

Avio S.p.A.

**PROCEDURE FOR THE SUBMISSION OF A SLATE FOR THE RENEWAL
OF THE BOARD OF DIRECTORS BY THE OUTGOING BOARD OF
DIRECTORS**

Approved by the Board of Directors of Avio S.p.A. on November 7, 2022

I. INTRODUCTION

1. Article 11.4 of the Bylaws of Avio S.p.A. ("**Avio**" or the "**Company**") grants the outgoing Board of Directors the possibility of submitting a slate of candidates for the office of director in view of the renewal of the board.
2. In this regard, Recommendation No. 19, letter d), of the Corporate Governance Code of listed companies, to which Avio adheres, envisages the possibility for the Board of Directors to entrust the Appointments and Remuneration Committee ("**Committee**") with the task of supporting it in the activity of possible submission of a slate by the outgoing board, ensuring the transparency of the process that led to the slate's structure and proposition.
3. The procedure for the submission of the slate by the outgoing Board of Directors was, in addition, the subject of a Warning notice by Consob on January 21, 2022 (the "**Warning Notice**"). According to what is specified in the Warning Notice, it is the responsibility of the Company to define the most appropriate process for the possible structuring and submission of the Board of Directors' slate, identifying the relevant steps and the contribution of the various parties involved.
4. In the event of a decision by the outgoing Board of Directors to present its own slate of candidates for future renewal, the rules set forth in this procedure (the "**Procedure**"), approved by the Board of Directors with the favorable opinion of the Committee, shall apply, considering the practice and without prejudice to any further and/or different guidelines and indications of the Supervisory Authority.
5. Directors of the Company who will possibly declare their willingness to be reappointed, are required to comply with the transparency obligations set forth in Article 2391 of the Civil Code.

II. PARTIES INVOLVED IN THE PROCEDURE

6. Parties involved in the Procedure are:
 - a. the Board of Directors, which approves the Procedure, monitors its implementation and takes the final decisions regarding the structuring of the slate and its submission;
 - b. the Chair of the Committee (the "**Coordinator**"), who guides and coordinates the process of stakeholder engagement and slate structuring, keeping the Committee and the Board of Directors constantly updated;
 - c. the Committee, which supports the preliminary activity of the Board of Directors' decisions with reasoned and non-binding opinions in the stages of the process regulated by the Procedure. In the event that the Committee includes members who are (i) shareholders of the Company holding a stake of 3% or more of the share capital or (ii) shareholders or executive directors or employees of a shareholder (or parent company or subsidiary of a shareholder) referred to in point (i) above, the Board of Directors shall evaluate – taking into account the applicable provisions on the connection between slates – the possible replacement of such members of the Committee with other independent directors pursuant to Legislative Decree No. 58 of February 24, 1998 and the Corporate Governance Code;

- d. any “head hunting” and/or legal advisors, who support the Committee and/or the Board of Directors in the self–assessment activity and/or in the preparation of the guidance opinion on the size and composition of the Board of Directors deemed optimal (the “**Guidance Opinion**”) and/or in the activities of research and evaluation of candidates and slate structuring;
- e. the relevant corporate structures, and in particular, the Legal and Compliance Department, the Human Resources Department as well as the Investor Relator.

III. THE STAGES OF THE PROCEDURE

7. In consideration of the foregoing and considering both the recommendations of the Corporate Governance Code and the Warning Notice, the process of preparation and submission of the slate by the Board of Directors consists of the following stages.

A. Board Self–Assessment and Guidance Opinion

- 8. The Board of Directors, with the support of the Committee and any consultants appointed, carries out the process of periodic self–assessment on the adequacy of the Board itself and of the board committees in terms of size, composition and actual functioning, also considering their role in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system.
- 9. The Committee, with the support of any advisor appointed, shall examine the results of the self–assessment process and, on the basis of the same, shall instruct the process of preparing the Guidance Opinion, expressing its non–binding opinion on the same in view of its approval by the Board of Directors.
- 10. Once the Guidance Opinion has been approved by the Board of Directors, it shall be published in accordance with the procedures provided for by the applicable law on regulated information and adequately in advance of the publication of the notice of call of the Shareholders’ Meeting called to resolve on the renewal of the Board of Directors. The Guidance Opinion constitutes the point of reference on the basis of which the subsequent structuring of the slate of the outgoing Board of Directors is carried out.

B. Preliminary engagement of the main stakeholders

- 11. Once the Guidance Opinion has been published, the Coordinator – with the support of the competent Company functions (Legal and Compliance Department as well as the Investor Relator) and in compliance with the regulations on the disclosure of inside information as well as the “Shareholders’ and Stakeholders’ Engagement Policy of Avio S.p.A.” (the “**Engagement Policy**”) – shall meet with the main shareholders as well as the main proxy advisors and associations representing institutional investors and any other relevant stakeholder, also with the support of one or more shareholder service company.
- 12. The preliminary engagement of the main stakeholders is exclusively focused on the criteria for the composition of the slate and the abstract qualitative–quantitative profiles for the composition of the Board of Directors, consistently with the contents of the Guidance Opinion. The meetings are confidential in their content, are usually held in a bilateral and two–way form and are traceable through summary reports in accordance with the Engagement Policy.

C. Determination of the selective criteria for the identification of candidates. Selection of candidates.

13. On the basis of the Guidance Opinion and considering the indications gathered in the engagement activities of the main stakeholders, the Coordinator, with the support of the advisors possibly appointed, conducts an initial analysis of the abstract criteria for the qualitative–quantitative composition of the slate of the outgoing Board of Directors (the “**Selective Criteria**”), formulating the related proposal to the Committee. On the basis of this proposal, the Committee expresses its non–binding opinion in view of the Board of Directors’ meeting called to approve the Selective Criteria.
14. The Coordinator, with the support of any advisor appointed, shall prepare a list of potential candidates in accordance with the Guidance Opinion and the Selective Criteria (“**Long List**”), possibly also including any of the current Board members who have expressed their willingness to stand for reappointment and taking into account the applicable provisions on connection between slates.
15. The Long List, which must contain a number of candidates higher than the number of candidates that will be part of the final slate, is then submitted to the non–binding opinion of the Committee, which may also provide any indication and suggestion.
16. Taking into account the Committee’s opinion, the Board of Directors may provide further indications in view of the final approval of the Long List.
17. The Coordinator, with one or more members of the Committee invited by the Coordinator himself at his discretion and with the support of any advisor appointed, conducts individual interviews with each of the possible candidates included in the Long List, collecting the documentation necessary for the assessment of the requirements for becoming a director of the Company.

D. Preparation of the slate

18. The Committee issues a non–binding opinion:
 - a. on the proposal of final slate of candidates to be submitted to the Shareholders’ Meeting called to elect the new Board of Directors, in line with the indications of the Diversity Policies of the management and control boards approved, most recently, by the Company’s Board of Directors on March 14, 2022 (the “**Diversity Policy**”), of the Guidance Opinion, as well as of the Selective Criteria, identifying the possible order of the candidates within the slate and the members of the slate who are candidates for the role of Chair and Vice–Chair of the Board of Directors and Chief Executive Officer of the Company, and tracing the reasons behind each single choice;
 - b. on the ancillary proposals concerning the size, term of office and remuneration of the new Board of Directors; as well as
 - c. on a proposal for a detailed report on the process carried out and the reasons behind the selection of candidates in accordance with the Selective Criteria (the “**Explanatory Report**”). The Explanatory Report also indicates (i) the majorities with which the resolutions of the Board of Directors were adopted in the various stages of the process, starting from the adoption of the Procedure, specifying the number of directors who

voted against or abstained, as well as (ii) the possible scenarios depending on the outcome of the shareholders' meeting votes.

19. In expressing the opinion referred to in the previous point, the Committee must provide adequate justification regarding the consistency of the process followed and the final slate with this Procedure, the Diversity Policy, the Guidance Opinion and the Selective Criteria. Taking this opinion into account, the Board of Directors decides on the proposals referred to in the previous point.
20. The Board of Directors deposits its slate and the Explanatory Report as far as possible in advance of the date on which the Shareholders' Meeting is convened, and in any case well in advance of the deadline for shareholders to submit their slates.
21. Shareholders submitting a slate for the renewal of the Company's Board of Directors are invited to declare the absence of any connection with the Board of Directors' slate, specifying any significant existing relationship and the reasons why such relationships are not considered relevant for the existence of a connection.