



PARTICIPATORY FINANCIAL INSTRUMENTS TERMS AND CONDITIONS

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

1. PURPOSE

- 1.1 These terms and conditions (the “**Terms and Conditions**”) regulates 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 05/16/2019, subject to the homologation (with a decree issued on 05/29/2020), by the Court of Ravenna, of the composition with creditors on a going concern basis (the “**Composition**”), proposed by CMC and in execution thereof.

The Terms and Conditions – as approved by the mentioned extraordinary shareholders' meeting on 05/16/2019 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 art. 2346, par. 6 of the Italian Civil Code.

Following the PFIs issuance approval for the maximum amount (Euro 500,000,000.00) and within the maximum time limits (four years starting from the resolution date, by and not later than May 16, 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 PFIs actual issuance in two or more tranches, the times of the single issuances and the related amounts, the PFIs offer in subscription to the addresses, the Contribution perfection, the Certificates embedding the PFIs delivery and possible withdrawal, the PFIs conversion (in whole or in part, upon request and/or automatic) into Bonds, the PFIs Conversion Periods 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 needed or appropriate to repeal material errors, ambiguities or inaccuracies in the text, provided that said amendments are not prejudicial to the PFIs Holders' rights – are in particular and without limitation delegated to the Board of Directors.

- 12 For the purposes thereof, the Composition provided for the PFIs allocation, on account of *datio in solutum*, to CMC's unsecured creditors (“**Creditors**”) divided into 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 Event possible occurrence, as defined in the Composition;
- 4) Class 5: Potential Creditors-Risks Provisions, to be satisfied after the Event possible occurrence, as defined in the Composition.

The PFIs ruled 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 12° and the 18° month after the homologation, being the Composition closing provided for within two years of the homologation.

As per 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**”, object of the First Issuance, destined to Classes 2 and 3 Creditors, as well as to Classes 4 and 5 Creditors in relation to whom the Event occurs on a date prior to the First Issuance;
- “**PFIs-2021**”, object of the Second Issuance, destined to Classes 4 and 5 Creditors, 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 PFIs further *tranches* possible issuance, within the mentioned Composition closing date within two years of the homologation.

After their issuance, PFIs-2021 will entitle 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 extraordinary shareholders’ meetings held on 16/05/2019 and on 12/12/2019 resolutions.

- 13 The PFIs are no debt securities, their nature is similar to *equity* and their nominal value Euro 1.00 each, and may be transferred, in accordance with the provisions of art.3 of these Terms and Conditions.
- 14 The PFIs are represented by paper certificates issued by the Company’s Board of Directors, signed by a director thereof (hereinafter, the “**Certificates**” and individually a “**Certificate**”), and in holder’s name, corresponding to the Creditor of the respective class, in a number equal to its actual claim (the “**Holder**”), without prejudice to the provisions of subsequent art.1.8 on challenged Creditors.
- 15 Each Certificate is registered and sets out:
 - a) the name of “PFIs-2020” or “PFIs-2021” (subject to name change by the Board of Directors pursuant to art. 1.2, or other name);
 - b) the Holders identification elements (surname and name, Holder’s tax code and domicile if he/she’s an individual; or company name, registered office, Holder’s tax code if it is a legal person or entity);
 - c) the PFIs number represented by the Certificate;
 - d) the PFIs transfers indication;
 - e) the “Claim being challenged” possible indication in the cases provided for in art.1.8.
- 16 the Company, possibly also upon Holder’s request, is entitled to proceed with the grouping together or fractioning of Certificates representing the PFIs: upon actual issuance, the Board of Directors will issue one single Certificate per each Holder.
- 17 The Company establishes and updates, at Directors’ care, the Holders Register (hereinafter, the “**Register**”) with indication of:
 - a) the number of PFIs issued and outstanding, the related Contribution as well as related Certificate;
 - b) holder’s identification elements, as well as 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 Holder’s rights;
 - c) Holder’s domicile/registered office, CEM address, or in lack thereof, ordinary email for the communications thereto for by the Terms and Conditions;

- d) Holder's bank account details, on which Distribution payments shall be executed by means of wire transfer, without prejudice of the Holder's right to vary the mentioned details with communication via CEM or registered letter with receipt notice (or equivalent for foreign countries) excluding the use of ordinary e-mail in communicating with the Company; in case of failed communication of the above details, CMC will execute Distribution payments on the bank account in the Common Representative's name exclusively dedicated thereto, with releasing effect;
- e) the Common Representative appointment, with the identification elements and CEM address thereof, for the communications provided for by the Terms and Conditions and/or the applicable rules;
- f) PFIs transfers in accordance with subsequent art. 3 of the Terms and conditions.

18 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**", pursuant to artt.4.6 and 6.9 of these Terms and Conditions).

The discipline dictated by the Terms and Conditions for Challenged or Partially Challenged Creditors will be applicable until the Composition judicial determination with judgement no longer subject to appeal, or until its settlement, (the "**Determination**").

The PFIs allocation to Challenged or Partially Challenged Creditors does not constitute a claim acknowledgment, being their *datio in solutum* subject, in whole or in part, to the condition prior to the failed acknowledgment, total or partial, of the claim in the Determination context; following and as a result of the Determination, only PFIs corresponding to the actual claim ascertained in the Determination context will remain outstanding.

The Certificates allocated to Challenged Creditors will be marked as "Claim being challenged"; distinctive certificates will be allocated to Partially Challenged Creditors, for the non-challenged amount and the challenged amount, and those latter will be marked as "Claim being challenged". At Determination's outcome, 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".

- 19 If a Creditor claims a higher credit, compared to the PFIs allocated thereto, following said allocation, 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 relevant rules will be applicable until the Determination.
- 1.10 The PFIs will be issued according to the ratio specified in art.2.1 below, with rounding by excess, to the following unit, in Creditors' favour.

2. CONTRIBUTION AND SUBSCRIPTION

- 21 The PFIs are issued on a *datio in solutum* account extinguishing every Holder's claim, for accounting purposes in the "*provision*" ratio of n. 1 PFI "*in lieu of performance*" of Euro 1 of residual credit, entailing the Composition homologation the remittal of 80% of each claim; under an economic point of view, the PFIs subscription takes place by means of setoff of all credits claimed by the subscribers against CMC (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**").

Total Contribution is therefore equal to 20% of the credits originally pertaining to the Creditors in Classes 2, 3, 4 and 5, satisfied with the PFIs *datio in solutum*.

- 22 CMC Board of Directors will certify PFIS occurred subscription – 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 clarify the PFIs number allocated to each Creditor, by so doing considering the PFIs delivery to the Holders occurred.
- The Holders, identified by name, will be in any case entitled to request and to obtain from CMC Directors, proving their identity, the PFIs Certificates issued in their name physical delivery.
- 23 As express Composition covenant, Creditors granted CMC Board of Directors with irrevocable mandate, without consideration, for PFIs full subscription, authorizing CMC Board of Directors to dispose of their credits towards CMC to extinguish them by means of *datio in solutum* (by “set-off” against the payable for PFIs subscription).
- 24 The Contribution is disbursed by the Holders by means of conversion of their credits into PFIs, upon PFIs subscription, which is indeed deemed to have occurred as a consequence of CMC Composition homologation.
- 25 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 regulated in subsequent artt. 2.6 and 5 of these Terms and Conditions.
- 26 The PFIs Reserve (i) may not be merged other net equity items; (ii) may be distributed or used solely in favour of the PFIS Holders; and (iii) shall be used as last in the absorption of the losses resulting from 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, par. 2 or art.2447 of the ICC; (iv) will be reduced (or possibly zeroed) against PFIs Conversion into Bonds as provided for by art.10.7 below. In case of losses, the corresponding use of the Reserve shall not effect, even in part, the excess or fulfillment of any of the rights due to PFIs Holders, including the Economic Rights, in proportion to the number of PFIs subscribed, being understood that any reduction and/or zeroing of the PFIs Reserve (not resulting from PFIs conversion referred to in sub iv) shall not affected the PFIs rights or result in PFIs extinction under any circumstances.

3. TRANSFERIBILITY

- 31 The PFIs are freely transferable, exclusively for the entire subscribed amount. The security interests’ creation on PFIs is furthermore always permitted.
- 32 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 PFIs ownership.
- 33 The 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 PFIs transfer purposes, the Company Directors, upon request of the new Holder – who shall to this end show the Certificate/s representing the PFIs subject to 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) noting the new Holder’s name 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 noting in the Register the PFIs transfer to the new Holder, the cancellation of the previous Certificate/s and the new Certificate issue.

34 Failure to comply with the formalities set out in art.3.3, the PFIs transfer is ineffective against the Company, and the original holder only will be considered entitled to exercise the rights attributed by the PFIs, so that the Distributions payment in favour thereof will have releasing effects for the Company.

35 The Company assumes no liability whatsoever in relation to PFIs transfer, without prejudice to the obligation to acknowledge as new Holder the person annotated in the Register following the transfer.

4. ECONOMIC RIGHTS

41 As from January 1, 2021 (“**Entitlement Date**”) and until December 31, 2030, the PFIs entitle each Holder to economic rights (the “**Economic Rights**”) on the terms and conditions specified below, with priority over every other distribution of reversal, profits, reserves or residual liquidation income to cooperative or retired shareholders, without prejudice to the mandatory provisions on profit shares allocation to legal reserve and to the Mutual fund for cooperation promotion and development 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.

42 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 PFIs total number, *pari passu* with other PFIs Holders, the amounts deriving from any:

(i) distribution of profits in respect of which the shareholders’ meeting, upon the financial statements’ approval, 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 the financial statements’ approval, has resolved the distribution, mandatory to the extent resulting from the following formula: (L - BC - HC - D), where: “L” means the monetary liquidity and the reference year’s end; “BC” (Branch Cash) means the monetary liquidity standing in the cash accounts opened with CMC Branches and specifically destined to finance projects operations and, as a consequence, not available for other purposes; “HC” (Head Office Cash) means the monetary liquidity plafond, equal to Euro 25,000,000.00 withheld to ensure CMC operations; “D” means the Dividends in respect of which the Distribution pursuant to item (i) had been resolved;

(iii) the residual liquidation income allocation, 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**”).

43 CMC will pay the Distributions to PFIs Holders within 60 days from their meeting’s resolution by means of wire transfer on the Holder’s bank account, subject to prior verification of the preliminary satisfaction, by the Company, of the preferential and privileged Composition credits, and also of the PFIs-2021 issuance.

The PFIs entitle 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.

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

- 45 The PFIs Holders are entitled to the payment of what provided for in art. 4.2. with priority over cooperative and 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 the 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 PFIs Conversion 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 PFIs Holders, will therefore be applicable in lack of PFIs Conversion (and accordingly in lack of Bondholders), while in case of partial PFIs Conversion (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 art.4.
- 46 Until the Determination, the Distributions to Challenged Creditors would be entitled to be executed in favour thereof, by means of wire transfer on the specific bank account pledged of the Issuer behalf, so to ensure to the later the possible repayment of the amount proving undue following the Determination, and their redistribution pursuant to the Terms and Conditions. Said rule will be applicable, for Partially Challenged Creditors, in relation to the Credit being challenged only, while for the non-challenged amount Distribution will take place by means of wire transfer on a pledge free bank account.
- 47 The Distributions concern Dividends and Reserves resulting from the financial statements, duly approved, relating to financial years from 2021 to 2030 included; in as at June 30, 2031 (“**Maturity Date**”), the financial statements on the financial year closed on 31/12/2030 had not yet been approved by the shareholders’ meeting, the Maturity Date will be deemed to be postponed until the Distributions date resulting from the financial statements closed on 12/31/2030 (“**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 credit rights as per art.4.6 consequent to the Determination of Challenged or Partially Challenged Credits, where the Determination occurs on a date following the PFIs Termination, as well as the credits under art.9.3, shall remain in any case unprejudiced.
- 48 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

- 51 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 law (iii) to the “PFIS Reserve”.
- 52 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.
- 53 The PFIs maintain all Economic and Administrative Rights attaching thereto even in case of PFIS Reserve total erosion.

6. ADMINISTRATIVE RIGHTS

- 61 The PFIs entitle their Holders to the following Administrative Rights (the “**Administrative Rights**”), defined considering the existence of a lending shareholder entitled to the appointment of one member of the Board of Directors and five votes in CMC 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 nomination 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 rights in board meetings as regards resolutions concerning mergers, slips-ups, transformations, sale or in 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 PFIs Holders' Special Meeting should cease for whatsoever reasons, including revocation, the Board of Directors shall immediately call the PFIs Holders' Special Meeting for the purposes 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 said substitute appointment, 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 needed nomination thereof by the general shareholders' meeting, and the rules under (i) for the replacement thereof;
- (iii) the right, to be exercised by the PFIs Holders' Common Representative, who shall be appointed pursuant to art. 6ter below (the “**Common Representative**”), to intervene and vote in CMC general shareholder's meeting, within the limits of one third of the votes pertaining to all shareholders present or represented in each Company's general shareholders' meeting, *less* five votes; the attribution for the voting rights to PFIs through the Common Representative has no impact on the *quorum* required by the By-Laws for the ordinary or extraordinary shareholders' meeting valid constitution, so that the possible failed participation of the Common Representative in the meeting will not be relevant for the purposes of the valid constitution of the same;
- (iv) the right, to be exercised by the Common Representative, to challenge meeting's resolutions;
- (v) the right, to be exercised by the Common Representative, to examine the books referred to in art. 2421 items 1) and 3), of the ICC, as well as to view the entire documentation that, pursuant to the law and the By-Laws shall be lodged with Company registered office for all Shareholder's benefit, such as – without limitations – the annual financial statements and the reports of the Board of Directors, Board of Statutory Auditors and the Auditing Firm, where appointed.

6BIS. PFIs HOLDERS' SPECIAL MEETING

6bis.1 Without prejudice to previous art. 6.1, the PFIs holders express the voting within the respective special category meeting (hereinafter, the “**Special Meeting**”), according to the methods and conditions set out, respectively, in this article, I the By-Laws and in the Italian Civil Code.

- 6bis.2 The PFIs Holders' Special Meeting meets to deliberate:
- a) on Company Shareholders' meeting resolutions approval which directly and currently prejudice the PFIs rights, it being understood that those resolutions having as their object the Company financial statements approval do not constitute prejudicial resolutions;
 - b) on the exercise of the rights attributed to the Holders by the previous art.6.1, including the Board of directors and the Board of Statutory Auditors members designation on PFIs Holders competence, their possible replacement and the voting instructions to the Common Representative in CMC Shareholder's general meeting;
 - c) on the appointment, duration (in any case not exceeding 3 (three) financial years, with the re-election right) on any Common Representative compensation and on his/her revocation and on the liability action against the same;
 - d) on the establishment of a fund for the expenses needed for common interests' protection to be used also for any compensation due to the Common Representative's payment and on the related report;
 - e) on disputes with the Company and on related transactions and waivers;
 - f) on the matters of common interest to the category.
- 6bis.3 For the sake of clarity, it is understood that in case of failure to convene the Special Meeting for the adoption of the resolutions referred to in previous art. 6bis.2 a), or in the inertia of the same or failure to adopt a valid resolution, the one adopted by the General Meeting shall be deemed to have been validly adopted. The shareholders' general meeting may therefore proceed to adopt the relevant resolutions, without prejudice to the fact they must in any case be adopted, where necessary, pursuant to the Terms and Conditions (as for prejudicial resolutions referred to in art.6bis.2 sub a), by the Special Meeting.
- 6bis.4 The Special Meeting is convened: (i) by the Board of Directors or (ii) (where already appointed) by the Common Representative, when they deem it necessary or mandatory by at least one third of the PFIs Holders, by a notice communicated by certified electronic mail, where resulting by the Holders' Register or (in its absence) by email or registered letter with return receipt, to the relevant addresses indicated in the Register, or by any other means suitable to ensure proof of receipt, or by publishing the notice of meeting on a dedicated website: a) at least 14 (fourteen) days before the general meeting reuniting (where the PFIs Holders' approval is required pursuant to this Terms and Conditions); and, in any case b) at least 8 (eight) days before the date for which the relevant Special Meeting is convened. Once the Common Representative has been appointed, he/she will be obliged to call the Special Meeting where requested - in the case referred to above under a) at least 14 (fourteen) days before the general meeting reuniting – by the Board of Directors.
- PFIs holders' Special Meetings, even if not convened as above, will also be valid where all PFIs Holders and, if appointed, the Common Representative, are present.
- 6bis.5 The Special Meeting will be convened at Company's headquarters or elsewhere, provided it is within the Italian Republic territory, but it may also be held by audio or video conference (as better specified in each relevant convocation notice). The convocation notice will contain (also with reference to any second call) the indication of the day, time and place of the meeting and the list of matters to be discussed.
- 6bis.6 The PFIs Holders may be represented at the Special Meeting by a delegate, with a written proxy. For Special Meeting regulation purposes, the provisions of art. 2539, par. 1, of the ICC do not apply.
- 6bis.7 To allow holder to deliberate pursuant to art. 6bis.2 above, the Board of Directors' Chairman will also make available to the PFIs Holders or, where appointed, to the Common Representative, any

useful information, including any documents intended for the members (at the same time as making the same document available to the members).

6bis.8 Each PFI of Euro 1 grants one vote in the Special Meeting.

6bis.9 The Special Meeting, both in the first and in any second call, deliberates with the favorable vote of at least 60% of the PFIs value, as resulting from the Register, excluding, from the calculation the PFIs bearing the indication “Challenged Credit” The minutes are drawn up by a notary.

6bis.10 Until the Definition, the Administrative Rights exercise, connected to the PFIs bearing the indication “Challenged Credit” is suspended, and their value is not counted for the purposes of the majority referred to in the previous art.6bis.9, as already specified therein.

6bis.11 The Special Meeting is chaired by the Common Representative, if already appointed, or 8in his/her absence) by the CMC Board of Directors’ Chairman and, in his/her absence, by another person identified pursuant to Company By-Laws.

6bis.12 All resolutions taken by the PFIs Special Meeting shall be binding on all PFIs holders, including those absent, abstaining or dissenting.

6TER. COMMON REPRESENTATIVE

6ter.1 The Common Representative, who may or may not be a PFIs Holder:

- a) is appointed by the Special Meeting pursuant to art. 6bis.2 c) above, with the exclusion in any case of Company directors, auditors and employees, as well as those who find themselves in the conditions indicated in art. 2399 of the ICC;
- b) in case of failure to appoint the Special Meeting, he/she is appointed by decree of the Court upon request of one or more PFIs Holders or of Company’s Directors, pursuant to the previous art. 2417, par. 2, of the ICC;
- c) he/she provides for the communication to the general meeting and Company Board of Directors of the PFIs Holders' resolutions taken within the Special Meeting within 7 days of resolution’s adoption and Special Meeting resolutions implementation and protects PFIs holders common interests; he/she has the right to intervene, without its own right to vote (and therefore may only exercise the right to vote pertaining to the PFIs according to the Special Meeting’s resolutions), at the Company general meeting, also for the purposes of communicating the resolutions taken by the Special Meeting;

6ter.2 For anything not expressly provided by this article, the provisions of arts. 2417 and 2418 of the ICC apply to the Common Representative, insofar as they are compatible.

7. NO WITHDRAWAL AND CONVERSION TO SHARES

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

8. TENURE – PFIs EARLY TERMINATION

8.1 The PFIs have a tenure until PFIs Termination date pursuant to art.4.7, and accordingly until June 30, 2031 (Maturity Date), or, where subsequent, the 2030 Distributions date, where the financial statements on the financial year closed on 12/31/2030 have not yet been approved by the shareholders’ meeting as at the Maturity Date.

82 The “**PFI Early Termination**”, will occur, with all rights attaching to PFIs extinction, in case of PFIs total conversion 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

91 No guarantees are granted or undertakings are given to guarantee any PFIs annual remuneration, provided that annual Distributions are mandatory for the Company, to the extent resolved by the shareholders’ meeting and without prejudice to the provision of art.9.3 below.

92 Each holder, with PFIs subscription or purchase, acknowledges and accepts that they constitute a risk investment, similar to *equity* (even if not a capital contribution), given that they are issued without Contribution redemption obligation, 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).

PFIS ownership, in addition to the right of Conversion into Bonds, entitles solely to the Economic and Administrative Rights ruled by these Terms and Conditions: so it does not entitle under any circumstances, to any redemption or repayment of what contributed, or of what converged into the “PFIs Reserve”, without prejudice to the mentioned rights foreseen by these Terms and Conditions.

93 In any case, with prevalence over any possible provisions to the contrary, distributions, during the PFIS term, shall ensure to PFIs Holders the collection of at least **10%** of original credit the Creditor was entitled to in CMC Composition, i.e. at least half the Contribution. Accordingly, if on the PFIs Termination Date, Holders have not collected at least the mentioned amount, they will be entitling to a certain, liquid and payable right, whose amount would be equal to the difference between the Distributions received and the minimum guaranteed amount of **10%** of the original credit the Creditor was entitles to in CMC Composition.

10. PFIs CONVERSION INTO BONDS

101 The PFIs Holders – as provided for in the Ministerial Report to L. D. n. 6 dated 01/17/2003, under item 3.4, and resolved by the extraordinary shareholders’ meeting on 12/12/2019 – are entitled to convert PFIs held thereby (as a Composition homologation result) into Bonds, ruled by the “The BL Terms and Conditions” approved by the Board of Directors, in the ratio of n.2 PFIs for each Bond (the “**Conversion**”), only for all PFIs held thereby, with exclusion of partial conversion. Said Conversion ratio – n.1 Bond per each n.2 PFIs held – entails, under an economic point of view, the attribution to the Holder of Bonds for a nominal value equal to **10%** of the original credit the Creditor was entitled to in CMC Composition, but not as a result of direct conversion of said credit into Bonds, but instead as a result of the PFIs Conversion, whose *datio in solutum* ha extinguished the credit in the Composition, ensuring by the way to the Holder a minimum collection equal to 10% pursuant to art.9.3. Bonds directly entitle the Holder to the (only) right to repayment of the mentioned 10%, as per the rules in the BL Terms and Conditions (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 Contribution repayment, but instead to Distributions, although with the guarantee of the 10% minimum collection over the (higher) term of the PFIs, without interests. The PFIs Conversion into Bonds entails, with the financial instrument replacement, an objective novation of the holder’s credits/claims.

The PFIs Conversion into Bonds is external to the Composition, being the creditor's claim within the Composition already extinguished by means of PFIs *datio in solutum*, whose Conversion accordingly entails an amendment to the relation existing between the Holder and the Company, subsequent to the Holders' Composition credit extinction.

102 To be useful to the PFIs Conversion, the Board of Directors has been authorized by CMC shareholders' meeting held on 12/12/2019, pursuant to art.61 letter r) of the By-Laws, to issue the "2022-2026 Bond Loan" (or the "BL"), up to the maximum amount of Euro 250,000,000.00, in two or more *tranches*, based on the BL Terms and Conditions approved by the Board of Directors. The BL issuance falls under the Board of Directors' competence pursuant to art.80 letter q) of the By-Laws, which accordingly does not involve derogations to art.2410 of the ICC (without prejudice to the mentioned, already existing, meeting's authorization resolution).

103 After Composition homologation, the Board of Directors will proceed with the Bond Loan issuance in two or more *tranches*, each one up to a maximum amount equal to half the amount of the PFIs single tranche issued by the Board of Directors (delegated thereto by the shareholders' meeting), in consideration of the Conversion ratio of n.2 PFIs / n.1 Bond, and accordingly for an amount suitable for the possible Conversion also all issued PFIs. The 2020-PFIs first issuance will accordingly be followed by the Bonds "**First Tranche**" issuance, up to a maximum nominal amount equal to half the amount of 2020-PFIs issued; the 2021-PFIs issuance will be followed by the Bonds "**Second Tranche**", up to a maximum nominal amount equal to half the amount of 2021-PFIs issued.

104 The Conversion right may be exercised by each PFIs Holder (such, pursuant to art.2.2, as a result of CMC Composition homologation) – even challenged or Partially Challenged Creditor, with the specifications referred to in the BL Terms and Conditions – by means of written request to the Company, starting from the Composition homologation Decree date (May 29, 2020) and by September 30, 2021, as extended by the Board of Directors on 05/28/2021 ("**First Conversion Period**"), even before the 2020-PFIs First Issuance and the "2022-2026 Bond Loan" issuance, being valid in this case the Conversion request as a Conversion reservation and supplementary mandate to the mandate referred to in art. 2.3, being CMC Board of Directors authorized to convert PFIs, issued or to be issued, into Bonds, issued or to be issued, as a Conversion request's result. 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 Classes 4 and 5 Creditors, 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 purposes of reserving the 2021-PFIs Conversion, they will possibly become Holders if the Event occurs, on the second Tranche of Bonds, subject to the *datio in solutum* of the 2021-PFIs, and their subsequent Conversion into Bonds by virtue of the relevant reservation. Said reservation is meant in any case to be subject to the Event occurrence, therefore it will produce its effects as from the Event occurrence, and will remain affectless in lack of the Event (since said non-occurrence will prevent the very same *datio in solutum* of the 2021-PFIs).

As regards the 2021-PFIs Second Issuance, the Conversion right, being valid on Bonds Second Tranche, may in any case be exercised by the 2021-PFIs holders in the period between the 12° and the 18° month after the homologation ("**Second Conversion Period**"), and the above provisions in this art. 10.4 will be applicable also in relation to the Conversion reservation.

Any further Conversion Periods may be provided for with specific resolutions by the Board of directors, delegated by the extraordinary shareholders' meeting held on 12/12/2019.

- 105 The PFIs Conversion request entails subscription (or irrevocable subscription request, where not yet issued) of the Bonds according to the mentioned ratio of n.2 PFIs per each Bond, so that each PFIs Holder, as a Conversion result, will be a holder of a number of Bonds (of Euro 1 each nominal value) equal to half the PFIS number (of Euro 1 each) he/she was the Holder. In any case, following the Board of Directors' resolution to issue the "2022-2026 Bond Loan", and Bonds First *Tranche* issuance, the First *Tranche* Bonds will be deemed already subscribed for 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 First Conversion Period expiration; the same will occur for the Second *Tranche*, until the Second Conversion Period expiration (and for further *tranches*, if any). The Bond Loan will accordingly be deemed issued for a total amount equal to the Bonds of the various *tranches* subscribed as a result of the PFIs Conversion, being deemed the BL subscription in any case effected, since "severable", to the (possibly partial) extent achieved as the Conversions' result. The BL Overall Nominal Amount, as resulting from the subscription by means of the Bonds *tranches* Conversion, will be therefore automatically equal to half the PFIs amount subject to Conversion, also as a result of the Automatic Conversion referred to in art.10.8 below.
- 106 The Holders, identified by name, will be entitled to request ant to obtain from CMC Directors, proving their identity, the physical delivery of the Bond Certificates issued in their name, contextually delivering the PFI Certificates where withdrawn.
- 107 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 corresponding converted PFIs amount, 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 ICC.
- 108 PFIs and Bonds will be coexisting, up to a maximum of 70.00% of Conversions upon request by PFIs 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 subjected to Conversion request, and accordingly PFIs will be Early Terminated, with consequent cessation of all rights attaching to the PFIs. Entirely replaced by Bonds, in the mentioned Conversion ratio. Therefore, if the PFIS Conversion 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* issued or all issued PFIs, any exception by Holders being since now removed. In particular, after all 2020-PFIs conversion into Bonds, following Conversion requests exceeding 70.00% of the 202-PFIs, the 2021-PFIs issuance will in any case take place, on the terms provided for by these Terms and Conditions; the 2021-PFIS will all be converted into Bonds, both in case the Conversion requests of 2021-PFIS received exceed 70.00% of 2021-PFIs, and in the case the Conversion requests for 2021-PFIs are less than 70% of 2021-PFIs, but the overall Conversion requests for PFIs (2021-PFIS + 2021-PFIs) in any case exceed 70.00% of the overall value of issued PFIs (2020-PFIs + 2021-PFIs), in consideration of the 2020-PFIs Conversions.

Upon 2021-PFIs issuance, their direct Automatic Conversion into Bonds will be triggered, regardless 2021-PFIs Conversion requests, in case, based on the issued 2021-PFIs amount, the Conversion requests for 2020-PFIs are per se such as to exceed 70.00% of the overall PFIs, as exemplified in Table 1 shown at the end of these Terms and Conditions.

The PFIs ownership entails a mandate to CMC Board of Directors to proceed with the PFIs Automatic Conversion for which no Conversion was requested by the Holder, upon occurrence of the pre-conditions provided for by this art.10.8, and therefore to perform all act needed or even just appropriate to replace PFIs with Bonds in the mentioned Conversion Ratio (2 PFIs/1 Bond), with consequent annotations and registrations.

109 The Administrative Rights exercise by 202-PFIs Holders is suspended during the First Conversion Period, upon expiration of which it will pertain to the holders of non-converted 2020-PFIs, or will finally cease in case of full Conversion thereof, even by virtue of Automatic Conversion. Similarly, i twill be suspended for 2021-PFIs Holders (only) during the Second Conversion period, upon expiration of which it will pertain to the Holders of non-converted 2021-PFIs, or will finally cease in case of full Conversion thereof.

1010 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 attribution to PFI Holders of what they would have received in lack of Conversion, remains then prejudiced, with the mentioned exception, since the Mandatory Early Redemption in favour of Bondholders (as per art.7.1.1 of the BL Terms and Conditions) concerns the amounts they would have collected through the Distributions in lack of Conversion. In other words, the Distributions the PFIs 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, for interests, to be necessarily paid to Bondholders upon Early Repayment).

To consider the coexistence of PFIs and Bonds, art.4.2 sub (i) and (ii) will not be applicable, and this art. 10.10 shall apply, to proportionally allocate, between PFIs Holders (by way of Distributions) and Bondholders (by way 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 PFIs 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) considering Dividends attributed 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: $D \leq LD \times (\text{non-converted PFIs} / \text{Total PFIs})$;

(ii) PFIs (by way of Reserves Distribution) and Bonds (by way of Mandatory Early Redemption) entitle the relevant holders to the right to receive Distributable Liquidity as resulting from the following formula, which replaces the one 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 bank accounts opened with CMC Branches and specifically destined to finance projects operation 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 to ensure CMC operations; “BLI” (Bond Loan Interests) means the interests to be paid on the Bonds “2022 – 2026 CMC” on the Maturity Date and on Bonds Early Redemption dates.

Distributable Liquidity will be allocated:

a) to PFIs (by way of “Reserves Distribution”), 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 (by way of “Mandatory Early Redemptions”), according to the proportion between total number of converted PFIs (= Bonds number x 2) and total PFIs number (converted and non-converted): $DL \times \text{converted PFIs} / \text{Total PFIs}$.

For instance, Table 1 in Attachment 1 to the BL Terms and Conditions sets out three charts representing hypothesis of Distributions and Mandatory Early Redemptions.

The PFIs ownership entails full knowledge and unconditional acceptance of the Terms and conditions also of the BL Terms and Conditions, and in fact, it entitles all PFIs holders to the right of PFIs Conversion into Bonds. As a consequence, PFIs 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 BL Terms and Conditions in favour of Bondholders, as ruled in particular by arts. 5, 6 and 7 of the BL Terms and Conditions. It remains however understood that the flows generated by Company’s activity (or by possible assets dismissal) may not be used for the BL Voluntary Early Redemption purposes, in breach of the liquidity distribution Formula between PFIs Holders and Bondholders, which provides for the Reserves Distribution to the first and Mandatory Early Redemption to the second, so that Company may proceed with the BL Voluntary Early Redemption 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 the BL repaying (refinancing); in case of BL termination by means of refinancing (with a longer maturity date, compared to the BL Maturity Date), the transaction will not need to be approved by the PFIs Holders’ Special Meeting, without prejudice in any case to the provisions of art.9.3. Following Bonds full redemption, by principal and interests, ceasing the PFIs and Bonds coexistence, art.10.10 shall no longer be applicable and art.4.2 of these Terms and Conditions will resume in force.

11. TAX REGIME

10.1 The PFIs qualify as “security similar to shares” pursuant and to the effects of art. 44, par. 2, letter a) of the Presidential Decree n. 917 dated 12/22/1986 and subsequent amendments and supplements.

12. COMMUNICATIONS

121 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 certified email address to the attention of Board of Directors Chairman, excluding the use of ordinary email;

b) if to Holders, with registered letter with return receipt (or equivalent abroad) or via certified email (or, in lack thereof, via ordinary email), at the addresses specified in the Register, until the

Common Representative appointment; following said nomination, every communication to the Holders will be made to the Common Representative at the certified email address specified in the Register.

13. AMENDMENTS

- 131 Every substantial amendment to these Terms and Conditions will be adopted by the Company Extraordinary shareholders' meeting, subject to prior resolution of the PFIs Holders' Special Meeting or subsequent approval thereby.
- 132 Also by way of derogation to art.13.1, without no need for Holder's consent, the Company, by means of Board of Directors' resolution drafted 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, to repeal material errors, ambiguities or inaccuracies in the text, in any case provided that said amendments and/or supplements are not prejudicial to Holder's rights, and within the amount, number and time limits resolved by the shareholder's meeting.

14. APPLICABLE LAW AND ARBITRATION CLAUSE / COMPETENT JURISDICTION

- 141 These Terms and Conditions and the PFIs are ruled by the Italian law.
- 142 Every dispute that may arise between the Holders and the Company relating to the PFIs, and among Holders and each other, regarding, but not limited to, these Terms and Conditions' interpretation, execution, termination and validity, PFIs allocation and transfer, shall be subject to arbitration pursuant to art.95 ("Arbitration Clause") of CMC By-Laws.
- 143 Should the Arbitration Clause not be applicable, and without prejudice to any incompetence which cannot be compelled by law, for any dispute relating to the PFIs or to these Terms and Conditions which may arise between the Company and the Holders, the Court where the Company has its registered office shall have exclusive jurisdiction.

15. MISCELLANEA

- 151 The PFIs ownership implies full knowledge and unconditional acceptance of the terms and Conditions of these Terms and Conditions and By-Laws.
- 152 For anything not provided for in these Terms and Conditions, law and By-Laws applicable provisions shall apply.

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

...as all 2020-PFIs are converted into Bonds, following the Conversion request exceeding 70% of the 2020-PFIs (A), the 2021-PFIs issuance will in any case take place, on the provisions of these Terms and Conditions; the 2021-PFIs SFP-2021 will all be converted into Bonds:

- (I) both if the 2021-PFIs (B) Conversion requests exceed 70% of the 2021-PFIs;
- (II) and if the 2021-PFIs (B) Conversion requests are less than 70% of the 2021-PFIs, but the overall PFIs Conversion requests (A+B), (2020-PFIs + 2021-PFIs) in any case exceed 70%

of the overall value (C) of issued PFIs (2020-PFIs + 2021-PFIs), in consideration of the 2020-PFIs Conversion.

- (III) Upon 2021-PFIs issuance, their direct Automatic Conversion (“D.A.C.” in the Table) into Bonds will be triggered, regardless of the 2021-PFIs Conversion request, in case, based on the issued 2021-PFIs amount, the 2020-PFIs Conversion requests are per se such as to exceed 70% of the total PFIs.

	2020-PFIs Conversion request > 70%, A.C. of 2020-PFIs:		
2020-PFIs Euro 300,000,000	(I) 70,1% = 210,300,000 (A)	(II) 80% = 240,000,000 (A)	(III) 85% = 255,000,000 (A)
2021-PFIs Euro 60,000,000	NO D.A.C. C.A. if requests are ≥ 42,060,000 (B= 70.1%)	NO D.A.C. A.C. if requests are ≥ 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. 2021-PFIs A+B =C	A<C= NO D.A.C. 2021-PFIs B<70%, but A+B=C	A>C= D.A.C. 2021-PFIs