

**FINECO**

B A N K

# SHAREHOLDERS' MEETING

APRIL 11, 2017

INFORMATION CONCERNING THE  
PROCEDURE FOR THE APPOINTMENT OF  
THE BOARD OF DIRECTORS AND THE  
BOARD OF STATUTORY AUDITORS OF  
FINECOBANK

*This is an English translation of the original Italian document. The original version in Italian takes precedence.*

## Contents

Contents .....	2
PART A .....	4
Information concerning the procedure for the appointment of the FinecoBank’s Board of Directors ...	4
<b>1. GENERAL INFORMATION.....</b>	<b>5</b>
<b>1.1. Number of Directors and term in office.....</b>	<b>5</b>
<b>1.2. Term and conditions for the Directors’ appointment.....</b>	<b>5</b>
<b>1.3. Shareholders entitled to submit lists .....</b>	<b>5</b>
<b>1.4. Deadline for submitting lists .....</b>	<b>5</b>
<b>1.5. Method for submitting lists .....</b>	<b>5</b>
<b>1.6. Deadline for publication of the lists.....</b>	<b>5</b>
<b>2. METHOD FOR SUBMITTING LISTS AND DOCUMENTS TO BE SUBMITTED THEREWITH.....</b>	<b>6</b>
<b>2.1. Gender breakdown .....</b>	<b>6</b>
<b>2.2. Independent directors.....</b>	<b>6</b>
<b>2.3. Minority lists and relations between lists.....</b>	<b>6</b>
<b>2.4. Documents to be submitted with the lists.....</b>	<b>8</b>
<b>3. APPOINTMENT PROCEDURE .....</b>	<b>9</b>
PART B .....	10
Information concerning the procedure for the appointment of the FinecoBank’s Board of Statutory Auditors .....	10
<b>1. GENERAL INFORMATION.....</b>	<b>11</b>
<b>1.1. Procedure for the appointment and term in office .....</b>	<b>11</b>
<b>1.2. Shareholders entitled to submit lists .....</b>	<b>11</b>
<b>1.3. Deadline for submitting lists .....</b>	<b>11</b>
<b>1.4. Method for submitting lists .....</b>	<b>11</b>
<b>1.5. Deadline for publication of the lists.....</b>	<b>11</b>
<b>2. PROCEDURE FOR SUBMITTING THE LISTS.....</b>	<b>12</b>
<b>2.1. Gender breakdown .....</b>	<b>12</b>
<b>2.2. Minority lists and relations between lists.....</b>	<b>12</b>
<b>2.3. Requirements.....</b>	<b>14</b>
<b>3. APPOINTMENT PROCEDURE .....</b>	<b>17</b>

## WARNING

*The content of this document is made available to the shareholders of FinecoBank for information purposes only; as such, it is not intended to replace or supplement any legislative, regulatory or By-law provisions governing the procedure for the appointment of the directors and statutory auditors, to which the Shareholders should make reference.*

***This is an English translation of the original Italian document. The original version in Italian takes precedence***

**PART A**

**Information concerning the procedure for the appointment of the FinecoBank's Board of Directors**

## 1. GENERAL INFORMATION

### 1.1. Number of Directors and term in office

Pursuant to the By-laws, the Company is managed by a Board of Directors which is made up of not less than 5 and not more than 13 members.

Before the appointment, the Shareholders' Meeting shall resolve on the number of Directors. The number of Directors, therefore, shall be determined on the basis of proposals made by the shareholders at the time of submitting the lists (please see below) or at the Shareholders' Meeting, up to the time the relevant resolution is made.

The Directors shall remain in office for three years and their mandate shall expire on the date of the shareholders' meeting called to approve the financial statements relating to the last year of their office (unless a shorter term is established at the time of their appointment).

### 1.2. Term and conditions for the Directors' appointment

Pursuant to Article 13 of the By-laws and in compliance with applicable laws and regulations, the Directors shall be appointed on the basis of lists of candidates submitted by eligible shareholders.

### 1.3. Shareholders entitled to submit lists

Shareholders who, alone or jointly with others, hold at least 1% of the ordinary share capital are entitled to submit lists.

Ownership of the minimum number of shares required for submitting lists is calculated taking into consideration the shares registered for each individual shareholder, or for more shareholders jointly, on the day on which the lists are submitted to the Company and must be proven pursuant to the then current laws; such proof may also be submitted to the Company after the submitting of the lists, provided it is prior to the deadline within which the Company must make the lists public (*i.e.* within 21 days prior to the date of the Shareholders' Meeting).

### 1.4. Deadline for submitting lists

No later than the 25th day prior to the date set for the Shareholders' Meeting (*i.e.* **March 17, 2017**).

### 1.5. Method for submitting lists

The lists must be submitted to the Registered Office or the Headquarters of the Company (please note that the envelope should be marked with the following caption: "*for the attention of the Corporate Law Department*") or also via e-mail to [corporate.law@pec.fineco.it](mailto:corporate.law@pec.fineco.it) (validated with electronic format signature pursuant to Article 21, sub-paragraph 2, of the Legislative Decree no. 82/05); failure to comply with these procedures shall result in disqualification of the relevant list.

### 1.6. Deadline for publication of the lists

At least 21 days prior to the date set for the Shareholders' Meeting (*i.e.* **March 21, 2017**).

The lists, together with the required documentation, will be made available to the public at the Registered Office and the Headquarters of the Company, on the website of FinecoBank, as well as on the *website* of the authorized storage mechanism managed by Spafid Connect S.p.A. ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the *website* of the market management company Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), by March 21, 2017.

## 2. METHOD FOR SUBMITTING LISTS AND DOCUMENTS TO BE SUBMITTED THEREWITH

Each entitled shareholder may submit or participate in the submission of one list only.

Each shareholder entitled to vote (as well as entitled persons belonging to the same group, intended as a party, which need not be a corporation, exercising control pursuant to Article 2359 of the Italian Civil Code and any subsidiary controlled by, or under the control of the said party) or Shareholders who are party to a shareholders' agreement as per Article 122 of the Legislative Decree no. 58 of 24 February 1998 (hereinafter, the "**Consolidated Law on Finance**"), or entitled persons who are otherwise associated with each other in a material relationship pursuant to current and applicable statutory or regulatory provisions, may submit individually or with others only one list.

Each candidate may only feature in one list, failing which he will become ineligible.

**With respect to the foregoing, Shareholders are invited to take into account the content of the document named "*Assessment of the qualitative and quantitative composition of the FinecoBank Board of Directors*" – drawn up in accordance with the provisions of the Bank of Italy regarding corporate governance, as set out in Circular Letter no. 285 of December 17, 2013 – which contains the results of the prior analysis carried out by the Board of Directors of the Company on its qualitative and quantitative composition deemed optimal in order to ensure the proper performance of the functions assigned to it. The document, approved by the Board of Directors on February 7, 2017, is available on the website of the Company ("*Governance/Shareholders' Meeting*" Section). Shareholders obviously retain the right to make their own assessments of what constitutes an optimal Board composition, justifying any differences with regard to the analysis made by the latter.**

**For all matters not specifically indicated in this document, included the professional, integrity and independence requirements of the Directors, please refer to the *Assessment of the qualitative and quantitative composition of the FinecoBank Board of Directors*.**

### 2.1. Gender breakdown

Pursuant to Article 147-ter, paragraph 1-ter, of the Consolidated Law on Finance, the less-represented gender must obtain at least one third of the directors elected.

Therefore, when submitting candidates, the above mentioned gender criterion must be taken into account and, pursuant to the By-laws, each list containing a number of candidates equal to or greater than 3 (three) must include candidates of both genders, in order to ensure at least the minimum balance between genders required by the applicable laws or regulations.

### 2.2. Independent directors

FinecoBank being an Italian listed company subject to management and coordination by another Italian company with shares listed on regulated markets, the Board of Directors must be composed of a majority of independent directors, pursuant to Article 37, paragraph 1, letter d), of the Regulation adopted by Consob in Resolution no. 16191 of October 29, 2007, as amended.

From a prospective standpoint, the lists must include candidates in such a manner as to ensure that the majority of Board members satisfies the independence requirement set out in Article 3 of the Corporate Governance Code for Listed Companies.

### 2.3. Minority lists and relations between lists

Pursuant to Article 147-ter, paragraph 3, of the Consolidated Law on Finance "*(...) at least one member shall be elected from the minority slate that obtained the largest number of votes and is not linked in any way, even indirectly, with the shareholders who presented or voted the list which resulted first by the number of votes*". Accordingly, in order to ensure full transparency of any

relations between lists, in its **Communication no. DEM/9017893 of February 26, 2009**, Consob made detailed recommendations to shareholders who file a minority list for the appointment of members of the board of directors. More specifically, the aforementioned Communication requires the entitled parties who submit a “minority list” to file – together with the list – a statement confirming the absence of any direct or indirect connection, as set forth in the cited Article 147-ter, paragraph 3 of the Consolidated Law on Finance and Article 144-quinquies of Consob Regulation no. 11971 of May 14, 1999, with the shareholders who hold, including jointly, a controlling or relative majority interest, where such shareholders can be identified on the basis of the significant shareholdings disclosed pursuant to Article 120 of the Consolidated Law on Finance or of the publication of shareholders’ agreements pursuant to Article 122 of the same Decree. In the statement the following must also be specified:

- (a) any existing relationships, if significant, with the shareholders who hold, including jointly, a controlling or relative majority interest, if identifiable, and the reasons such relations were not considered relevant for the purpose of determining the existence of the mentioned relationships; or
- (b) the absence of any such significant relationships.

More specifically, it is recommended that at least the following relationships be disclosed:

- family relationships;
- being a party in the recent past, including by companies of their respective groups, to a shareholder’s agreement as envisaged by art. 122 of the Consolidated Law on Finance involving the shares of the issuer or of the issuer’s group companies;
- being a party, including by companies of their respective groups, to the same shareholder’s agreement involving the shares of third companies;
- any direct or indirect shareholdings and any direct or indirect cross-holdings, including between companies of the respective groups;
- having taken positions, including in the recent past, in the management and control bodies of companies that are part of the group of the controlling or relative majority shareholder(s), as well as being, of having been in the recent past, an employee with these companies;
- having been included, directly or through their representatives, in the list submitted by the shareholders who hold, including jointly, a controlling or a relative majority interest, in the previous appointment of the management or control bodies;
- having participated in the previous appointment of the management or control bodies, in the submission of a list with the shareholders who hold, including jointly, a controlling or relative majority interest or having voted for a list submitted by such shareholders;
- entertaining or having entertained in the recent past any commercial, financial (if not within the typical lending business) or professional relations;
- the presence in the minority list of candidates who are or have been in the recent past executive directors or key managers of the controlling or relative majority shareholder(s) or of companies that are part of their respective groups.

Consob has therefore clarified that the concept of connection is “*non-technical*” and “*cannot be limited to the cases of control and connection as identified by law*” and that “*given the anti-avoidance purpose, the concept has to be given a broad meaning*” must be attributed (please see Consob Communication no. DCG/11085486 of October 19, 2011).

Finally, please note that the Company will make the above statement available to the public together with the lists, within the time limits and in the manner prescribed for publication of the lists.

#### 2.4. Documents to be submitted with the lists

The following documents, duly dated and signed, must also be filed together with each list, by the submission deadline of March 17, 2017 (*i.e.* the 25th day prior to the date set for the Shareholders' Meeting):

- (a) information on the identity of those who have submitted the lists, specifying the total percentage of shares held; to this end, the entitled parties can use the template "*Letter form for the submitting of lists for the appointment of members of the Board of Directors*" attached hereto as Annex "**A**";
- (b) the statement of the Shareholders other than those who hold, including jointly, a controlling or relative majority interest, certifying the absence of any connection with the latter; to this end, the entitled parties can use the template "*Declaration form certifying the existence or absence of any relationship of affiliation*" attached hereto as Annex "**B**";
- (c) exhaustive information on the personal and professional characteristics of the candidates included in the list (*Curriculum Vitae*) and the list of administration, management and control positions they hold in other companies; both documents must be submitted in Italian and English;
- (d) the statement whereby the individual candidates irrevocably accept the office (subject to their appointment) and attest, under their own responsibility, that there are no causes of ineligibility and incompatibility for the candidacy, and that they have the required professional experience, integrity and independence prescribed by applicable laws, regulations and the By-laws, according to the template "*Acceptance Statement*" attached hereto as Annex "**C**".

**The lists for which the above provisions have not been complied with will be considered as not submitted.**

In order to enable the Shareholders to read the qualifications of each applicant more easily, the Board of Directors also requires that each candidate present a signed statement briefly outlining the skills developed in the various areas specified in the document "*Qualitative and quantitative composition of FinecoBank Board of Directors*", according to the template "*Qualitative-quantitative profile statement*" attached hereto as Annex "**D**".

### 3. APPOINTMENT PROCEDURE

Each person entitled to vote may vote for one list only.

The appointment of the Board of Directors shall be conducted as follows, pursuant to the By-laws:

- (a) a number of Directors equal to the number of board members, decreased by 1, shall be drawn – in the order in which they appear on the list – from the list receiving the majority of votes cast. The remaining Director shall be drawn – in numerical order – from the minority list that received the most votes among the minority lists;
- (b) if the majority list does not reach a sufficient number of candidates for the election of the number of Directors to be appointed, according to the mechanism indicated in letter a) above, all the candidates from the majority list shall be appointed and the remaining Directors shall be drawn from the minority list, in the order in which they appear on the list, receiving the highest number of votes; if necessary, directors shall also be drawn from the second most voted minority list, always in the order in which they appear on the list, until the number of Directors to elect has been reached;
- (c) if the number of candidates in the majority as well as minorities lists submitted is less than the number of the Directors to be elected, the remaining Directors shall be elected through a resolution made by the Shareholders' Meeting by relative majority, ensuring compliance with the principles of independence and gender equality prescribed by current law and regulations. If there is a tie vote between two or more candidates, a run-off will be held between these candidates by means of another vote at the Shareholders' Meeting;
- (d) if only one list or no list is submitted, the Shareholders' Meeting shall act in accordance with the procedures set forth in letter (c) above;
- (e) if the required minimum number of Independent Directors and/or Directors belonging to the least represented gender is not elected, the Directors of the most voted list who have the highest consecutive number and do not meet the requirements in question shall be replaced by the next candidates on the same list, who meet the necessary requirements. Should it prove impossible, even after applying this criterion, to identify the Directors who meet the above requirements, the above substitution criterion shall apply to the minorities lists receiving the highest votes from which the candidates elected have been drawn;
- (f) if even after applying the substitution criteria referred to in letter e) above, suitable substitutions have not been found, the Shareholders' Meeting shall resolve by a relative majority. In this case, the replacement shall be effected starting from the most voted lists and from the candidates bearing the highest number in consecutive order.

**PART B**

**Information concerning the procedure for the appointment of the FinecoBank's Board of Statutory Auditors**

## 1. GENERAL INFORMATION

### 1.1. Procedure for the appointment and term in office

Pursuant to Article 23 of the By-laws and in compliance with applicable laws and regulations, the ordinary Shareholders' Meeting appoints the permanent Statutory Auditors, electing a Chairman from among them, and the alternate Statutory Auditors.

The appointment of permanent and alternate Statutory Auditors shall be made on the basis of lists of candidates submitted by eligible parties, in which the candidates shall be listed in numerical order. More specifically, the lists are divided into two lists, respectively, including up to three candidates for the position of permanent Statutory Auditor and up to two candidates for that of alternate Statutory Auditor.

The Statutory Auditors shall remain in office for three years, until the shareholders' meeting called to approve the financial statements related to the last year of their office.

### 1.2. Shareholders entitled to submit lists

Shareholders who, alone or jointly with others, hold at least 1% of the ordinary share capital are entitled to submit lists.

Ownership of the minimum number of shares required for submitting lists is calculated taking into consideration the shares registered for each individual shareholder, or for more shareholders jointly, on the day on which the lists are submitted to the Company and must be proven pursuant to the then current laws; such proof may also be submitted to the Company after the submitting of the lists, provided it is prior to the deadline within which the Company must make the lists public (*i.e.* within 21 days prior to the date of the Shareholders' Meeting).

### 1.3. Deadline for submitting lists

No later than the 25th day prior to the date set for the Shareholders' Meeting (*i.e.* **March 17, 2017**).

### 1.4. Method for submitting lists

The lists must be submitted to the Registered Office or the Headquarters of the Company (please note that the envelope should be marked with the following caption: "*for the attention of the Corporate Law Department*") or also via e-mail to corporate.law@pec.fineco.it (validated with electronic format signature pursuant to Article 21, sub-paragraph 2, of the Legislative Decree no. 82/05); failure to comply with these procedures shall result in disqualification of the relevant list.

### 1.5. Deadline for publication of the lists

At least 21 days prior to the date set for the Shareholders' Meeting (*i.e.* **March 21, 2017**).

The lists, together with the required documentation, will be made available to the public at the Registered Office and the Headquarters of the Company, on the website of FinecoBank, as well as on the *website* of the authorized storage mechanism managed by Spafid Connect S.p.A. (www.emarketstorage.com) and on the *website* of the market management company Borsa Italiana S.p.A. (www.borsaitaliana.it), by March 21, 2017.

## 2. PROCEDURE FOR SUBMITTING THE LISTS

Each entitled shareholder may submit or participate in the submission of one list only.

Each shareholder entitled to vote (as well as entitled persons belonging to the same group, intended as a party, which need not be a corporation, exercising control pursuant to Article 2359 of the Italian Civil Code and any subsidiary controlled by, or under the control of the said party) or Shareholders who are party to a shareholders' agreement as per Article 122 of the Legislative Decree no. 58 of 24 February 1998 (hereinafter, the "**Consolidated Law on Finance**"), or entitled persons who are otherwise associated with each other in a material relationship pursuant to current and applicable statutory or regulatory provisions, may submit individually or with others only one list.

Each candidate may only feature in one list, failing which he will become ineligible.

At least the first two candidates for the office as permanent Statutory Auditor and at least the first candidate for the office as alternate Statutory Auditor included in the respective lists must be registered in the national roll of auditors and must have practiced the statutory auditing of accounts for a period of not less than three years.

### 2.1. Gender breakdown

Each list for the appointment of Statutory Auditor must have a number of candidates belonging to the least represented gender, so as to ensure compliance with at least the minimum requirements for gender equality prescribed by current law and regulations. Pursuant to Article 148, paragraph 1-*bis*, of the Consolidated Law on Finance, the methods for forming the lists and the supplementary criteria for identifying the members of the control body must therefore ensure that at least one third of the permanent Statutory Auditors is of the less represented gender.

### 2.2. Minority lists and relations between lists

Regarding the appointment of the Board of Statutory Auditors, Article 148, paragraph 2, of the Consolidated Law on Finance provides that "*Consob establishes the rules for the election procedure by list vote of a member of the Board of Auditors by minority shareholders, that are not directly or indirectly associated with the shareholders that submitted or voted the list qualifying as first for the number of votes received*".

By virtue of this regulatory delegation, by Regulation no. 11971 of May 14, 1999, as amended and supplemented (the "**Issuers' Regulations**"), Consob has regulated in detail the entire procedure for the appointment of the control bodies on the basis of lists, bearing in mind the purpose of ensuring the appointment of at least one permanent statutory auditor by the minority shareholders and the "*absence of connection between the statutory auditors appointed by the minority shareholders and the majority shareholders*". More specifically, in Article 144-*quinquies* of the Issuers' Regulations, Consob identified some types of relations for which the connection referred to in Article 148, paragraph 2, of the Consolidated Law on Finance is presumed to exist; Consob, however, did not provide an exhaustive list and prescribed that those submitting a "minority list" must file a statement with the registered office of the company confirming the absence of the relationships envisaged by the mentioned Article 144-*quinquies* with the shareholder who holds (or the shareholders jointly holding) a controlling or relative majority interest (Article 144-*sexies*, paragraph 4, letter b), of the Issuers' Regulation).

More specifically, Article 144-*quinquies* of the Issuers' Regulations has identified the following types of connections between one or more major shareholders and one or more minority shareholders:

- (a) family relationships;
- (b) being part of the same group;
- (c) control between a company and those who jointly control it;

- (d) relationships as defined by Article 2359, paragraph 3, of the Italian Civil Code, including with entities of the same group;
- (e) managerial or executive functions, with key strategic responsibilities, carried out a shareholder within a group owned by another shareholder;
- (f) being a party to the same shareholder's agreement as envisaged by art. 122 of the Consolidated Law on Finance involving the shares of the issuer, or of a parent or subsidiary thereof.

Consob communication no. DEM / 9017893 of February 26, 2009 specifies that, with regard to the appointment of the control bodies, subject to the obligation to file the statement as per art. 144-*sexies*, paragraph 4, b), of the Issuers' Regulations, it is recommended that the shareholders who submit a "minority list" provide the following information in the said statement:

- any significant relationship with the shareholders who hold, including jointly, a controlling or relative majority interest, where such shareholders can be identified on the basis of the significant shareholdings disclosed pursuant to Article 120 of the Consolidated Law on Finance or of the publication of shareholders' agreements pursuant to Article 122 of the same Decree. Alternatively, the absence of any significant relationships must be specified;
- the reasons such relations were not considered relevant for the purpose of determining the existence of the relationships envisaged by Article 148, paragraph 2, of the Consolidated Law on Finance and Article 144-*quinquies* of the Issuers' Regulations.

More specifically, it is recommended that at least the following relationships be disclosed:

- family relationships;
- being a party in the recent past, including by companies of their respective groups, to a shareholder's agreement as envisaged by Article 122 of the Consolidated Law on Finance involving the shares of the issuer or of the issuer's group companies;
- being a party, including by companies of their respective groups, to the same shareholder's agreement involving the shares of third companies;
- any direct or indirect shareholdings and any direct or indirect cross-holdings, including between companies of the respective groups;
- having taken positions, including in the recent past, in the management and control bodies of companies that are part of the group of the controlling or relative majority shareholder(s), as well as being, of having been in the recent past, an employee with these companies;
- having been included, directly or through their representatives, in the list submitted by the shareholders who hold, including jointly, a controlling or a relative majority interest, in the previous appointment of the management or control bodies;
- having participated in the previous appointment of the management or control bodies, in the submission of a list with the shareholders who hold, including jointly, a controlling or relative majority interest or having voted for a list submitted by such shareholders;
- entertaining or having entertained in the recent past any commercial, financial (if not within the typical lending business) or professional relations;
- the presence in the minority list of candidates who are or have been in the recent past executive directors or key managers of the controlling or relative majority shareholder(s) or of companies that are part of their respective groups.

Consob has therefore clarified that the concept of connection is "*non-technical*" and "*cannot be limited to the cases of control and connection as identified by law*" and that "*given the anti-avoidance purpose, the concept has to be given a broad meaning*" must be attributed (please see Consob communication no. DCG/11085486 of October 19, 2011).

Finally, please note that the Company will make the above statement available to the public together with the lists, within the time limits and in the manner prescribed for publication of the lists.

In the event that, upon the deadline for submitting the lists, (i) only one list has been filed, or only (ii) lists submitted by Shareholders who, under current legislation, are related to each other, the Company shall promptly give notice by a special press release within the deadline and in the manner prescribed by law; if so, lists may be submitted until March 20, 2017 (i.e. by the third day following the deadline) by Shareholders representing, alone or jointly with others, at least 0.5% of the capital made up by the ordinary shares, subject to the other terms and conditions for submission.

### **2.3. Requirements**

The Statutory Auditors must satisfy the requirements of professional experience, integrity and independence provided by law and regulations (referred to below). The Statutory Auditors must also confirm that there are no grounds for their ineligibility, disqualification or incompatibility and that they comply with the limits on the number of positions held.

#### **Professional requirements**

The Statutory Auditors must satisfy the professional requirements prescribed by the By-laws and by the Decree of the Ministry of Treasury, Budget and Economic Planning no. 161 of March 18, 1998 and by the Decree of the Ministry of Justice no. 162 of March 30, 2000. More specifically:

- (a) at least two of the permanent Statutory Auditors and at least one of the alternate Statutory Auditors must have been registered in the national roll of auditors for at least three years and must have practiced the statutory auditing of accounts for a period of not less than three years;
- (b) the statutory auditors who do not meet the conditions mentioned above are chosen from those who have a minimum of three years of experience in:
  - (i) performing administration or control activities or managerial duties in joint-stock companies with a share capital of at least two million euros; or
  - (ii) performing professional activities as a business accountant or lawyer, mainly in the banking, insurance and finance sector; or
  - (iii) performing university teaching on subjects relating to – in the legal field – banking, commercial, tax and financial markets law and – in the business / finance field – banking operations, business economics, accountancy, economics of the securities market, economics of financial and international markets, corporate finance; or
  - (iv) performing managerial duties in public entities or public administrations, in the credit, financial and insurance sector or in the provision of investment services or in collective asset management, as both defined by the Consolidated Law on Finance.

#### **Integrity requirements**

The Statutory Auditors must satisfy the integrity requirements prescribed by the By-laws, by the Decree of the Ministry of Treasury, Budget and Economic Planning no. 161 of March 18, 1998 and by the Decree of the Ministry of Justice no. 162 of March 30, 2000.

#### **Independence requirements**

The Statutory Auditors must carry out their duties with integrity and objectivity and must not have any direct or indirect interest which might compromise their independence. More specifically, they must be chosen from among people who may qualify as independent according to the criteria set out in Article 3 of the Corporate Governance Code for Listed Companies with respect to directors.

#### **Reasons for ineligibility, disqualification and incompatibility**

Pursuant to Article 148, paragraph 3, of the Consolidated Law on Finance, a person cannot be appointed as Statutory Auditor, and, if appointed, shall be disqualified if:

- (a) they are in any of the situations provided by Article 2382 of the Italian Civil Code;
- (b) they are the spouse, relatives and relatives by marriage within the fourth degree of the directors of the company, the directors, spouse, relatives and relatives by marriage within the fourth degree of the directors of the subsidiaries, parents and companies under common control thereof;
- (c) they are related to the company or to the subsidiaries or parents or companies under common control thereof, or to the directors of the company and to the entities referred to in subparagraph (b) above by way of employment of self-employment relationships or through other financial or professional relationships that might compromise their independence.

Those who are/have been in any of the situations or have been the subject of any of the measures envisaged by the Decree of the Ministry of Treasury, Budget and Economic Planning no. 161 of March 18, 1998 and by the Decree of the Ministry of Justice no. 162 of March 30, 2000 cannot be appointed as Statutory Auditor.

### **Competition rules**

Article 36 of Law no. 214 of December 22, 2011, states that “*those who hold offices in management, control and supervisory bodies and the senior executives of firms or groups of firms engaged in credit, insurance and financial markets, cannot accept or exercise similar positions in competing firms or groups of firms*”.

Those who hold incompatible offices must notify the option exercised within 90 days of the appointment. Upon expiration of this period without any choice being made, they shall be removed from both offices.

### **Limitations on the number of offices**

As specified in the Issuers’ Regulations in application of Article 148-*bis* of the Consolidated Law on Finance, those who are members of the Board of Statutory Auditors in five issuers cannot be appointed to the same position with another issuer. A member of the Board of Statutory Auditors of an issuer can accept other management and control positions with the companies described in the aforementioned legislation within the limits therein prescribed. Exempt appointments and management and control positions with small companies (as defined under the above law) are not relevant for the purpose of calculating the total number of offices. A member of the control body who exceeds the above limits for reasons not attributable to him, shall, within 90 days of becoming aware of such non-compliance, resign from one or more of the positions previously held.

## **2.4. Documents to be submitted with the lists**

The following documents, duly dated and signed, must also be filed together with each list, by the submission deadline of March 17, 2017 (*i.e.* the 25th day prior to the date set for the Shareholders’ Meeting):

- (a) information on the identity of those who have submitted the lists, specifying the total percentage of shares held; to this end, the entitled parties can use the template “*Letter form for the submitting of lists for the appointment of members of the Board of Statutory Auditors*” attached hereto as Annex “**A1**”;
- (b) the statement of the Shareholders other than those who hold, including jointly, a controlling or relative majority interest, certifying the absence of any connection with the latter; to this end, the Shareholders can use the template “*Declaration form certifying the existence or absence of any relationship of affiliation*” attached hereto as Annex “**B1**”;
- (c) exhaustive information on the personal and professional characteristics of the candidates included in the list (*Curriculum Vitae*) and the list of administration, management and control positions they hold in other companies; both documents must be submitted in Italian and English;

- (d) the statement whereby the individual candidates irrevocably accept the office (subject to their appointment) and attest, under their own responsibility, that there are no causes of ineligibility and incompatibility for the candidacy, and that they have the required professional experience, integrity and independence prescribed by applicable laws, regulations and the By-laws, according to the template "*Acceptance Statement*" attached hereto as Annex "C1".

**The lists for which the above provisions have not been complied with will be considered as not submitted.**

### **3. APPOINTMENT PROCEDURE**

Each person entitled to vote may vote for one list only.

The members of the Board of Statutory Auditors shall be appointed as follows, pursuant to the By-laws:

- (a) 2 (two) permanent Statutory Auditors and 1 (one) alternate Statutory Auditor are drawn from the list obtaining the largest number of votes cast by the Shareholders, in the order in which they appear on the list;
- (b) the remaining permanent Statutory Auditor and the remaining alternate Statutory Auditor are drawn from the list that obtained the most votes after the list referred to in letter (a). The first candidates of the related section are thus elected permanent Statutory Auditor and alternate Statutory Auditor.

Where, in accordance with the above deadlines and procedures, only one, or no lists have been submitted, or the number of candidates in the list is less than that to be appointed, the Shareholders' Meeting shall resolve on the appointment of all, or of the missing statutory auditors by relative majority. In the event of a tie between candidates, the shareholders' meeting holds a second round of voting between them.

The Chairman of the Board of Statutory Auditors is assigned to the person who is first in the minority list of the permanent Statutory Auditors that has obtained the most votes.

