

ORDINARY AND EXTRAORDINARY SHAREHOLDERS MEETING

APRIL 23, 2018

Board of Directors' Report

Amendment to the art. 17 of the Articles of Association.

Related and consequent resolutions

(item 1 on the agenda of the extraordinary session)

(Translation into English of the Original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,440,555.84
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
REGISTERED OFFICE: 46100 MANTOVA, VIA ULISSE BARBIERI, 2 - TEL. 0376.2031
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BOARD OF DIRECTORS' REPORT
TO THE EXTRAORDINARY SHAREHOLDERS MEETING
Amendment to the Art. 17 of the Articles of Association.
Related and consequent resolutions

Dear Shareholders,

the current terms of the Company's Articles of Association in relation to the election of the members of the administrative body through a list vote envisage a limit to the number of candidates that can be included in the lists presented by minority shareholders. Art. 17, paragraph 5, of the Articles of Association states that "*[...] Shareholders who, individually or with others, hold voting shares representing less than 20% of the share capital may present lists of no more than 3 candidates [...]*".

This clause of the Articles of Association was originally introduced to avoid the risk that a mere error of form could lead to the exclusion of the list presented by the majority shareholder, with the result that the entire Board could be the expression of a minority list.

With a letter dated July 20 2017, the appropriate Offices of Consob expressed a certain perplexity as to whether this clause of the current Articles of Association on the subject of list voting complies with the current rules applicable to list voting, requesting that your Company gives its considerations on the matter.

The Board of Directors of your Company duly acknowledged this request and, independently of whether or not the points raised by Consob were founded, in a spirit of collaboration with the Supervisory Authority and openness to minority shareholders, voted to submit to the first Extraordinary Shareholders' Meeting the proposal that the said clause be eliminated.

Based on what has been explained above, we would ask you therefore to approve the following resolution:

“The Extraordinary General Meeting of the Shareholders of Sogefi S.p.A.,

- having considered the proposal made by the Board of Directors;
- taking into account the correspondence with the competent Offices of Consob;

RESOLVES

- 1) to amend Art. 17 of the Company’s Articles of Association according to the text contained in the Report of the Board of Directors, as follows:

Current text

Proposed text

<p>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 Meeting of Shareholders for a fixed term which may not exceed three years, and are eligible for re-election.</p> <p>The General Meeting also determines the number of Board members, which remains fixed unless altered by further deliberation of the Meeting.</p> <p>Minority Shareholders have the right to appoint one member of the Board of Directors.</p> <p>The Board members are appointed by the General Meeting from lists presented by the Shareholders. Candidates are listed in numerical order. The lists, signed by the presenting Shareholders, must be filed</p>	<p>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 Meeting of Shareholders for a fixed term which may not exceed three years, and are eligible for re-election.</p> <p>The General Meeting also determines the number of Board members, which remains fixed unless altered by further deliberation of the Meeting.</p> <p>Minority Shareholders have the right to appoint one member of the Board of Directors.</p> <p>The Board members are appointed by the General Meeting from lists presented by the Shareholders. Candidates are listed in numerical order. The lists, signed by the presenting Shareholders, must be filed</p>
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<p>according to the terms and conditions required by the enforceable law.</p> <p>List may only be presented by Shareholders who, either individually or jointly with others, hold shares that represent at least a fortieth of the share capital, or a different percentage laid down by the law or regulations. Proof of ownership of the required number of shares must be presented according to the terms and conditions required by the enforceable law. Shareholders who, individually or with others, hold voting shares representing less than 20% of the share capital may present lists of no more than 3 candidates.</p> <p>Lists which include a number of candidates equal to or higher than three must include candidates belonging to both genders, in at least the proportion specified in current legislation on the subject of gender balancing.</p> <p>Lists which fail to comply with the above rules shall be considered inadmissible.</p> <p>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 Securities Act or</p>	<p>according to the terms and conditions required by the enforceable law.</p> <p>List may only be presented by Shareholders who, either individually or jointly with others, hold shares that represent at least a fortieth of the share capital, or a different percentage laid down by the law or regulations. Proof of ownership of the required number of shares must be presented according to the terms and conditions required by the enforceable law.</p> <p>Lists which include a number of candidates equal to or higher than three must include candidates belonging to both genders, in at least the proportion specified in current legislation on the subject of gender balancing.</p> <p>Lists which fail to comply with the above rules shall be considered inadmissible.</p> <p>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 Securities Act or</p>
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<p>belonging to the same voting syndicate may present or contribute to the presentation of only one list.</p> <p>Each Shareholder can vote for just one list.</p> <p>Each candidate may stand in one list only, on pain of disqualification.</p> <p>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 position of Board member. 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 satisfy the requirements for the position of independent director under the law and current regulations.</p> <p>Incompleteness or irregularity of any candidature shall mean disqualification of the candidate's name from the voting list.</p> <p>For the nomination to go forward, the</p>	<p>belonging to the same voting syndicate may present or contribute to the presentation of only one list.</p> <p>Each Shareholder can vote for just one list.</p> <p>Each candidate may stand in one list only, on pain of disqualification.</p> <p>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 position of Board member. 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 satisfy the requirements for the position of independent director under the law and current regulations.</p> <p>Incompleteness or irregularity of any candidature shall mean disqualification of the candidate's name from the voting list.</p> <p>For the nomination to go forward, the</p>
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<p>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.</p> <p>Members of the Board of Directors are elected as follows:</p> <p>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 taken in the numerical order in which they were listed;</p> <p>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.</p> <p>When application of the procedure described in a) and b) above does not give the gender balance required by current legislation, the last director elected from the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list belonging to</p>	<p>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.</p> <p>Members of the Board of Directors are elected as follows:</p> <p>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 taken in the numerical order in which they were listed;</p> <p>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.</p> <p>When application of the procedure described in a) and b) above does not give the gender balance required by current legislation, the last director elected from the list that obtained the most votes belonging to the most represented gender shall lapse and shall be replaced by the first candidate not elected from the same list</p>
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<p>the less represented gender. Otherwise, the Shareholders' Meeting shall make up the number of the administrative body with the majorities required by law, ensuring compliance with the terms of the law.</p> <p>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.</p> <p>If only one list is presented or admitted, all Directors are appointed from that list.</p> <p>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.</p> <p>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 Civil Code, in compliance with the applicable requisites.</p>	<p>belonging to the less represented gender. Otherwise, the Shareholders' Meeting shall make up the number of the administrative body with the majorities required by law, ensuring compliance with the terms of the law.</p> <p>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.</p> <p>If only one list is presented or admitted, all Directors are appointed from that list.</p> <p>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.</p> <p>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 Civil Code, in compliance with the applicable requisites.</p>
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- 2) to give the Board of Directors, and for the Board the Chairman and the Chief Executive Officer, severally, full powers to implement the resolution adopted;

- 3) to give the Chairman of the Annual General Meeting and the Chief Executive Officer, severally, full powers to make any changes to this resolution that could be required by the competent Authorities, provided that they are of a formal nature."