

# ORDINARY AND EXTRAORDINARY SHAREHOLDERS MEETING

APRIL 26, 2019

Board of Directors' Report

*Determination of the number and appointment of the members of  
the Board of Directors for the financial years 2019-2020-2021.*

*Decisions as to their remuneration*  
*(item 2 on the agenda of the ordinary session)*

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84  
MILAN MONZA BRIANZA LODI COMPANY REGISTER AND TAX CODE 00607460201  
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.  
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**BOARD OF DIRECTORS' REPORT TO THE ORDINARY  
SHAREHOLDERS MEETING**

**Determination of the number and appointment of the members of the  
Board of Directors for the financial years 2019-2020-2021. Decisions as  
to their remuneration**

Dear Shareholders,

You are convened to appoint the new Board of Directors the mandate of which comes to an end with the approval of the Financial Statements for financial year 2018.

We remind you the provisions of art. 17 of the Articles of Association which, for your convenience, we are reproducing in full below:

*“The Company is administered by a Board of Directors comprised of between five and fifteen members, even not necessarily shareholders. They are appointed by the General Shareholders’ Meeting for a fixed term which may not exceed three years, and are eligible for re-election.*

*The General Shareholders’ Meeting also determines the number of Board members, which remains fixed unless altered by further deliberation of the Meeting.*

*Minority Shareholders have the right to appoint one member of the Board of Directors.*

*The Board of Directors is appointed by the General Shareholders’ Meeting based on lists presented by the Shareholders where candidates are indicated in numerical order; The lists of candidates, signed by the presenting Shareholders, must be filed according to the terms and conditions set out in the enforceable law.*

*List may only be presented by Shareholders who, either individually or jointly with other Shareholders, hold shares that represent at least one fortieth of the share capital, or such other percentage as may be determined by the law or regulations. Proof of ownership of the required number of shares must be presented according to the terms and conditions provided for by the applicable law.*

*The lists having three or more candidates shall include members of different gender at least in the proportion prescribed by the existing legislation on equal opportunities and balance between the genders.*

*Lists which fail to comply with the above rules shall be considered as not presented.*

*No Shareholder may present or contribute to the presentation of more than one list, even via an intermediary or trustee. Shareholders subject to the same control pursuant to art. 93 of the Consolidated Law on Financial Intermediation or belonging to the same voting syndicate may present or contribute to the presentation of only one list.*

*Each Shareholder can vote for just one list.*

*Each candidate may appear in one list only, under penalty of ineligibility.*

*Each list filed by the required date must be accompanied by statements from each candidate accepting their nomination and declaring, under their own responsibility, that there are no reason of ineligibility or incompatibility regarding their candidature and that they meet the requirements laid down in the law and current regulations for the member of the Board of Directors. Candidates must also provide a curriculum vitae describing their personal and professional qualifications specifying any position as director or statutory auditor they might hold in other companies and whether they meet the requirements for the position of Independent Director under the current law and regulations.*

*Incompleteness or irregularity of any candidature shall cause the removal of the candidate's name from the voting list.*

*For the nomination to go forward, the lists presented and submitted for voting must obtain at least half the percentage of votes required under this Article for the presentation of the lists themselves. Lists which do not meet this condition shall be considered null and void.*

*Members of the Board of Directors are elected as follows:*

*a) from the list which obtained the highest number of votes during the Meeting, as many directors as required to make up the Board minus one are selected following the numerical order in which they were listed;*

*b) from the list which obtained the second highest number of votes during the Meeting, and which is unconnected in any way, even indirectly, with the shareholders who presented or voted for the first list, the candidate at the top of this second list is nominated as the final board member.*

*If the application of the procedure stated in letters a) and b) does not allow to respect the balance between the genders prescribed by the existing legislation, the last director elected of the list having obtained the highest number of votes and belonging to the gender that is the most represented forfeits and is replaced by the first non-elected candidate of the same list, belonging to the least represented gender. Otherwise, the Shareholders' Meeting shall integrate the administrative body pursuant to the majorities foreseen by the law, ensuring compliance with the terms of the law.*

*All elected Directors must meet the criteria of respectability and professional conduct laid down in the current regulations. Failure to meet these criteria will mean disqualification from the position.*

*If only one list is presented or admitted, all Directors are appointed from that list.*

*If no list is presented or the number of Directors appointed is smaller than the minimum required by the Shareholders, the General Meeting must be reconvened to elect a full Board of Directors.*

*If as a result of resignations or for other reasons one or more Directors ceases to serve, they are replaced in accordance with art. 2386 of the Italian Civil Code, in compliance with the applicable requirements.”*

With reference to paragraph 5 of art. 17 of the Articles of Association, we would like to inform you that Consob, in its Resolution No. 13 of January 24, 2019 stipulated that the minimum percentage of share capital ownership for presenting a list of candidates is 2.5%.

We remind you that the provisions for the gender balance as described by the Articles of Association, adapted to the Law 120/2011, apply to the appointment of the Board of Directors.

We remind you that the lists must be filed at the Company registered office or sent by e-mail to the certified address [sogefi@legalmail.it](mailto:sogefi@legalmail.it) by April 1, 2019.

The lists shall be published and spread through the eMarket STORAGE authorised system ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the website [www.sogefigroup.com](http://www.sogefigroup.com) by April 5, 2019.

Any Shareholders other than the controlling shareholder who intend to present a list are asked to consult the recommendations provided by Consob in its communications DEM/9017893 of February 26, 2009 available on the website [www.consob.it](http://www.consob.it).

Considering the provisions of art. 125-*ter* of the Legislative Decree no. 58/98 and subsequent amendments and additions (T.U.F.) concerning the requirement to make the proposed resolutions available, your Board requested the controlling Shareholder's intention about number of members and fees for the Board of Directors.

The controlling Shareholder informed the Board that it intends to set at a later stage, in a range from 7 to 9, the number of the members of the Board of Directors and that it will submit the following proposals to the approval of the Shareholders:

- to set in \_\_\_\_ [number from 7 to 9]\* the number of the members of the Board of Directors for the financial years 2019-2020-2021, i.e. until the Shareholders Meeting that will discuss the Financial Statements for the year ended December 31, 2021;
- to establish an annual fee of euro 20,000 *pro rata temporis* for each member of the Board of Directors, pursuant to art. 2389, paragraph 1 of the Italian Civil Code;
- to allow the Directors to hold other positions pursuant to art. 2390, paragraph 1, of the Italian Civil Code.

Given the above, your Board asks you to approve the following two resolutions:

*1) regarding the decision as to the number of Board members*

“The Ordinary Shareholders Meeting of Sogefi S.p.A.:

- having acknowledged the Board of Directors’ Report,
- having acknowledged the proposal made by the Shareholder CIR S.p.A.,
- bearing in mind the law provisions and the Company Articles of Association

RESOLVES

- to set at \_\_\_\_\_ [number included from 7 to 9]\* the number of the members of the Board of Directors for the financial years 2019-2020-2021, i.e. until the Shareholders Meeting that will discuss the Financial Statements for the year ended December 31, 2021;
- to allow the Directors appointed to hold other positions pursuant to art. 2390 of the Italian Civil Code.”

*2) regarding the question of fees for the Directors*

“The Ordinary Shareholders Meeting of Sogefi S.p.A.:

- having acknowledged the Board of Directors’ Report,
- having acknowledged the proposal made by the Shareholder CIR S.p.A.,
- bearing in mind the law provisions and the Company Articles of Association

RESOLVES

- that each member of the Board of Directors be assigned an annual fee of euro 20,000 *pro rata temporis*, pursuant to art. 2389, paragraph 1, of the Italian Civil Code.”

Lastly we would remind also that it is necessary to either vote for one of the presented lists or to abstain from voting, vote against all lists or not taking part to the voting at all.

Your Board wishes to thank you for the trust you have placed in it.

\* This number will be determined by the Shareholders Meeting on the basis of the lists that will be presented, taking into account that the Company's Articles of Association provides for a number ranging from 5 to 15 members.