rights;
 - c) the domicile/registered office, PEC address, or in lack thereof, ordinary email, of the Holder for the communications thereto provided for by the Terms and Conditions;
 - d) the details of the bank cash account in the name of the Holder, on which payments of Distributions shall be executed by means of wire transfer, without prejudice to the Holders' right to vary the mentioned details with communication via PEC or registered letter with receipt notice (or equivalent for foreign countries), excluding the use of ordinary e-mail in the communication to the Company; in case of failed communication of the above details, CMC will execute payments of Distributions on the cash account in the name of the Common Representative exclusively dedicated thereto, with releasing effect;
 - e) the appointment of the Common Representative, with its identification elements and PEC address thereof, for the communications provided for by the Terms and Conditions;
 - f) PFIs transfers in accordance with subsequent art.3 of the Terms and Conditions.
- 1.8 PFIs may be issued by the Board of Directors (in a number determined thereby, within the maximum amount of the Creditor's request) also in favour of Creditors, whose claims are challenged by the Company, as per *an* or *quantum*, in whole or in part (respectively, "**Challenged Creditors**" or "**Partially Challenged Creditors**", for the purpose of the regime laid down by art. 4.6 and 6.9 of these Terms and Conditions).
- The regime laid down by the Terms and Conditions for Challenged or Partially Challenged Creditors will be applicable until the judicial determination with judgement no longer subject to appeal, or until settlement, of the dispute (the "**Determination**").
- The awarding of PFIs to Challenged or Partially Challenged Creditors does not constitute an acknowledgment of the claim, being their *datio in solutum* subject, in whole or in part, to the condition precedent of the failed acknowledgment, total or partial, of the claim in the context of the Determination; following and as a result of the Determination, only PFIs corresponding to the actual claim determined in the context of the Determination will remain outstanding.
- The Certificates awarded to Challenged Creditors will be marked as "Claim being challenged"; distinct certificates will be awarded to Partially Challenged Creditors, for the non-challenged amount and the challenged amount, and those latter will be marked as "Claim being challenged". Following the Determination, and based thereon, PFIs issued in favour of Challenged or Partially Challenged Creditors, will be cancelled in whole or in part, or released from being marked as "Claim being challenged".
- 1.9 In case a Creditor claims a higher credit, compared to the PFIs awarded thereto, following said awarding, the Board of Directors may issue further PFIs, within the maximum number resolved by the shareholders' meeting (or subject to prior amendment of the maximum amount by means of extraordinary shareholders' meeting resolution); where said higher claim is challenged by the Company, art. 1.8 above and the related regime will be applicable until the Determination.

- 1.10 PFIs will be issued according to the ratio specified in art.2.1 below, with rounding by excess, to the following unit, in favour of Creditors.

2. CONTRIBUTION AND SUBSCRIPTION

- 2.1 PFIs are issued on account of *datio in solutum* extinguishing every claim of the Holder, for accounting purposes in the "*provision*" ration of no. 1 PFI '*in lieu of performance* " of Euro 1 of residual claim, entailing the Composition homologation the remittal of 80% of each claim; under an economic point of view, the subscription of PFIs takes place by means of setoff of all credits claimed by the subscribers against the CMC issuer (as resulting following the Composition homologation) against the debt for subscription price owed thereby to CMC, equal to Euro 1 per each PFI under an accounting point of view (the "**Contribution**"). The aggregate Contribution is therefore equal to 20% of the claims originally pertaining to the Creditors of Classes 2, 3, 4 and 5, satisfied with the *datio in solutum* of the PFIs.
- 2.2 CMC's Board of Directors will certify the occurred subscription of the PFIs – which is deemed intervened as a result of CMC' Composition homologation, with no need for acceptance or other formalities by the Creditor – through specific resolutions, which will specify the number of PFIs awarded to each Creditor, by so doing considering the delivery of PFIs to the Holders occurred.
Holders, identified by name, will be in any case entitled to request to and obtain from CMC's Directors, proving their identity, the physical delivery of the PFIs Certificates issued in their name.
- 2.3 As express Composition covenant, Creditors granted CMC's Board of Directors with irrevocable mandate, without consideration, for the full subscription of PFIs, authorizing CMC's Board of Directors to dispose of their claims towards CMC in order to extinguish them by means of *datio in solutum* (by "set-off" against the payable for subscription of PFIs).
- 2.4 The Contribution is disbursed by the Holders by means of conversion of their claims into PFIs, upon subscription of the PFIs, which is indeed deemed to have occurred as a consequence of CMC's Composition homologation.
- 2.5 The Contribution is made with no redemption right, since made on a non-repayable basis (except for the rights provided for in the Terms and Conditions), and is accounted for in one single severable net equity reserve called "*Contribution Reserve Participatory Financial Instruments* ("**PFIs Reserve**")", as better governed in subsequent artt. 2.6 and 5 of these Terms and Conditions.
- 2.6 The PFIs Reserve (i) may not be merged with other net equity items; (ii) may be distributed or used solely in favour of the holders of PFIs and (iii) shall be used as last in the absorption of the losses resulting from the Company's financial statements (with the mandatory exception of inseverable or unavailable reserves) and may be used only provided that losses are material under art.2446, second paragraph, or art.2447 of the Italian Civil Code; (iv) will be reduced (or possibly zeroed) in light of Conversions of PFIs into Bonds as provided for by art.10.7 below. In case of losses, the corresponding use of the Reserve will not prejudice, not even in part, the exercise or satisfaction of any of the rights pertaining to the Holders of PFIs, including Economic Rights, in proportion with the number of PFIs subscribed for, provided that the possible reduction and/or zeroing of the PFIs Reserve (not consequent to the PFIs Conversion as per item iv) shall not prejudice the PFIs' rights or entail under any circumstances the termination of the PFIs.

3. TRANSFERABILITY

- 3.1 PFIs are freely transferable, exclusively for the entire amount. The creation of security interests on the PFIs is furthermore always permitted.
- 3.2 The term "**to transfer**" and "**transfer**" shall mean any transfer transaction, for consideration (with consideration either fungible or non-fungible) or without consideration, put in place by the Holder in favour of another person, capable of transferring (either directly or indirectly) the ownership of the PFIs.
- 3.3 PFIs may be transferred by means of certified endorsement of the Certificate or by means of public deed or private document with signature certified by a notary public. For the purpose of the transfer of PFIs, the Company's Directors, upon request of the new Holder – who shall to this end show the Certificate/s representing the PFIs subject matter of the transfer (as well as, in lack of certified endorsement, the public or certified deed as per the above) – take care without delay of (i) annotating the name of the new Holder on the Certificate/s and in the Register; or (ii) replacing said Certificate/s with a new Certificate in the name of the new Holder and annotating in the Register the transfer of the PFIs to the new Holder, the cancellation of the previous Certificate/s and the issue of the new Certificate.
- 3.4 In lack of the formalities provided for by art.3.3, the transfer of PFIs is ineffective vis-à-vis the Company, and the original Holder only will be considered entitled to exercise the rights attaching to the PFIs, so that the payment of Distributions in favour thereof will have releasing effects for the Company.
- 3.5 The Company assumes no liability whatsoever in relation to transfers of PFIs, without prejudice to the obligation to acknowledge as new Holder the person annotated in the Register following the transfer.

4. ECONOMIC RIGHTS

- 4.1 As from 1 January 2021 ("**Entitlement Date**") and until 31 December 2030, PFIs entitle each Holder to Economic Rights on the terms and conditions specified below, with priority over every other distribution of reversals, profits, reserves or residual liquidation income to cooperative or retired shareholders, without prejudice to the mandatory provisions on the allocation of profit shares to legal reserve and to the Mutual fund for the promotion and development of cooperation or other destinations mandatory under the law, and without prejudice to the prohibition to distribute inseverable reserves pursuant to the law or the By-Laws.
- 4.2 Each PFI, without prejudice to the mentioned mandatory prohibitions, entitles the relevant Holder to the right to receive, proportionally with the number of PFIs held by the Holder compared to the total number of PFIs, *pari passu* with the other PFI Holders, the amounts deriving from any:
 - (i) distribution of profits in respect of which the shareholders' meeting, upon approval of the financial statements, has ascertained the existence and resolved the distribution, mandatory to the extent of 100% of actually realized and distributable profits (based on the available liquidity existing and within the limits of "L - BC - HC" as defined in item (ii) below) as per the law and the By-Laws ("**Dividends**");
 - (ii) distribution of reserves from profits or in any case distributable, including the PFIs Reserve itself ("**Reserves**"), in respect of which the shareholders' meeting, upon approval of the financial statements, has resolved the distribution, mandatory to the extent resulting from the following formula: (L - BC - HC - D), where: "L" means the

monetary liquidity at the end of the reference year; "BC" (Branch Cash) means the monetary liquidity standing in the cash accounts opened with CMC's Branches and specifically destined to finance the operations of orders and, as a consequence, not available for other purposes; "HC" (Head Office Cash) means the plafond of monetary liquidity, equal to Euro 25,000,000.00 withheld in order to guarantee CMC's operations; "D" means the Dividends in respect of which the Distribution pursuant to item (i) had been resolved;

(iii) allocation of the residual liquidation income, as resulting after payment of all creditors as well as after payment of the expenses relating to the liquidation procedure and the liquidators remuneration ("**Net Liquidation Assets**", and together with the "Dividends" and the "Reserves", the "**Distributions**").

4.3 CMC will pay the Distributions to PFI Holders within 60 days from their meeting's resolution, by means of wire transfer on the Holders' cash Account, subject to prior verification of the preliminary satisfaction, by the Company, of the preferential and privileged Composition claims, and also of the issuance of PFIs-2021.

PFIs entitle to no annual yield or interests whatsoever.

Rights to Distributions are time barred after 5 (five) years from the date on which the Distributions have been resolved as per the above.

4.4 The amount of annual Distributions in favour of PFI Holders will be determined by the Company's Board of Directors upon drafting of the annual financial statements, and shall be verified by the Company's audit firm, for the purpose of the mentioned meeting's distribution resolutions.

4.5 PFI Holders are entitled to the payment of what provided for in art. 4.2. with priority over cooperative or retired shareholders, and the future lending shareholders and the holders of any other participatory financial instrument possibly issued in the future by the Company, while they rank *pari passu* – on the terms of the respective Terms and Conditions - with the Bondholders of the "Bond Loan 2022-2026" to be issued to service the Conversion of PFIs as per art. 10 below in these Terms and Conditions. Items (i) and (ii) of art.4.2, since they destine Dividends and Reserves exclusively to PFI Holders, will therefore be applicable in lack of Conversions of PFIs (and accordingly in lack of Bondholders), while in case of partial Conversion of PFIs (and accordingly of coexistence of PFIs and Bonds), art.10.10 shall be applicable in replacement of mentioned items (i) and (ii) of art.4.2, without prejudice to the residual clauses of this att.4.

4.6 Until the Determination, the Distributions the Challenged Creditors would be entitled to will be executed in favour thereof, by means of wire transfer on the specific cash account pledged in favour of the Issuer, so to assure to the latter the possible repayment of the amounts proving undue following the Determination, and their redistribution pursuant to the Terms and Conditions. Said regime will be applicable, for Partially Challenged Creditors, in relation to the Claim being challenged only, while for the non-challenged amount Distributions will take place by means of wire transfer on a pledge free cash account.

4.7 The Distributions concern Dividends and Reserves resulting from the financial statements, duly approved, relating to financial years from 2021 to 2030 included; in case as at 30 June 2031 ("**Maturity Date**"), the financial statements relating to financial year closed on 31/12/2030 have not been approved yet by the shareholders' meeting, the Maturity Date will be deemed to be postponed until the date of the Distributions resulting from the financial statements closed on 31/12/2030 ("**2030 Distributions**"); on the Maturity Date or, if subsequent, on the 2030 Distributions date, PFIs shall automatically terminate ("**PFIs Termination**"). After the PFIs Termination, the claims as per art.4.6 consequent to the

Determination of Challenged or Partially Challenged Claims, where the Determination occurs on a date following the PFIs Termination, as well as the claims under art.9.3, shall remain in any case unprejudiced.

- 4.8 The issuing Company shall refrain from resolving distributions of dividends, reserves or reversals in favour of its cooperative or retired shareholders, until the PFIs Termination.

5. PARTICIPATION IN LOSSES

- 5.1 The losses for the year incurred by the Company are allocated, according to the order and up to their amount, (i) to available reserves (ii) to inseverable or unavailable reserves, within the limits permitted by the law (iii) to the "PFIs Reserve".
- 5.2 Where the PFIs Reserve is eroded by losses, the profits for the year subsequently accrued shall on a priority basis be allocated to its replenishment, unless they have a different destination in application of mandatory provisions.
- 5.3 PFIs maintain all Economic and Administrative Rights attaching thereto even in case of total erosion of the PFIs Reserve.

6. ADMINISTRATIVE RIGHTS

- 6.1 PFIs entitle their Holders to the following Administrative Rights, defined taking into account the existence of a lending shareholder entitled to the appointment of one member of the Board of Directors and five votes in CMC's general shareholders' meeting:
- (i) the right to designate (altogether and cumulatively) three members out of twelve (or in any case 1/3 of members *less* one) of the Board of Directors, without prejudice to the necessary appoint thereof by the general shareholders' meeting; said directors – who shall meet the requirements laid down in art.77 of the By-Laws - will have veto right in board meetings as regards resolutions concerning mergers, split-ups, transformations, sale or in any case transfer of business, voluntary put into liquidation of the Company, but will not have the right to challenge board resolutions, except in case of failed compliance with the veto expressed thereby as per the above. In case one director designated by the Special Meeting of PFI Holders should cease for whatever reasons, including revocation, the Board of Directors shall immediately call the Special Meeting of PFI Holders for the purpose of appointing a substitute, even in the case provided for in the last paragraph of art.77 of the By-Laws (co-optation). Until the appointment of said substitute, board resolutions for which the mentioned veto right is provided for may not be validly adopted, unless approved by the Special Meeting;
 - (ii) the right to designate (altogether and cumulatively) a standing member, not acting as Chairman, of the Board of Statutory Auditors, without prejudice to the necessary appoint thereof by the general shareholders' meeting, and the regime under (i) for the replacement thereof;
 - (iii) the right, to be exercised by the Common Representative, to intervene and vote in CMC's general shareholders' meeting, within the limits of one third of the votes pertaining to all shareholders present or represented in each general shareholders' meeting of the Company, *less* five votes; the attribution of the voting right to PFIs through the Common Representative has no impact on the *quorum* required by the By-Laws for the valid constitution of the ordinary or extraordinary shareholders' meeting, so that the possible failed participation of the Common Representative in the

shareholders' meeting will not be relevant for the purpose of the valid constitution thereof;

- (iv) the right, to be exercised by the Common Representative, to challenge the meeting's resolutions;
- (v) the right, to be exercised by the Common Representative, to examine the books referred to in article 2421 items 1) and 3), of the Italian Civil Code, as well as to view the entire documentation that, pursuant to the law and the By-Laws shall be lodged with the registered office of the Company for the benefit of all Shareholders, such as – without limitation – the annual financial statements and the reports of the Board of Directors, Board of Statutory Auditors and the Audit Firm, where appointed.

6.2 Without prejudice to the provisions of art 6.1 above, PFI Holders express the voting right in the respective category Special Meeting (hereafter the "**Special Meeting**"), according with the modalities and conditions referred to, in the order, this article, the By-Laws and the Italian Civil Code.

6.3 The Special Meeting of PFI Holders meets to resolve:

- a) on the approval of the Company's shareholders' meeting resolutions, directly and actually prejudicing PFIs' rights, provided that resolutions concerning the approval of the Company's annual financial statements are not considered prejudicial;
- b) on the exercise of the rights granted to the Holders by art.6.1 above, including the designation of the members of the Board of Directors and Board of Statutory Auditors pertaining to PFI Holders and the voting instructions to the Common Representative in CMC's general shareholders' meeting;
- c) on the appointment, term and revocation of the Common Representative (the "**Common Representative**"), who will discharge the functions under art. 6.4 below and on the liability action against him;
- d) on the establishment of a fund for the expenses necessary to protect common interests and on the related account statement;
- e) on the disputes with the Company and the related settlements and waivers;
- f) on the other topics of common interest for the category.

6.4 The Common Representative, who may also not be a PFIs Holder, takes care of informing the general shareholders' meeting and the Company's Board of Directors of the decisions of PFIs Holders adopted within the Special Meeting, within 7 days of the adoption of the resolutions. The Common Representative takes care of executing the resolutions of the Special Meeting and protects the common interests of PFI Holders; has the right to intervene, without own voting right (being therefore solely entitled to exercise the vote pertaining to the PFIs according with the determinations of the Special Meeting), in the Company's general shareholders' meeting, also for the purpose of communicating the resolutions adopted by the Special Meeting.

6.5 The Special Meeting is called by the Board of Directors or by the Common Representative, mandatorily when request is made by one third of PFI Holders.

The Board of Directors shall call the Special Meeting, by means of written communication to be sent (also via PEC) to the Common Representative, at least 15 (fifteen) days prior to the general shareholders' meeting. The Common Representative shall call the Special Meeting, by means of written communication to be sent (also via PEC) to PFI Holders at least 8 (eight) days prior to the meeting. The general shareholders' meeting may in any case proceed with the adoption of the relevant resolutions, provided that the relevant resolutions of the Special Meeting shall in any case be adopted, where necessary pursuant to the Terms and Conditions (art.6.3 sub a).

- 6.6 In order to allow the Holders to resolve pursuant to art. 6.3 above, the Chairman of the Board of Directors will, furthermore, make available to the Common Representative every useful information, including any documents intended for the shareholders (contextually with the making available to the shareholders of the same documentation).
- 6.7 Every PFIs of Euro 1 entitles to one vote in the Special Meeting.
- 6.8 The Special Meeting, both in first and second call, resolves with the favourable vote of at least 60% of the value of PFIs, as resulting from the Register, being excluded from computation PFIs marked as "Claim being Challenged". The minutes are drafted by notary public.
- 6.9 Until the Determination, the exercise of Administrative Rights attaching to the PFIs marked as "Claim being Challenged" is suspended, and their value is not computed for the purpose of the majority referred to in art.6.8 above, as already specified therein.

7. NO WITHDRAWAL AND CONVERSION INTO SHARES

- 7.1 Both withdrawal by PFI Holders, and conversion of PFIs into Company shares (whether ordinary or not) is excluded.

8. TERM – EARLY TERMINATION OF PFIs

- 8.1 PFIs have a term until the PFIs Termination date pursuant to art.4.7, and accordingly until 30 June 2031 (Maturity Date), or, where subsequent, the 2030 Distributions date, where the financial statements relating to the financial year closed on 31/12/2030 have not been approved yet by the shareholders' meeting as at the Maturity Date.
- 8.2 The "**Early Termination of PFIs**" will occur, with extinction of all rights attaching to the PFIs, in case of total Conversion of PFIs into Bonds, pursuant to art.10 of these Terms and Conditions, also as a consequence of the possible Automatic Conversion referred to in art.10.8.

9. RISK INVESTMENT – MINIMUM SATISFACTION GUARANTEE

- 9.1 No guarantees are granted or undertakings are given to guarantee any annual remuneration of PFIs, provided that annual Distributions are mandatory for the Company, to the extent resolved by the shareholders' meeting, and without prejudice to the provisions of art.9.3 below.
- 9.2 Each Holder, with the subscription or purchase of PFIs, acknowledges and accepts that they constitute a risk investment, similar to equity (even if not a capital contribution), considering that they are issued without redemption obligation of the Contribution, without prejudice to the rights provided for by these Terms and Conditions, i.e. economic, administrative and of Conversion into Bonds (instead, debt securities, with consequent redemption obligation, to the extent referred to in art.10.1).
The ownership of PFIs, in addition to the Conversion right into Bonds, entitles solely to the Economic and Administrative Rights governed by these Terms and Conditions: accordingly it does not entitled, under any circumstances, to any redemption or repayment right of what contributed, or of what converged into the "PFIs Reserve", without prejudice to the mentioned rights provide for by these Terms and Conditions.
- 9.3 In any case, with prevalence over any possible provisions to the contrary, Distributions, during the term of the PFIs, shall guarantee to PFI Holders the collection of at least **10%** of

the original claim the Creditor was entitled to in CMC's Composition, i.e. at least half the Contribution. Accordingly, in case on the PFIs Termination date Holders have not collected at least the mentioned amount, they will be entitled to a certain, liquid and payable right, whose amount would be equal to the difference between the Distributions in aggregate received and the minimum guaranteed amount of 10% of the original claim the Creditor was entitled to in CMC's Composition.

10. CONVERSION OF PFIs INTO BONDS

- 10.1 PFI Holders – as provided for in the Ministerial Report to Legislative Decree 17.1.2003 No. 6, under item 3.4, and resolved by the extraordinary shareholders' meeting of 12/12/2019 – are entitled to convert PFIs held thereby (as a result of the Composition homologation) into Bonds, governed by the "Terms and Conditions of the BL" approved by the Board of Directors, in the ratio of No.2 PFIs per each Bond ("**Conversion**"), only for all PFIs held thereby, with exclusion of partial conversion. Said Conversion ratio - no.1 Bond per each no.2 PFIs held - entails, under an economic point of view, the awarding to the Holder of Bonds for a nominal value equal to **10%** of the original claim the Creditor was entitled to in CMC's Composition, but not as a result of direct conversion of said claim into Bonds, but instead as a result of the Conversion of PFIs, whose *datio in solutum* extinguished the claim in the Composition, guaranteeing by the way to the Holder a minimum collection equal to 10% pursuant to art.9.3. The Bonds directly entitle the Holder to the (only) right to repayment of the mentioned 10%, on the terms governed by the Terms and Conditions of the BL (and accordingly more quickly compared to the PFIs, and with the accrual of interests), where PFIs - in addition to Administrative Rights (not attaching to the Bonds) – entitle to the right not to the repayment of the Contribution, but instead to Distributions, although with the guarantee of the minimum collection of 10%, over the (higher) term of the PFIs, without interests. The Conversion of PFIs into Bonds accordingly entails, with the replacement of the financial instrument, an objective novation of the Holder's claims. The Conversion of PFIs into Bonds is external to the Composition, being the creditor's claim within the Composition already extinguished by means of *datio in solutum* of the PFIs, whose Conversion accordingly entails an amendment to the relation in place between the Holder and the Company, subsequent to the extinction of the Holders' Composition claim.
- 10.2 To service the Conversion of PFIs, the Board of Directors has been authorised by CMC's shareholders' meeting of 12/12/2019, pursuant to art. 61 letter r) of the By-Laws, to issue the "Bond Loan 2022-2026" (even just "BL"), up to the maximum amount of Euro 250,000,000.00, in two or more tranches, on the basis of the Terms and Conditions of the BL approved by the Board of Directors. The issuance of the BL falls under the competence of the Board of Directors pursuant to art. 80 letter q) of the By-Laws, which accordingly does not involve derogations to art. 2410 cc (without prejudice to the mentioned already intervened meeting's authorization resolution).
- 10.3 After the homologation of the Composition, the Board of Directors will proceed with the issuance of the Bond Loan in two or more tranches, each one up to a maximum amount equal to half the amount of the single tranche of PFIs issued by the Board of Directors (delegated thereto by the shareholders' meeting), in consideration of the Conversion ratio of No.2 PFIs / No.1 Bond, and accordingly for an amount suitable for the possible Conversion also of all issued PFIs. The First Issuance of PFIs-2020 will accordingly be followed by the issuance of the "**First Tranche**" of Bonds, up to a maximum nominal amount equal to half the amount of issued PFIs-2020; the Second Issuance of PFIs-2021 will be followed by the

issuance of the “**Second Tranche**” of Bonds, up to a maximum nominal amount equal to half the amount of issued PFIs-2021.

- 10.4 The Conversion right may be exercised by each PFI Holder (such, pursuant to art.2.2, as a result of the homologation of CMC’s Composition) – even Challenged or Partially Challenged Creditor, with the specifications referred to in the Terms and Conditions of the BL – by means of written request to the Company, within 6 months after the date of the Composition homologation decree (“**First Conversion Period**”), even before the First Issuance of PFIs-2020 and the issuance of the “Bond Loan 2022-2026”, being meant in this case the Conversion request as a Conversion reservation and supplementary mandate to the mandate referred to in art. 2.3, being CMC’s Board of Directors authorised to convert PFIs, issued or to be issued, into Bonds, issued or to be issued, as a result of the Conversion request, even by way of reservation. The Conversion request, even by way of reservation, is in any case irrevocable by the Holder.

Without prejudice to the provisions of the subsequent paragraph, the First Conversion Period may be used also by Creditors of Classes 4 and 5, not yet Holders of PFIs (not having them become such as a result of the Composition homologation, for failed occurrence of the Event), for the purpose of reserving the Conversion of the PFIs-2021 they will possibly become the Holders of in case of occurrence of the Event, out of the second Tranche of Bonds, without prejudice to the *datio in solutum* of the PFIs-2021, and their subsequent Conversion into Bonds by virtue of the relevant reservation. Said reservation is meant in any case to be subject to the occurrence of the Event, therefor it will produce its effects as from the occurrence of the Event, and will remain affectless in lack of the Event (since said non-occurrence will prevent the very same *datio in solutum* of PFIs-2021).

As regards the Second Issuance of PFIs-2021, the Conversion right, out of the Second Tranche of Bonds, may in any case be exercised by the Holders of PFIs-2021 in the period between the 12th and the 18th month after the homologation (“**Second Conversion Period**”), and the above provisions in this article 10.4 will be applicable also in relation to the Conversion reservation.

Any further Conversion Periods may be provided for with specific resolution of the Board of Directors, delegated thereto by the extraordinary shareholders’ meeting of 12/12/2019.

- 10.5 The PFIs Conversion request entails subscription (or irrevocable subscription request, where not issued yet) of the Bonds according to the mentioned ratio of No.2 PFIs per each Bond, so that each PFI Holder, as a result of the Conversion, will be the holder of a number of Bonds (of nominal value of Euro 1 each) equal to half the number of PFIs (of nominal value of Euro 1 each) he/she was the Holder of. In any case, following the Board of Directors’ resolution to issue the “Bond Loan 2022-2026”, and the issuance of the First Tranche of Bonds, the First Tranche Bonds will be deemed already subscribed for to an extent equal to the Conversion requests already received from the Holders, and will be then subscribed for the additional amount equal to the subsequent Conversion requests, until the expiration of the First Conversion Period; the same will occur for the Second Tranche, until the expiration of the Second Conversion Period (and for further tranches, if any). The Bond Loan will accordingly be deemed issued for an aggregate amount equal to the Bonds of the various tranches subscribed as a result of the Conversions of PFIs, being deemed the subscription of the BL in any case effected, since “severable”, to the (possibly partial) extent achieved as a result of the Conversions. The Overall Nominal Amount of the BL, as resulting from the subscription by means of Conversion of the Bonds tranches, will be therefore automatically equal to half the amount of PFIs subject to Conversion, also as a result of the Automatic Conversion referred to in art. 10.8 below.

- 10.6 Holders, identified by name, will be entitled to request to and obtain from CMC's Directors, proving their identity, the physical delivery of the Bond Certificates issued in their name, contextually delivering the PFI Certificates where withdrawn.
- 10.7 The PFIs Reserve, for the PFIs amounts converted into Bonds, will be released, versus the posting of a debt item line in the balance sheet liabilities equal to the amount of Bonds subscribed by means of Conversion, and accordingly equal to half the amount of the corresponding converted PFIs, and so to half the released PFIs Reserve, while the residual half of the released PFIs Reserve will converge into an available reserve, relevant also for the purposes of art.2412 of the Italian Civil Code.
- 10.8 PFIs and Bonds will be coexisting, up to a maximum of 70.00% of Conversions upon request of PFI Holders (calculated by amount - or, equivalent, number – of converted PFIs, without rounding), while Conversion requests exceeding 70.00% will trigger the "**Automatic Conversion**" into Bonds of all PFIs not subject matter of Conversion request, and accordingly PFIs will be Early Terminated ("Early Termination of PFIs"), with consequent cessation of all rights attaching to the PFIs, entirely replaced by the Bonds, in the mentioned Conversion ratio. Therefore, in case the Conversions of PFIs into Bonds upon request exceed 70.00% (by amount) of the value of the single issued PFIs tranche or of the overall value of issued PFIs, also PFIs in relation to which no conversion has been requested by Holders will be automatically converted into Bonds, and in particular, respectively, the residual PFIs of the single issued tranche or all issued PFIs, any exception by Holders being since now removed. In particular, after the conversion into Bonds of all PFIs-2020 following Conversion requests exceeding 70.00% of the PFIs-2020, the issuance of the PFIs-2021 will in any case take place, on the terms provided for by these Terms and Conditions; the PFIs-2021 will all be converted into Bonds, both in case the Conversion requests of PFIs-2021 received exceed 70.00% of PFIs-2021, and in case the Conversion requests of PFIs-2021 are less than 70% of PFIs-2021, but the overall Conversion requests of PFIs (PFIs-2020 + PFIs-2021) in any case exceed 70.00% of the overall value of issued PFIs (PFIs-2020 + PFIs-2021), in consideration of the Conversions of PFIs-2020. Upon issuance of PFIs-2021, their direct Automatic Conversion into Bonds will be triggered, regardless of the Conversion requests of PFIs-2021, in case, based on the amount of issued PFIs-2021, the Conversion requests of PFIs-2020 are per se such as to exceed 70.00% of aggregate PFIs, as exemplified in Table 1 set out at the bottom of these Terms and Conditions.
- The ownership of PFIs entails a mandate to CMC's Board of Directors to proceed with the Automatic Conversion of the PFIs for which no Conversion was requested by the Holder, upon occurrence of the pre-conditions provided for by this art.10.8, and therefor to perform all acts necessary or even just appropriate to replace PFIs with Bonds in the mentioned Conversion Ratio (2 PFIs/1 Bond), with consequent annotations and registrations.
- 10.9 The exercise of Administrative Rights by the Holders of PFIs-2020 is suspended during the First Conversion Period, upon expiration of which it will pertain to the Holders of non-converted PFIs-2020, or will finally cease in case of full Conversion thereof, even by virtue of Automatic Conversion. Similarly, it will be suspended for Holders (only) of PFIs-2021 during the Second Conversion Period, upon expiration of which it will pertain to the Holders of non-converted PFIs-2021, or will finally cease in case of full Conversion thereof.
- 10.10 As regards Economic Rights, in case PFIs and Bonds are coexisting, accordingly up to a maximum of 70.00% of Conversions (calculated by amount of converted PFIs), the Conversion does not entail variations in the Economic Rights pertaining (proportionally) to PFI Holders, either converted or non-converted, i.e., respectively, Bondholders and PFI Holders, except for the Interests pertaining to Bondholders only: the awarding to PFI Holders

of what they would have received in lack of Conversion, remains then unprejudiced, with the mentioned exception, since the Mandatory Early Redemption in favour of Bondholders (as per art.7.1.1 of the Terms and Conditions of the BL) concerns the amounts they would have collected through the Distributions in lack of Conversion. In other terms, the Distributions PFI Holders would have been entitled to in lack of Conversion right, will still take place in form of Distributions for the Holders of non-converted PFIs, and through Mandatory Early Redemption in favour of Bondholders, for the same amounts (except, as mentioned, for Interests, to be necessarily paid to Bondholders upon Early Redemption).

In order to take into account the coexistence of PFIs and Bonds, art. 4.2 sub (i) and (ii) will not be applicable, and this article 10.10 shall apply, in order to proportionally allocate, between PFI Holders (on account of Distributions) and Bondholders (on account of Mandatory Early Redemption), the flows generated by the Company, corresponding to Reserves and Dividends. To this end, without prejudice to the exclusive allocation of Dividends to PFI Holders (to a lesser extent compared to the provisions of art.4.2 sub (i) for 100% of PFIs, since proportional to the percentage of non-converted PFIs), the residual flows will be allocated between PFIs (Reserves) and Bonds (Mandatory Early Redemption) taking into account the Dividends awarded to PFI Holders only, and accordingly with consequent higher awarding to Bondholders, by so doing re-establishing the proportionality (excluding Interests on the BL).

In application of said principles:

(i) PFIs, without prejudice to the mandatory prohibitions referred to in art.4.1, entitle the Holders to the right to receive **Dividends**, as defined in art.4.2 (i), to an extent not exceeding the Distributable Liquidity ("DL"), as defined in item (ii) below, multiplied by the ratio of non-converted PFIs versus total PFIs (converted and non-converted), according to the following formula: $D \leq DL \times (\text{non-converted PFIs} / \text{Total PFIs})$;

(ii) PFIs (on account of Reserves Distribution) and Bonds (on account of Mandatory Early Redemption) entitle the relevant Holders to the right to receive Distributable Liquidity as resulting from the following Formula, in replacement of the formula set out under 4.2 (ii):

$$L - BC - HC - BLI = DL$$

where: "L" means the monetary liquidity at the end of the reference year; "BC" (Branch Cash) means the monetary liquidity standing in the cash accounts opened with CMC's Branches and specifically destined to finance the operations of orders and, as a consequence, not available for other purposes; "HC" (Head Office Cash) means the plafond of monetary liquidity, equal to Euro 25,000,000.00 withheld in order to guarantee CMC's operations; "BLI" (Bond Loan Interests) means the interests to be paid on the Bonds "CMC 2022 - 2026" on the Maturity Date and on the Bonds Early Redemption dates.

Distributable Liquidity will be allocated:

a) to PFIs (on account of "Distributions of Reserves"), proportionally with the total number of PFIs (converted and non-converted), minus Dividends: $(DL \times \text{non-converted PFIs} / \text{Total PFIs}) - D$, where "D" means Dividends whose Distribution has been resolved to the extent under (i);

b) to Bonds (on account of "Mandatory Early Redemptions"), according to the proportion between total number of converted PFIs (= Bonds number x 2) and total number of PFIs (converted and non-converted): $DL \times \text{converted PFIs} / \text{Total PFIs}$.

For instance, Table 1 at the bottom of the Terms and Conditions of the BL sets out three charts representing hypotheses of Distributions and Mandatory Early Redemptions.

The ownership of the PFIs entails full knowledge and unconditional acceptance of the terms and conditions also of the Terms and Conditions of the BL, and in fact it entitles all PFI

Holders to the right of Conversion of PFIs into Bonds. As a consequence, PFI Holders who have not exercised the Conversion right may object or oppose nothing in relation to the Redemptions, on account of principal or interests, provided for by the Terms and Conditions of the BL in favour of Bondholders, as governed in particular by articles 5, 6 and 7 of the Terms and Conditions of the BL. It remains however understood that the flows generated by the Company's business (or by possible dismissals of assets) may not be used for the purpose of the Voluntary Early Redemption of the BL, in breach of the liquidity distribution Formula between PFI Holders and Bondholders, which provides for the Distribution of Reserves to the first and Mandatory Early Redemption to the second, so that the Company may proceed with the Voluntary Early Redemption of the BL not by using the mentioned flows, but by means of financial resources other than cash flows which, although converged into Liquidity, derive from specific loans entered into by CMC for the main purpose of repaying the BL (refinancing); in case of termination of the BL by means of refinancing (with a longer maturity date, compared to the Maturity Date of the BL), the transaction will not need to be approved by the Special Meeting of PFI Holders, without prejudice in any case to the provisions of art.9.3.

Following full redemption of the Bonds, by principal and interests, ceasing the coexistence of PFIs and Bonds, art.10.10 shall no longer be applicable and art.4.2 of these Terms and Conditions will be applicable again.

11. TAX REGIME

- 11.1 PFIs qualify as "securities similar to shares" pursuant to and to the effects of art. 44, para. 2, letter a) of the Decree of the President of the Republic 22 December 1986, no. 917 and subsequent amendments and supplements.

12. COMMUNICATIONS

- 12.1 All communications between the Company and the Holders will be made:
- a) if to the Company, with registered letter with return receipt (or the equivalent abroad) at the registered office, or the PEC address to the attention of the Chairman of the Board of Directors, excluding the use of ordinary e-mail;
 - b) if to the Holders, with registered letter with return receipt (or the equivalent abroad) or via PEC (or, in lack thereof, via ordinary email), at the addresses specified in the Register, until the appointment of the Common Representative; following said appointment, every communication to the Holders will be made to the Common Representative at the PEC address specified in the Register.

13. AMENDMENTS

- 13.1 Every substantial amendment to these Terms and Conditions will be adopted by the Company's extraordinary shareholders' meeting, subject to prior resolution of the Special Meeting of PFI Holders or subsequent approval thereby.
- 13.2 Also by way of derogation to art. 13.1, with no need for Holders' consent, the Company, by means of resolution of the Board of Directors minuted by notary public, may at any time apply to these Terms and Conditions any amendments and/or supplements consequent to the determinations and activities delegated by the shareholders' meeting to the Board of

directors pursuant to art. 1.1, or the amendments and/or supplements it deems necessary or even just appropriate, in order to repeal material errors, ambiguities or inaccuracies in the text, in any case provided that said amendments and/or supplements are not prejudicial to the Holders' rights, and within the amount, number and time limits resolved by the shareholders' meeting.

14. APPLICABLE LAW AND COMPETENT JURISDICTION

- 14.1 These Terms and Conditions and the PFIs are governed by Italian law.
- 14.2 Every dispute that may arise between the Holders and the Company in relation to the PFIs, and among Holders, concerning, without limitation, the interpretation, performance, termination, validity of these Terms and Conditions, awarding and transfer of PFIs, will be deferred to arbitration by means of application of art.95 ("Arbitration Clause") of CMC's By-laws
- 14.3 Should the Arbitration Clause not be applicable, and without prejudice to any other jurisdiction under mandatory provisions of law, every dispute relating to the PFIs or these Terms and Conditions which may arise between the Issuer and the Bondholders shall be deferred to the exclusive competence of the Courts where the Issuer maintains its registered office.

15. MISCELLANEA

- 15.1 The ownership of PFIs entails full knowledge and unconditional acceptance of the terms and conditions of these Terms and Conditions and the By-Laws.
- 16.2 Everything not provided for herein shall be governed by the applicable provisions of law and the By-laws.

TABLE 1 PURSUANT TO ART.10.8, examples of Automatic Conversion (A.C.):

... after the conversion into Bonds of all PFIs-2020 following Conversion requests exceeding 70.00% of the PFIs-2020 (A), the issuance of the PFIs-2021 will in any case take place, on the terms provided for by these Terms and Conditions; the PFIs- 2021 will all be converted into Bonds:

- (I) both in case the Conversion requests of PFIs-2021 (B) received exceed 70.00% of PFIs-2021
- (II) and in case the Conversion requests of PFIs-2021 (B) are less than 70% of PFIs-2021, but the overall Conversions requests (A+B) of PFIs (PFIs-2020 + PFIs-2021) in any case exceed 70.00% of the overall value (C) of issued PFIs (PFIs-2020 + PFIs-2021), in consideration of the Conversions of PFIs-2020.
- (III) upon issuance of PFIs-2021, their direct Automatic Conversion ("D.A.C." in the Table) into Bonds will be triggered, regardless of the Conversion requests of PFIs-2021, in case, based on the amount of issued PFIs-2021, the Conversion requests of PFIs-2020 are per se such as to exceed 70.00% of aggregate PFIs

	Conversion requests of PFIs-2020 > 70%, A.C. of PFIs-2020		
PFIs-2020 Euro 300,000,000	(I) 70.1%= 210,300,000 (A)	(II) 80%= 240,000,000 (A)	(III) 85%= 255,000,000 (A)
PFIs-2021 Euro 60,000,000	NO D.A.C. A.C. if requests ≥ 42,060,000 (B=70.1%)	NO D.A.C. A.C. if requests ≥ 12,360,000 (B<70%)	D.A.C.
Total PFIs Euro 360,000,000	70.1%= 252,360,000 (C)		
	A<C= NO D.A.C. PFIs-2021 A+B=C	A<C= NO D.A.C. PFIs-2021 B<70%, but A+B=C	A>C= D.A.C. P.F.Is-2021