



ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS

APRIL 29 2019 – 4 p.m.

ADMINISTRATIVE BODIES

BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI (*)
Directors	MASSIMO CREMONA (1) (2) (3) EDOARDO DE BENEDETTI MARCO DE BENEDETTI PAOLA DUBINI (1) (2) PIERLUIGI FERRERO FRANCESCO GUASTI (1) (2) PIA MAROCCO (2) MARIA SERENA PORCARI (2)
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	RICCARDO ZINGALES
Statutory Auditors	TIZIANO BRACCO ANTONELLA DELLATORRE
Alternate Auditors	LUIGI NANI LUIGI MACCHIORLATTI VIGNAT PAOLA ZAMBON

INDEPENDENT AUDITORS

KPMG S.p.A.

Notice in accordance with the recommendation of Consob contained in its Communiqué no. DAC/RM/97001574 of February 20 1997:

- (*) Powers as per the Corporate Governance of the Company
- (1) Member of the Appointments and Compensation Committee
- (2) Member of the Control and Risk Committee
- (3) Lead Independent Director

COFIDE – GRUPPO DE BENEDETTI S.p.A.

Milano – Via Ciovassino 1

Share Capital: Euro 359,604,959.00 fully paid up – Company Register and Tax Code. No. 01792930016

Company subject to management and coordination by F.lli De Benedetti S.p.A.

**NOTICE OF ANNUAL
GENERAL MEETING**

The Shareholders are invited to attend the Ordinary and Extraordinary session of the Annual General Meeting on April 29 2019 at 4.00 p.m., at the single call, in the Palazzo delle Stelline Congress Centre, Corso Magenta 61, to discuss and pass resolution on the following

AGENDA

Ordinary Part

1. Financial Statements for the year ended December 31 2018. Resolutions on the same.
Presentation of the Consolidated Financial Statements for the year ended December 31 2018.
2. Determination of the number of Directors, appointment of the members of the Board of Directors for the years 2019-2021 and decision as to their fees.
3. Proposal to cancel the resolution of April 27 2018 regarding the authorization to buy back and dispose of own shares and proposal for a new authorization.
4. Compensation Report.

Extraordinary Part

1. Amendments to the Company Bylaws on the subject of increased voting rights. Resolutions pertaining to and resulting from the same.

INFORMATION ON THE SHARE CAPITAL

The share capital amounts to € 359,604,959.00 and consists of 719,209,918 ordinary shares each with a nominal value of € 0.50 and with voting rights except for the own shares for which voting rights are suspended. Each share is assigned one vote or two votes as per the terms of Art. 8 of the Company Bylaws if the Board of Directors has ascertained that such a right exists.

ATTENDING THE SHAREHOLDERS' MEETING IN PERSON AND BY PROXY

Entitlement to take part in the Meeting and exercise a vote is attested by a notification – made by an authorized intermediary as per the terms of Art. 83-*sexies* of D.Lgs. no. 58/98 and subsequent amendments and additions (TUF) – in favour of the individual who has the right to vote based on evidence available at the close of business Tuesday April 16 2019, the seventh trading day preceding the date fixed for the single call of the Shareholders' Meeting. Any persons who obtain entitlement only after that date will not have the right to attend or vote at the Meeting.

To make it easier to check their entitlement to take part in the proceedings of the Meeting, participants are requested to show their copy of the notice made to the Company, which the authorized intermediary, in accordance with current regulations, is required to make available to them.

Any holders of shares that have not yet been dematerialized should first present their share certificates to an authorized intermediary for input into the centralized clearing system in electronic form, in accordance with the provisions of Article 36 of the single Measure on post-trading issued by Consob and Bank of Italy on August 13 2018, and should request that the notification be sent in as above.

Persons with voting rights can appoint a proxy to represent them at the Shareholders' Meeting in accordance with Art. 2372 of the Civil Code and with any other rules or regulations applicable. The proxy form at the bottom of the notification issued by the authorized intermediary may be used or alternatively there is a proxy form that can be downloaded from the company website www.cofide.it in the section Documents. The proxy form can be sent by registered post with advice of receipt (A.R.) to the Milan Office – Via Nervesa 21 - or, alternatively, may be sent to the certified e-mail address segre@legalmail.it. If the proxy gives or sends the Company a copy of the proxy form, he or she must certify under his or her own responsibility that the copy corresponds to the original and confirm the identity of the person appointing such proxy.

In accordance with legislation on the subject, Shareholders can, without incurring any charges, appoint as proxy Studio Segre S.r.l. as the Representative Designated by the Company as per the terms of Art. 135-*undecies* of the TUF. The proxy is appointed by signing the appropriate form available in the above-mentioned section of the website. The signed document must be sent to the Designated Representative, Studio Segre S.r.l. – Via Valeggio, 41 – 10129 Turin by registered post with advice of receipt (A.R.) or sent by e-mail to the certified address segre@legalmail.it by the end of the second trading day before the date fixed for the Shareholders' Meeting at the single call (i.e. by Thursday April 25 2019). The proxy is not valid for the motions for which no voting instructions have been given. The proxy and the voting instructions are revocable until the dates by which they must be given.

The notice sent to the company by the authorized intermediary attesting the Shareholder's entitlement to attend the meeting is needed even when the Designated Representative of the Company is appointed as proxy. Therefore, in the absence of the above-cited notification the proxy will not be valid.

RIGHT TO ASK QUESTIONS ON THE ITEMS ON THE AGENDA

Shareholders who wish to ask questions regarding the items on the Agenda of the Shareholders' Meeting may send their questions by registered post with advice of receipt (A.R.) to the Company's Milan Office, Via Nervesa 21, or by certified e-mail to the address segre@legalmail.it attaching either the certification issued by an authorized intermediary proving that they are entitled to exercise this right or the notification attesting their entitlement to attend the Shareholders' Meeting and to exercise their right to vote. Questions must be received by the close of the third day preceding the date fixed for the meeting at the single calling, i.e. by April 26 2019. The Company will give its response during the Shareholders' Meeting at the latest. Questions with the same content will receive a single response.

ADDITIONS TO THE AGENDA

AND PRESENTATION OF NEW RESOLUTION PROPOSALS

As per the terms of Art. 126-*bis* of the TUF, Shareholders representing even jointly at least one fortieth of the share capital may request, within ten days of the publication of this notice, an addition to the items on the Agenda to be dealt with, indicating in their request the further items proposed, or they may submit proposed resolutions on subjects already on the Agenda. It should be remembered, however, that any such addition is not allowed for the items on which the Shareholders, as per the terms of the law, vote on a proposal made by the Directors or on a plan or a report prepared by the same, other than those included in Art. 125-*ter*, paragraph 1 of the TUF.

Requests should be made by registered post with advice of receipt (A.R.) to the Milan Office of the Company, Via Nervesa 21, or by certified e-mail to the address segre@legalmail.it and must be accompanied by a report on the subject being put forward as well as by the certification(s) issued by an authorized intermediary attesting the person's entitlement to exercise this right. Notice will be given of any additions to the Agenda and of any new proposed resolutions in the same form as those on this notice of meeting, at least fifteen days before the date fixed for the single call of the Shareholders' Meeting, by which time the report prepared by the proposers of the same will be made available to the public.

APPOINTMENT OF THE BOARD OF DIRECTORS

In relation to the second item on the Agenda, notice is given that with the coming Annual General Meeting the mandate of the Board of Directors will come to an end. At the said meeting, therefore, new members will be appointed for the years 2019-2021, as per the terms of Art. 147-*ter* of the TUF and Art. 11 of the Company Bylaws to which reference should be made.

The Directors are appointed by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order.

Only Shareholders who alone or together with other Shareholders represent at least 2.5% (two point five per cent) of the share capital can present lists. The lists, signed by the Shareholder or Shareholders who are presenting them or even by one of them delegated to do so by the other, accompanied by the required documentation, must be filed by the presenting Shareholders with the Registered Office of the Company or sent to the following certified email address: segre@legalmail.it by April 4 2019 and will be published in accordance with current regulations.

A Shareholder or a group of Shareholders cannot present or vote for more than one list, even through an intermediary or a fiduciary company. Nobody can be a candidate on more than one list and acceptance of candidature on more than one list means that that person cannot be elected. Lists that 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.

Shareholders who intend to present lists are invited to consult the recommendations contained in Consob Communiqué DEM/9017893 of February 26 2009.

The lists must be accompanied by:

- The information relating to the identity of the Shareholders who have presented them, with an indication of the percentage of their total shareholding interest and with one (or more) certificate(s), to be filed at the Registered Office at the same time or, in any case, by April 8 2019 at the latest. This information should show their entitlement as of the date on which the lists were presented;
- A declaration by Shareholders other than those holding, even jointly, a controlling interest or a relative majority, stating that they have no connection with the latter as indicated by current legislation and regulations on this subject;
- An exhaustive description of the personal and professional characteristics of the candidates together with a declaration by the same candidates, attesting that they possess the requisites required by current regulations and by the Company Bylaws and in which they accept their candidature; there should also be an indication of whether they are suitable to be qualified as Independent as per the terms of the law or of regulations.

Candidates for the position of Member of the Board of Directors must possess the requisites required mandatorily by current regulations and must declare any other positions they hold with the competition.

Should only one list be presented or admitted to the vote, all the Directors will be drawn from that list. In the event that no list is presented or if fewer Directors are elected than the number decided upon by the General Meeting, another General Meeting must be called to appoint the whole Board of Directors.

Any lists presented that do not comply with the rules stated above will be considered as not having been presented.

RIGHT OF WITHDRAWAL

It should be pointed out that if the proposal to amend the Company Bylaws on the subject of increased voting rights is approved by the Extraordinary General Meeting, Shareholders who do not agree with the adoption of the relative resolution will have the right of withdrawal as per the terms of Art. 2437, paragraph 1, letter g) of the Civil Code.

Therefore, Shareholders who did not approve the resolution on the amendment of the Company Bylaws may exercise the right of withdrawal within 15 days of the date on which the resolution of the Extraordinary General Meeting is recorded in the Register of Companies. This date will be published with a notice issued as per the terms of the law and regulations.

It should also be noted that the unit value at which the shares of the Company will be liquidated when the right of withdrawal is exercised, calculated in accordance with the terms of Article 2437-ter, paragraph 3, of the Civil Code, with reference to the arithmetical average of the closing prices in the six months preceding the date of publication of this notice of meeting will be communicated to the market in a subsequent notice as per the terms of the law and regulations.

It must be pointed out that the effective application of the resolution on the amendment to the Bylaws will be subject to the condition precedent that the total value of the sale of COFIDE shares for which the right of withdrawal may be validly exercised, does not exceed Euro 5,000,000.00. As this condition is in the exclusive interest of the Company, it may be waived by the same Company.

DOCUMENTATION

The documentation relating to the items on the Agenda, as required by current legislation, which includes, among other things, the complete text of the proposed resolutions, will be available to the public as per the terms of the law at the Company's Milan Office, Via Nervesa 21, (the Registered Office in Via Ciovassino 1 is being renovated), from Borsa Italiana S.p.A., on the authorized storage mechanism eMarket STORAGE website www.emarketstorage.com and on the Company website www.cofide.it in the section Documents. Shareholders have the right to obtain a copy of this documentation.

The Financial Statements for the year 2018 will be made available to the public in the same way.

The Company Bylaws are available on the Company website www.cofide.it in the section Corporate Governance.

Extract from the notice of this meeting was published in the newspaper "la Repubblica" on March 12 2019

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**DETERMINATION OF THE NUMBER OF DIRECTORS, APPOINTMENT OF
THE MEMBERS OF THE BOARD OF DIRECTORS
FOR THE YEARS 2019-2021
AND DECISION AS TO THEIR FEES**

**DETERMINATION OF THE NUMBER OF DIRECTORS, APPOINTMENT OF
THE MEMBERS OF THE BOARD OF DIRECTORS
FOR THE YEARS 2019-2021 AND DECISIONS AS TO THEIR FEES**

Dear Shareholders,

You are being called upon to renew the Board of Directors which was appointed by the Annual General Meeting of the Shareholders on April 29 2016 and which expires with the approval of the Financial Statements for the year 2018.

The Shareholders' Meeting is being called upon in particular to:

- a) determine the number of board members
- b) establish their fees
- c) appoint the Directors using the list vote method.

We would remind you of the terms of Art. 11 of the Company Bylaws, which for ease of reference we have reproduced below:

"1. The administration of the Company is entrusted to a Board of Directors comprising from five to twenty-one members the length of whose mandate shall be determined by the Meeting of the Shareholders but shall not in any case be more than three years, and the said members can be re-elected.

2. The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.

3. Minority Shareholders have the right to elect one member of the Board of Directors.

4. The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order. The lists, signed by the Shareholders who have presented them, must be filed within the terms and following the procedures prescribed by applicable legislation.

5. Only Shareholders who alone or together with other shareholders represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the terms and following the procedures laid down in legislation applicable.

6. 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.

7. Any lists presented that do not comply with these instructions shall be considered as not having been presented.

8. No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders

subject to the same control, in accordance with Art. 93 of the Financial Intermediation Consolidation Act, or those taking part in the same shareholder pact for voting purposes may present or contribute to the presentation of just one list.

9. Each Shareholder can vote for just one list.

10. Each candidate can stand only in one list otherwise he or she cannot be elected.

11. Together with the presentation of the list, and with the same terms as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law and by current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or she has the necessary requisites to be an independent Director in accordance with the terms of the law and with regulations.

12. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.

13. In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.

14. For electing the members of the Board of Directors the following procedure will be adhered to:

- a. From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;*
- b. The other director will be the first name on the list which obtains the second most votes and must not be connected in any way, not even indirectly, to the Shareholders who presented and voted for the first list which received the most votes.*

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 the least represented gender, in compliance with the requirements of the law. 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.

15. All the Directors elected must possess the requisites of integrity and professionalism required by current rules. If they do not have these their appointment shall lapse.

16. In the event that only one list is presented for the vote, all the Directors shall be drawn from that list.

17. In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.

18. When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.”

With reference to paragraph 5 of Art. 11 of the Company Bylaws, we should inform you that Consob, with its Executive Decision no. 13 of January 24 2019 specified 2.50% of the share capital as the minimum percentage for presenting a list of candidates.

We would like to remind you that the lists must be filed with the registered office or be sent to the certified email address segre@legalmail.it by April 4 2019.

The said lists will be published through the eMarket STORAGE service and on the website www.cofide.it by April 8 2019.

Shareholders other than the controlling shareholder who intend to present a list are asked to consult the recommendations given by Consob in its Communiqué no. DEM/9017893 of 26/2/2009 that can be found on the website www.consob.it.

In consideration of the terms of Art. 125-ter of D.Lgs. 58/1998 and subsequent amendments and additions to the same (T.U.F.) on the subject of the need to make the proposed resolutions available, your Board took it upon itself to ask the controlling Shareholder of its intentions on the subject of fees and the number of the members for the Board of Directors.

The controlling Shareholder informed the Board of its intention to submit the following proposals to the approval of the Shareholders:

- to establish 9 as the number of members of the Board of Directors;
- to establish euro 10,000 per year gross *pro-rata-temporis* as the fee to which each Member of the Board of Directors is entitled, as per the terms of Art. 2389, paragraph 1, of the Civil Code;
- to allow the Directors thus appointed to hold other positions, as per the terms of Art. 2390, paragraph 1, of the Civil Code.

Given the above, your Board hereby submits the following two draft resolutions to your approval:

- 1) in relation to the determination of the number of members of the Board of Directors:

“The Annual General Meeting of the Shareholders of COFIDE – Gruppo De Benedetti S.p.A.:

- having acknowledged the report of the Board of Directors

- having taken due note of the proposal made by the Shareholder F.LLI DE BENEDETTI S.p.A.
- bearing in mind the terms of the law and of the Bylaws

RESOLVES

- to establish 9 as the number of members of the Board of Directors for the years 2019-2021, i.e. until the AGM that will examine the Financial Statements for the year ended December 31 2021
- to allow the Directors thus appointed to take on other positions, as per the terms of Art. 2390 of the Civil Code.”

2) in relation to the fees for the Directors:

“The Annual General Meeting of the Shareholders of COFIDE – Gruppo De Benedetti S.p.A.:

- having acknowledged the report of the Board of Directors
- having taken due note of the proposal made by the Shareholder F.LLI DE BENEDETTI S.p.A.
- bearing in mind the terms of the law and of the Bylaws

RESOLVES

- to assign to each member of the Board of Directors a gross annual fee of Euro 10,000 on a *pro-rata-temporis* basis, as per the terms of Art. 2389, paragraph 1, of the Civil Code”.

Lastly, we should remind you that you must either vote for one of the lists presented or abstain, say that you are against all the lists or else not take part in the vote at all.

**PROPOSAL TO CANCEL THE RESOLUTION OF APRIL 27 2018 REGARDING
THE AUTHORIZATION TO BUY BACK AND DISPOSE OF OWN SHARES
AND PROPOSAL FOR A NEW AUTHORIZATION**

**PROPOSAL TO CANCEL THE RESOLUTION OF APRIL 27 2018 REGARDING
THE AUTHORIZATION TO BUY BACK AND DISPOSE OF OWN SHARES AND
PROPOSAL FOR A NEW AUTHORIZATION**

Dear Shareholders,

On October 27 2018 the right assigned to the Board of Directors by the Annual General Meeting held on April 27 2018 to buy back a maximum of 70,000,000 own shares will expire.

Following the buybacks effected under the previously mentioned authorization and under the authorizations granted in previous years, as of the date of the Board of Directors Meeting held on March 11 2019, the Company owned 27,100,479 of its own shares, equal to 3.77% of the share capital, and as of the date of the Annual General Meeting it held of its own shares, equal to% of the share capital.

In the interest of the Company, we believe that it is appropriate to propose that the existing authorization be cancelled for the period until its maturity and that a new resolution be adopted authorizing the buyback of own shares in the market, in accordance with and as an effect of Articles 2357 and 2357-ter of the Civil Code, with the consequent right to dispose of the same shares.

This proposal is based on the following rationale:

- Fulfilment of the obligations resulting from possible stock option plans or other awards of shares of the Company to employees or members of the Board of Directors of COFIDE or its subsidiaries, and fulfilment of any obligations resulting from debt instruments that are convertible into or exchangeable with equity instruments;

- Having a portfolio of own shares to use as consideration for any possible extraordinary transactions, even those involving an exchange of equity holdings, with other entities within the scope of transactions of interest to the Company (a so-called “stock of securities”);
- Supporting market liquidity, within the limits established by current regulations;
- Taking advantage of opportunities for creating value, as well as investing liquidity efficiently in relation to the market trend;
- For any other purpose qualified by the competent Authorities as admitted market practice in accordance with applicable European or domestic rules, and with the procedures established therein.

The authorization to buy back own shares, in accordance with and as an effect of Art. 2357 of the Civil Code, is being requested for a period of eighteen months, starting from the date of the AGM, and is for the buyback of a maximum number of 70,000,000 COFIDE shares, as follows:

- A. A maximum of 70,000,000 own shares with a nominal value of Euro 0.5 per share can be bought back, taking into account that, including in the calculation the own shares already held even through subsidiaries, the nominal value of the shares bought back may not in any case exceed one fifth of the share capital of COFIDE S.p.A.. The unit price of each individual share buyback transaction must not be more than 10% higher or lower than the benchmark price recorded by the shares in the Stock Exchange trading session prior to each individual buyback deal or the date on which the price is fixed. When the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market, in compliance with the terms of Art. 3 of EU Delegated Regulation no. 2016/1052.

B. The purchase must take place in the market in accordance with what is set out in Art. 132 of D. Lgs no. 58/98 and in the rules of law and regulations in force at the moment of the transaction and more specifically (a) through a public offer to buy or exchange shares; (b) on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with offer prices; (c) through pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the AGM resolution and exercisable within 18 months of the same date; (d) through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob and with the terms of Articles 5 and 13 of EU Regulation 596/2014.

Regarding the authorization to dispose of the own shares, the resolution presented envisages an authorization to carry out the same acts of disposal as those of the resolution currently in force including the right to use the own shares bought back, without any time limits or constraints, to implement compensation plans based on the shares of the Company. More specifically, we should point out that the authorization is being renewed to give the maximum operating flexibility, but no transactions are currently planned involving the exchange or sale to the public using issues of American Depositary Receipts or similar securities.

Given all of the above, we propose that the existing authorization be cancelled for the period until its expiry and that the following new resolution be adopted:

“The Annual General Meeting of the Shareholders of COFIDE S.p.A. – Gruppo De Benedetti S.p.A.:

- Having acknowledged the proposals of the Board of Directors

- Being aware of the rules contained in Articles 2357 and following articles of the Civil Code, in Art. 132 of D.Lgs no. 58/98, in Art. 144-*bis* of Consob resolution 11971/1999, in EU Regulation 596/204 and in EU Delegated Regulation no. 2016/1052

RESOLVES

1. To cancel for the part not utilized and for the period between the day of this Meeting and the natural expiry date, the resolution authorizing the buyback of own shares adopted by the Ordinary Annual General Meeting of the Shareholders on April 27 2018 and, and as a consequence of the above, the related authorization to dispose of the same;
2. To authorize the Board of Directors, and for the Board the Chairman, with the right to sub-delegate, to buy back COFIDE S.p.A. shares as per the terms and as an effect of Art. 2357 of the Civil Code, as from the day after this AGM and for a period of eighteen months. The buyback shall be effected as follows:
 - A maximum of 70,000,000 shares each with a nominal value of euro 0.5 may be bought back taking into account that, including in the calculation the own shares already held even through subsidiaries, the nominal value of the shares bought back must not in any way exceed one fifth of the share capital of COFIDE S.p.A.
 - The unit price of each individual share buyback transaction must not be more than 10% higher or lower than the benchmark price recorded by the shares in the Stock Exchange trading session prior to each individual buyback deal or the date on which the price is fixed. When the shares are bought back in the regulated market, the price must not be higher than the higher of the price of the last independent transaction and the highest current independent bid price on the same market;

- The buyback must take place in the market in accordance with what is laid down in Art. 132 of D.Lgs no. 58/98 and in the rules of law or of regulations in force at the moment of the transaction and more precisely:
 - a) through a public offer to buy or exchange shares;
 - b) on regulated markets following operating procedures set out in the rules for organizing and managing the same markets, which do not allow bid prices to be matched directly with predetermined offer prices;
 - c) through pro-rata assignation to the shareholders of put options to be assigned within 15 months of the date of the AGM resolution authorizing it and exercisable within 18 months of the same date;
 - d) through the purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares in accordance with the further provisions contained in Art. 144-bis of the Rules for Issuers published by Consob and with the terms of Articles 5 and 13 of EU Regulation 596/2014.;
3. To authorize, in accordance with and as an effect of the terms of Art. 2357-ter of the Civil Code, the Board of Directors and for the Board the Chairman, with the power to sub-delegate, to carry out, within the limits of the law, any subsequent purchase or sale transactions and also to arrange, without any time limit or constraint, the shares bought back for sale – even before completing the buybacks as authorized above – once or more than once through authorized intermediaries, at prices no lower than the last purchase price paid or recorded in the books or than the current price quoted on the Stock Exchange, with a specific exception for Directors or employees of the Company and/or of its subsidiaries, to whom the shares may be transferred or assigned even free of charge, in observance of the limits laid down by law, in execution of specific compensation plans based on the shares of the Company;
 4. To authorize the Board of Directors again, and for the Board the Chairman, with the power to sub-delegate, in accordance with and as an effect of the

terms of Art. 2357-ter of the Civil Code, to arrange, without any time limit or constraint, for the own shares bought back to be used – once or more than once – as payment in exchange for equity, or for sale through offer to the public and/or to the Shareholders, or even through a placement of warrants and depositary receipts representing shares (American Depositary Receipts and similar certificates), to fulfil any requirements that could derive from debt instruments convertible into or exchangeable with equity instruments, and also for assigning to employees and Directors of the Company and its subsidiaries, in relation to the execution of stock option plans, at a price no lower than the nominal value;

5. To give the Board of Directors, and for the Board the Chairman, a mandate to see that the appropriate accounting entries are made to the “reserve for own shares held” after transactions involving the purchase, sale or exchange of own shares, in compliance with the rules of law and with the accounting principles applicable at any one time, withdrawing from and crediting the available reserves used for own share transactions as appropriate.”

COMPENSATION REPORT

COMPENSATION REPORT COFIDE S.p.A.

FOREWORD

This report (“**Compensation Report**”) has been prepared in conformity with the terms of Art. 84-*quater* of Consob Regulation no. 11971/99 in implementation of Art. 123-*ter* of the T.U.F. and taking into account the recommendations contained in Art. 6 of the Code of Conduct for Listed Companies of Borsa Italiana S.p.A. (the “**Code of Conduct**”), and is organized in two sections. The first section has the aim of providing the Shareholders’ Meeting with information regarding the policy of the Company on the subject of the compensation of the Members of the Board of Directors and the procedures for adopting and implementing this policy. The second section aims to give an adequate representation of each of the items that make up the compensation and to illustrate to the market the compensation paid out or at least assigned in the previous year to the Members of the Board of Directors and the Members of the Board of Statutory Auditors. Positions of Executives with strategic responsibilities are not dealt with as the Company does not have any, since the officer responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an executive of CIR S.p.A.

The Annual General Meeting of the Shareholders, convened to approve the Financial Statements for the year ended December 31 2018, as per the terms of Art. 123-*ter* of the T.U.F., is called upon to express a non-binding vote on the first section of the Compensation Report. The result of the vote will be disclosed to the public, in accordance with the terms of Art. 125-*quater* 2nd paragraph of the T.U.F..

List of definitions

For the purposes of this Compensation Report the terms and expressions listed below have the meaning given alongside each of them:

“**Code of Conduct**”: Code of Conduct for Listed Companies published by Borsa Italiana S.p.A..

“**Executives with strategic responsibilities**”: individuals defined as such in Annex 1 to Consob Regulation no. 17221 of March 12 2010 giving instructions on the subject of related-party transactions and identified in Art. 2.2.3 of the “**Rules for related-party transactions**” adopted by COFIDE S.p.A.

“**Group**”: the Company and its subsidiaries.

“**Policy**”: compensation policy of the Company.

“**Rules for Issuers**”: Consob Resolution no. 11971/99.

“**Company**”: COFIDE S.p.A.

“**T.U.F.**”: Legislative Decree no. 58/98.

SECTION I

This section describes the policy of the Company on the subject of compensation of the Members of the Board of Directors with reference to the year 2019 together with the procedures used for the adoption and implementation of the policy. The policy establishes the principles and guidelines on the basis of which compensation is determined.

It should be noted that for COFIDE S.p.A. the compensation policy is extremely simplified, since it includes only the payment of fees – approved by the Shareholders' Meeting – to the members of the Board of Directors.

It should also be noted that the officer responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an executive of CIR S.p.A.

a) Bodies and individuals involved in the preparation and approval of the compensation policy, specifying their respective roles, and the bodies or individuals responsible for the correct implementation of the same policy

The Policy is prepared by the Appointments and Compensation Committee and is submitted annually by the said Committee to the examination and approval of the Board of Directors. After examining and approving the policy, the Board of Directors illustrates it in this section of the report so that it can be submitted to the consultative vote of the Shareholders' Meeting.

The Policy is structured as follows:

- i) The Shareholders' Meeting establishes the fixed fee for the members of the Board of Directors when they are appointed for the entire duration of their mandate.
- ii) The Shareholders' Meeting expresses a vote, which is non-binding, on the Policy approved each year by the Board of Directors.
- iii) At the proposal of the Appointments and Compensation Committee and having heard the opinion of the Statutory Auditors, the Board of Directors establishes the compensation of Directors with special positions.
- iv) The Board of Directors establishes the compensation of non-executive Directors for being on one or more committees.
- v) The Appointments and Compensation Committee has responsibility for preparing proposals to the Board of Directors regarding the compensation of Directors holding special positions, for preparing the Policy and submitting it to the examination of the Board of Directors.

b) Intervention, where applicable, of a Compensation Committee or any other committee with competence on the subject, with a description of its composition, competences and the way it works.

As indicated above, the Appointments and Compensation Committee takes part in the preparation of the Policy to be submitted to the Board of Directors.

The Committee is made up of Independent Directors Massimo Cremona, Francesca Paola Dubini and Francesco Guasti.

The Appointments and Compensation Committee:

- Submits to the Board of Directors proposals relating to the compensation policies for Directors and Executives with strategic responsibilities;
- Gives opinions jointly with the Control and Risk Committee on proposals relating to the compensation policies for the head of internal auditing and the executive responsible for the preparation of the Company's financial statements and governance documents;
- Puts forward proposals for the compensation of the Chief Executive Officer and the Directors holding special positions, which can also include compensation plans involving the assignation of stock options or other share-based incentives;
- Puts forward proposals, at the indication of the Chief Executive Officer, on the criteria for the compensation of the managerial staff of the Company;
- Periodically assesses the adequacy, the consistency and the practical application of the compensation policy for Directors and Executives with strategic responsibilities.

c) Possible intervention of independent experts

In the preparation of the Policy no independent experts were involved.

d) Aims pursued with the compensation policy, principles underpinning it and any changes in the compensation policy from one year to the next

The Policy is established according to criteria that can attract, retain and motivate persons with adequate professional qualities to manage the Group effectively.

The guidelines of the Policy for this year have not changed from those of last year's Policy.

e) Description of the policies on the subject of fixed and variable items of compensation with particular reference to an indication of their relative weighting in the overall compensation and distinguishing between the variable items in the short versus the medium-long term

The compensation for Directors is in cash (i.e. it does not involve any equity component) and has no variable parts.

Directors holding special positions (the Chairman) have been assigned a fixed fee in cash by the Board of Directors.

The compensation assigned to Directors for being on one or more committees, is established every year as a fixed amount on the basis of the commitment required of each of them.

f) Policy followed in relation to non-monetary benefits

At present no (non-monetary) benefits are envisaged for Directors.

g) In relation to variable items, a description of performance objectives on the basis of which the former are assigned, distinguishing between short and medium-long term variables, and information on the link between the change in results and the change in compensation

There is no variable part of the compensation in cash.

h) Criteria used for assessment of the performance objectives on which the assignation of shares, options or other financial instruments of other variable items of compensation is based

Not applicable because, as stated in paragraph e), no financial instruments are awarded.

i) Information which aims to show how the compensation policy is consistent with the pursuit of the long-term interests of the company and with the risk management policy, where it has been formalized

When defining the compensation systems, the Board of Directors was of the opinion that compensation based solely on a fixed fee was in line with the characteristics and nature of the Company.

In defining the compensation systems the Board of Directors also made sure that

these systems gave due consideration to the “Guidelines on the subject of internal control and risk management” approved by the Board of October 29 2012.

j) The vesting period, the deferred payment systems, with an indication of the periods of deferral and the criteria used to determine these periods and, where applicable, ex post correction mechanisms

Not applicable.

k) Information on any clauses relating to holding the financial instruments after their acquisition, with an indication of the holding periods and of the criteria used to determine such periods

Not applicable.

l) Policy in relation to what payout is applicable when the position or the employment terminates, specifying which circumstances give rise to the right to such payout and any link between the said payout and the performance of the Company.

Except where application of the law requires otherwise, no sum is payable when the mandate of Directors terminates.

m) Information on the presence of possible insurance cover, in the sense of pension plans other than those that are obligatory

In line with best practice, an insurance policy (Directors & Officers) has been taken out against civil liability towards third parties for the various corporate bodies in the exercise of their functions with the aim of protecting the Group from the risk of having to pay compensation, except for cases of wilful misconduct or gross negligence.

n) Compensation policy followed where applicable in relation to: (i) independent directorships, (ii) committee membership and (iii) special positions (chairman, deputy chairman etc.)

Compensation, in addition to the ordinary fee, is envisaged for Independent Directors who sit on any Committees.

Directors holding special positions (the Chairman) benefit from the compensation described in the preceding paragraphs.

o) If the compensation policy has been defined using the compensation policies of other companies as a reference, the criteria used for the choice of any such companies

The compensation Policy was prepared without any specific reference to the policies of other companies.

SECTION II

1.1 Part One

1.1 Items making up compensation

Board of Directors

The compensation of the Directors consists of a fixed amount determined by the Shareholders' Meeting on their appointment for the whole duration of their mandate.

Directors holding special positions

The Chairman receives a further fixed item of compensation.

Non-executive Directors

Non-executive Directors receive a further fixed fee if they are on any of the Internal Committees (Control and Risk Committee; Committee for Related Party Transactions; Appointments and Compensation Committee).

Board of Statutory Auditors

The fee is determined as a fixed amount by the Shareholders' Meeting on their appointment for the whole duration of their mandate. The fee for the Chairman is different from that of the other Statutory Auditors.

Executives with strategic responsibilities

The Company has no Executives with strategic responsibilities as the Executive responsible for the preparation of the financial statements of COFIDE S.p.A., as per the terms of Art. 154-*bis* of the T.U.F., is not paid by the Company as he is paid as an Executive of CIR S.p.A.

1.2 With particular reference to agreements involving compensation in the event of the early termination of the relationship, the following information applies:

1.2.1 Existence of such agreements

No agreements have been entered into involving any compensation paid to Directors in the event of early termination of the directorship.

1.2.2 Criteria for determining the compensation entitlement of each individual.

Not applicable.

1.2.3 Presence of any performance criteria to which the assignment of the compensation is linked

No performance objectives are associated with the assignation of compensation.

1.2.4 Effects of the termination of the relationship on the Units assigned within the scope of the share-based incentive plans or cash payouts

Not applicable.

1.2.5 Cases in which the right to compensation exists

See point 1.2.1. above.

1.2.6 The existence, where applicable, of agreements involving the assignation or the maintenance of non-monetary benefits in favour of individuals who no longer hold the position or have signed a consulting contract for a period following the termination of their employment relationship

No agreements of this kind have been signed.

1.2.7 Existence of agreements providing for compensation for non-competition undertakings

No agreements have been signed involving compensation for non-competition undertakings.

1.2.8 With reference to Directors who left their positions during the year, any changes in the determination of the compensation compared to the terms of the agreement on the same

Not applicable.

1.2.9 Where there are no specific agreements on the subject, specific information on the criteria used to determine the leaving indemnity matured

During the year 2018 no leaving indemnity was paid out.

Part Two

Annexes charts 1 and 2 as per Schedule no. 7-*bis* of the Rules for Issuers.

Equity investments

As per the fourth paragraph of Art. 84-*quater* of the Rules for Issuers, an annex to this Report shows the equity investments held in the Company or in its subsidiaries by Directors and Statutory Auditors, as well as by their spouses who are not legally separated and minor children, directly or through subsidiaries, fiduciary companies or third persons, as resulting from the Shareholder Book, notification received or from any other information obtained from the same Directors and Statutory Auditors (Chart 1 of Schedule no.7-*ter* of the Rules for Issuers).

SCHEDULE 7-BIS - TABLE 1: Fees paid to members of the administrative and control bodies, general managers and executives with strategic responsibilities

(in euro)														
Last name and first name	Position	Period in which the position was held 2018	Expiry of mandate	Company preparing financial statements and subsidiaries and associates	(1) Fixed fees	(2) Fees for being on committees	(3) Variable non-equity compensation non equity		(4) Non-monetary benefits	(5) Other fees	(6) Total	(7) Fair value of equity compensation (theoretical value: see note V)	(8) End of mandate or leaving indemnity	Notes
							Bonuses & other	Profit sharing						
DE BENEDETTI RODOLFO	Chairman	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	160,000						160,000			I, 2
				Subsidiaries	1,725,000				22,296		1,747,296			I, II
				Total	1,885,000				22,296		1,907,296			
CANDIANI SILVIA	Director	1.1 - 30.7	Approval Fin. Stat. 2018	COFIDE S.p.A.	5,833						5,833			I
CREMONA MASSIMO	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000	17,000					27,000			I, 3a, 3b
DE BENEDETTI EDOARDO	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000						10,000			I
				Subsidiaries	20,000						20,000			I
				Total	30,000						30,000			
DE BENEDETTI MARCO	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000						10,000			I, 4
				Subsidiaries	245,000						245,000			I
				Total	255,000						255,000			
DUBINI PAOLA	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000	17,000					27,000			I, 3a, 3b
FERRERO PIERLUIGI	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000						10,000			I
				Subsidiaries	80,000						80,000			I
				Total	90,000						90,000			
GUASTI FRANCESCO	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000	17,000					27,000			I, 5, 3a, 3b
MAROCCHI PIA	Director	21.9 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	2,767	2,384					5,151			I, 3b
PORCARI MARIA SERENA	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000	10,000					20,000			I, 3b

(in euro)														
Last name and first name	Position	Period in which the position was held 2018	Expiry of mandate	Company preparing financial statements and subsidiaries and associates	(1) Fixed fees	(2) Fees for being on committees	(3) Variable non-equity compensation non equity		(4) Non-monetary benefits	(5) Other fees	(6) Total	(7) Fair value of equity compensation (theoretical value: see note V)	(8) End of mandate or leaving indemnity	Notes
							Bonuses & other	Profit sharing						
ZINGALES RICCARDO	Chairman Board of Statutory Auditors	1.1 - 31.12	Approval Fin. Stat. 2019	COFIDE S.p.A.	35,000						35,000			
				Subsidiaries	95,050						95,050			6
				Total	130,050						130,050			
DELLATORRE ANTONELLA	Statutory Auditor	1.1 - 31.12	Approval Fin. Stat. 2019	COFIDE S.p.A.	20,000						20,000			
				Subsidiaries	10,000						10,000			6
				Total	30,000						30,000			
BRACCO TIZIANO	Statutory Auditor	1.1 - 31.12	Approval Fin. Stat. 2019	COFIDE S.p.A.	20,000						20,000			
				Total	20,000						20,000			

NOTES

- (I) Fees for the position of Director in the company preparing the financial statements of € 10,000 approved by the AGM and by the Board of Directors as per Art. 2389, 3rd paragraph of the Civil Code.
- (2) Fees of € 150,000 approved by the Board of Directors for the position of Chairman.
- (3) Fees for sitting on committees of the company preparing the financial statements include:
- a) Appointments and Compensation Committee € 5,000 plus € 1,000 for attending one meeting.
- b) Control and Risk Committee € 5,000 plus € 1,000 for attending six meetings.
- (4) All of the fees are paid to MDB Consulting S.r.l.
- (5) All of the fees are paid to the Guasti Law Firm.
- (6) Fees in subsidiaries that include remuneration for the positions of Statutory Auditor.
- (I) Fees in subsidiaries for the position of Director and for special positions as per parag. 3 of Art. 2389 of the Civil Code.
- (II) Fees in subsidiaries for the position of Chairman and/or for special positions as per parag. 3 of Art. 2389 of the Civil Code. The fees in the form of non-monetary benefits refer to insurance policies.

SCHEDULE 7-BIS - TABLE 2: Stock options assigned to Members of the Board of Directors, General Managers and other Executives with strategic responsibilities

Last name & first name	Position held	(1)	Options held at the beginning of the year			Options assigned during the year						Options exercised during the year			Options that expired in the year (14)	Options held at end of year (15) = (2)+(5)-(11)-(14)	Options for the year (16)
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
		Plan	Number of options	Strike price	Period of possible exercise (from - to)	Number of options	Strike price	Period of possible exercise (from-to)	Fair value at grant date (in thousands of euro)	Grant date	Market price of underlying shares at date of options	Number of options	Strike price	Market price of underlying shares at exercise date	Number of options	Fair value (theoretical value : see note) (in thousands of euro)	
DE BENEDETTI RODOLFO	CHAIRMAN																
Extraordinary stock option plan		2009 2a tranche (**)	1,750,000	2.7344	from 31/03/2008 to 31/03/2018										1,750,000	--	
Extraordinary stock option plan		2009 3a tranche (**)	1,750,000	1.6806	from 30/09/2008 to 30/09/2018										1,750,000	--	
Extraordinary stock option plan		2009 4a tranche (**)	1,750,000	1.0718	from 31/03/2009 to 31/03/2019										1,750,000	--	
Stock option plan		2009 1a tranche	1,750,000	0.9907	from 30/09/2009 to 30/09/2019										1,750,000	--	
Stock option plan		2009 2a tranche	1,750,000	1.5449	from 28/02/2010 to 28/02/2020										1,750,000	--	
Stock option plan		2010 1a tranche	1,750,000	1.6208	from 30/09/2010 to 30/09/2020										1,750,000	--	
Stock option plan		2010 2a tranche	1,750,000	1.4982	From 28/02/2011 to 28/02/2021										1,750,000	--	
TOTAL (*)			12,250,000	1.5916											3,500,000	8,750,000	0

(*) These are Stock Option Plans issued by the subsidiary CIR S.p.A.

(**) Plans resulting from the conversion of Phantom Stock Option Plans.

(16) This is the notional cost for the Company recognized to the Income Statement in personnel costs with offset in the special equity reserve.

SCHEDULE 7-TER - TABLE 1
SHARES OWNED BY MEMBERS OF THE ADMINISTRATIVE AND CONTROL BODIES AND GENERAL MANAGERS

<i>Last Name and First Name</i>	<i>Position</i>	<i>Company in which shares are owned</i>	<i>No. of shares owned at December 31 2017</i>	<i>No. of shares acquired in the year 2018</i>	<i>No. of shares transferred in the year 2018</i>	<i>No. of shares owned at December 31 2018</i>	<i>Notes</i>
DE BENEDETTI Rodolfo	Chairman	COFIDE S.p.A.	0	0	0	0	
DE BENEDETTI Rodolfo	Chairman	CIR S.p.A.	8,207,746	0	0	8,207,746	(1)
DE BENEDETTI Rodolfo	Director	GEDI Gruppo Editoriale S.p.A.	0	0	0	0	
DE BENEDETTI Rodolfo	Director	SOGEFI S.p.A.	0	0	0	0	
FERRERO Pierluigi	Director	COFIDE S.p.A.	0	0	0	0	
FERRERO Pierluigi	No position	CIR S.p.A.	250,000	0	0	250,000	
FERRERO Pierluigi	No position	GEDI Gruppo Editoriale S.p.A.	20,000	0	0	20,000	
FERRERO Pierluigi	No position	SOGEFI S.p.A.	15,000	0	0	15,000	

NOTES

(1) Shares that are all owned: of which 1,007,746 owned directly, 5,200,000 owned indirectly through the company Rodolfo De Benedetti Società Semplice and 2,000,000 indirectly through the company Rodolfo De Benedetti S.r.l..

PROPOSED RESOLUTION

Consultative vote on Section I of the Compensation Report as per Art. 123-ter of the T.U.F.

Dear Shareholders,

In accordance with the terms of Art. 123-ter, paragraph 6, of the T.U.F., you are being called upon to adopt a resolution on Section I of the Compensation Report prepared according to the provisions of Art. 84-*quater* of Consob's Rules for Issuers, in conformity with Annex 3 A, Schedule 7-*bis* of the above-cited Rules.

Given the above, drawing your attention to the content of the above-mentioned Report, your Board of Directors hereby submits to you the following

Proposed resolution

The Annual General Meeting of the Shareholders of COFIDE - Gruppo De Benedetti S.p.A.

- Having seen the terms of current regulations;
- Acknowledging that the Compensation Report has been filed and made available within the time limits required by law

ADOPTS A RESOLUTION

in favour of the content of Section I of the Compensation Report approved by the Board of Directors at the meeting held on March 11 2019.

EXTRAORDINARY PART

**AMENDMENTS TO THE COMPANY BYLAWS ON THE SUBJECT OF
INCREASED VOTING RIGHTS.
RESOLUTIONS PERTAINING TO AND RESULTING FROM THE SAME.**

**AMENDMENTS TO THE BYLAWS ON THE SUBJECT OF INCREASED VOTING RIGHTS.
RESOLUTIONS PERTAINING TO AND RESULTING FROM THE SAME.**

Dear Shareholders,

This illustrative report (the “**Report**”), prepared by the Board of Directors of the Company as per the terms of Art. 125-ter of D.Lgs. 58 of February 24 1998, as subsequently amended and supplemented (the “**TUF**”) and Art. 72 of the Regulation adopted by Consob with resolution no. 11971 of May 14 1999 and subsequent amendments and additions (the “**Rules for Issuers**”), aims to give you an explanation of the proposed amendment to the Company Bylaws, which we propose that you adopt, and the reasoning behind it.

More specifically, the Board of Directors proposes that the Company Bylaws be amended to lengthen the period of continuous possession of the shares that is needed to obtain the benefit of increased voting rights from the current 24 months to 48 months (the “**Amendment to the Bylaws**”).

I. Foreword.

The Extraordinary General Meeting held on April 27 2015 voted to introduce increased voting rights for stable shareholders as per the terms of Art. 127-quinquies of the TUF.

Art. 127-quinquies of the TU, introduced by the so-called “Competitivity Decree” (D.L. no. 91 of June 24 2014 transposed with amendments by Law no. 116 of August 11 2014), allows companies with shares listed on regulated markets to introduce, through an amendment to their company bylaws, the assignment of an extra vote “*up to a maximum of two votes*” to shares belonging to the same shareholder “*for a continuous period of no less than twenty-four months*”. This clause aims to incentivize equity investments and to reward “loyal” shareholders, thus making it possible to achieve entrepreneurial objectives in the medium-long term and promote the participation of stable shareholders, even minority shareholders, in the governance of the company.

In this perspective, Art. 8, paragraph 6, of the COFIDE Company Bylaws, as amended by the above-mentioned Extraordinary General Meeting in 2015, states that each share shall give the right to two votes when the following conditions are all met with: (a) that the same shareholder has held the right to vote for a continuous period of no less than twenty-four months (the so-called “vesting period”); and (b) that this requirement is attested by the continuing registration of the shareholder on the special list in the Stable Shareholders Book for a period of no less than twenty-four months.

On March 11 2019, the Board of Directors of the Company and the Board of Directors of the subsidiary CIR S.p.A. - Compagnie Industriali Riunite (“**CIR**”) approved a plan involving the merger by incorporation of CIR into COFIDE (the “**Merger**”) with the aim of optimizing the current structure of the group and simplifying the control chain, giving shareholders and potential investors in the companies numerous advantages. The exchange ratio specified in the merger plan approved by the administrative bodies of COFIDE and CIR was calculated as the following: 2.01 ordinary COFIDE shares with a nominal value of Euro 0.50, with dividend payout date identical to that of the ordinary shares of COFIDE in circulation as of the date on which the Merger takes effect, for every ordinary CIR share.

It is stipulated that the Extraordinary General Meetings of the Shareholders for the approval of the Merger plan may be held by June 30 2019. As disclosed to the market, completion of the Merger is dependent on certain conditions precedent, in line with market practice for this kind of transaction. Provided these conditions are fulfilled, the Merger is scheduled to take place by January 1 2020 at the latest.

Again on March 11 2019, in the context of the Merger deal, the Board of Directors also voted to submit to the General Meeting of the Shareholders called to approve the financial statements for the year 2018 the Amendment to the Bylaws illustrated in this Report, regarding the lengthening of the period of continuous possession of the shares needed to obtain the benefit of an increased voting right from the current twenty-four months to forty-eight months.

II. Reasons for the Amendment to the Bylaws.

The Board of Directors intends to propose the extension of the vesting period needed to obtain increased voting rights from the current twenty-four months to forty-eight months, with a view to incentivizing share investment with greater stability and directed towards increasing the value of the Company and of the Group in the medium-long term, thus facilitating planning and the implementation of strategic choices that are sustainable for all shareholders and stakeholders.

More specifically, the Board of Directors believes that:

- (i) Shareholder stability is in the best interests of the Company and all its stakeholders as it makes it possible to increase the value of the Company in the medium-long term and to support a development of the business that is both profitable and sustainable over time;
- (ii) Lengthening the vesting period can (i) further the objectives of increasing the loyalty of the shareholding structure already being followed by the Company and (ii) counter even more

effectively any negative effects of market volatility and of the prospect in the short term of possible speculative investors.

III. Condition precedent for the Amendment to the Bylaws to take effect

Shareholders who do not agree with the adoption of the Amendment to the Bylaws illustrated in this Report will have the right of withdrawal as per the terms of Art. 2437, paragraph 1, letter g), of the Civil Code.

The Amendment to the Bylaws is subject to the condition that, as per the terms of Art. 2437-ter of the Civil Code, the total value of the shares for which the right of withdrawal is exercised by shareholders of COFIDE does not exceed Euro 5,000,000.00. The Company will publish the data regarding the number of shares for which withdrawal is requested and whether or not the condition precedent has been fulfilled with a notice on the website of the Company and in the newspaper “*La Repubblica*” by the close of the fifteenth working day after the end of the period for the exercise of the right of withdrawal.

The condition concerning the total liquidation value of the shares for which the right of withdrawal is requested has been set up in the exclusive interest of the Company, who will therefore have the right to waive the said condition by publishing a notice on the Company’s website and in the newspaper “*La Repubblica*” within fifteen working days of the close of the period in which the right of withdrawal can be exercised.

IV. Date on which the Amendment to the Bylaws takes effect

Without prejudice to the fact that the Amendment to the Bylaws is subject to the condition described above (or, alternatively, to the waiver of the same by COFIDE), the Amendment to the Bylaws will take effect as from the thirtieth day after the Merger is completed or, in any case, as from June 1 2020 (“**Date on which the Amendment to the Bylaws takes effect**”).

Therefore, COFIDE shareholders already recorded in the Stable Shareholders Book and COFIDE shareholders who apply for registration in the Stable Shareholders Book on or before the Date on which the Amendment to the Bylaws takes effect will have the right to the increased voting right twenty-four months after registration, as stipulated in the current Art. 8, paragraph 6, of the COFIDE Company Bylaws. The Amendment to the Bylaws will have no effect on the vesting of the voting rights acquired by COFIDE shareholders under the current terms of the Bylaws.

Moreover, if the Merger is completed before June 1 2020, all the shareholders of the Company resulting from the Merger (and thus even the former CIR shareholders who will receive COFIDE

shares in exchange under the merger) will have a period of a maximum of thirty days (between the date of completion of the Merger and the Date on which the Amendment to the Bylaws takes effect) during which they will be able to request registration in the Stable Shareholders Book benefiting from the shorter vesting period of twenty-four months of continuous ownership of the shares. At the end of the period referred to above, the shareholders of the company resulting from the Merger who apply for registration in the Stable Shareholders Book will obtain the increased voting rights after forty-eight months of continuous ownership of the shares.

If the Merger is not completed by June 1 2020, the Amendment to the Bylaws will take effect as from that same date and thus shareholders who apply for registration in the Stable Shareholders Book after June 1 2020 will have the right to increased voting rights after forty-eight months of continuous possession of the shares.

For the sake of completeness, it should be noted that the period of continuous ownership of CIR shares and COFIDE shares before application for registration in the Stable Shareholders Book does not count for the purposes of the vesting of the increased voting rights, in accordance with what is stipulated in Art. 127-*quinquies* of the TUF.

V. Information on the Right of Withdrawal

As already explained, COFIDE shareholders who do not agree to the adoption of the Amendment to the Bylaws illustrated in this Report will have the right of withdrawal as per the terms of Art. 2437, paragraph 1, letter g), of the Civil Code, regarding “*Amendments to the bylaws concerning voting or attendance rights*”.

It should be pointed out that, in compliance with the terms of Art. 127-bis, paragraph 2, of the TUF, anyone whose shareholding was registered after the date indicated in Art. 83-*sexies*, paragraph 2, of the TUF (the so-called *record date*, i.e. after April 16 2019) but before the start of the proceedings of the Extraordinary General Meeting convened to approve the Amendment to the Company Bylaws is considered as not having agreed to the approval of the resolution, and is therefore entitled to exercise the right of withdrawal.

Shareholders who have exercised the right of withdrawal will receive payment of the liquidation value of the shares for which withdrawal has been requested provided the condition precedent described in the previous paragraph (III) has been fulfilled.

The liquidation value of the COFIDE shares for which withdrawal can be requested, calculated as per the terms of Art. 2437-*ter*, paragraph 3, of the Civil Code with exclusive reference to the

arithmetical average of the closing prices of the share in the stock market in the six months preceding the publication of the notice of the Extraordinary General Meeting, is equal to Euro 0.4691 for each COFIDE share.

As per Art. 2437-bis of the Civil Code, persons entitled to exercise the right of withdrawal will be able to exercise their right, for all or part of the shares that they own, by sending a registered letter (hereinafter, the “**Declaration of Withdrawal**”) which must be sent to the address of the registered office of the Company within fifteen days of the date on which the resolution of the Extraordinary General Meeting is registered with the Milan Register of Companies. News of the said registration will be published in the newspaper “*La Repubblica*” and on the Company website.

Without prejudice to the terms of Art. 127-bis of the TUF, the withdrawing shareholder must enclose with his or her Declaration of Withdrawal, an appropriate notification issued by an authorized intermediary that attests (i) ownership and availability in the account of the shares subject to withdrawal on the day of the General Meeting that approved the exercise of the right of withdrawal and (ii) ownership and availability in the account of the shares subject to withdrawal as of the date of the Declaration of Withdrawal.

The Declaration of Withdrawal must contain the following information:

- The personal details of the withdrawing shareholder, including tax code;
- The address of the withdrawing shareholder for notifications regarding the procedure, including telephone number and e-mail address;
- The number of shares for which the right of withdrawal is being exercised;
- The IBAN of the bank account for crediting the amount of the repayment of the shares giving the right of withdrawal.

The Declaration of Withdrawal must also contain the name of the intermediary with whom the shares for which withdrawal has been requested are deposited and a declaration by the withdrawing shareholder attesting that the shares are free from pledges or other liens in favour of third parties. If the shares for which withdrawal is being requested are subject to pledges or other restrictions in favour of third parties, the withdrawing shareholder must also attach to the Declaration of Withdrawal a declaration made by a pledgee, lienee or by the person in whose favour a lien has been set up, stating that the said person gives his or her irrevocable and unconditional consent to the release of the shares from the pledge, lien and/or restriction and to the liquidation of the same in compliance with the instructions of the withdrawing shareholder.

Information regarding the terms and conditions of exercise of the withdrawal right that cannot be defined before the date of the Extraordinary General Meeting, including the actual date of registration of the resolution with the Register of Companies, will be published by the Company – together with detailed instructions regarding the terms and procedures for exercising the right, and the payment of the consideration – following the procedures set out in current regulations. In accordance with Article 2437-*bis*, paragraph 3, of the Civil Code, withdrawal cannot be exercised, and if it has already been exercised, it will not be effective if, within ninety days, the Company should revoke the resolution that made the said right legitimate.

In the event that one or more shareholders exercise the right of withdrawal, the liquidation procedure will take place in compliance with Article 2437-*quater* of the Civil Code. More specifically, the terms of the option offered will be disclosed according to the terms of current regulations, specifying that the relative notices will be published in the newspaper “*La Repubblica*” as well as on the Company’s website.

VI Decision-making process followed in the formulation of amendments to the Bylaws

The Amendment to the Bylaws relating to the extension of the vesting period was approved, together with the proposal regarding the Merger transaction by the Board of Directors on March 11 2019. More specifically, at the said meeting of the Board of Directors of COFIDE all the directors present expressed a vote in favour.

The decision was taken directly by the Board of Directors, as the subject matter was outside the competence of the internal committees.

* * * *

PROPOSED RESOLUTION

Shareholders, if you agree with the content and the rationale contained in the Report of the Board of Directors as above, we invite you to adopt the following resolution:

“The Extraordinary General Meeting of the Shareholders of COFIDE - Gruppo De Benedetti S.p.A.,

- having acknowledged the report of the Board of Directors*
- having seen the rules of law and the Company Bylaws*

Resolves

1. *To amend the Company Bylaws of COFIDE - Gruppo De Benedetti S.p.A. to lengthen the period of continuous possession of shares needed to obtain the increased voting right from twenty-four to forty-eight months, replacing the term “twenty-four” in Article 8, paragraphs 6, letters a) and b), and 8 of the Bylaws with “forty-eight”, and to establish that such amendment will take effect as from the 30th day after the date of the completion of the merger of CIR S.p.A. – Compagnie Industriali Riunite into COFIDE - Gruppo De Benedetti S.p.A., the plan for which was approved by the respective Boards of Directors on March 11 2019, or in any case as from June 1 2020;*
2. *As a consequence, to amend the Company Bylaws by inserting a clause of a temporary nature into CHAPTER VIII of the Bylaws, thus renamed “FINAL AND TRANSITIONAL RULES”, as follows:*

“Article 30

TRANSITIONAL RULES

1. The Extraordinary General Meeting of the Shareholders held on April 29 2019 adopted a resolution to the effect that as from the 30th day after the completion date of the merger of CIR S.p.A. – Compagnie Industriali Riunite - into COFIDE - Gruppo De Benedetti S.p.A., the plan for which was approved by the respective Boards of Directors on March 11 2019, or in any case as from June 1 2020, the term “twenty-four” contained in Art. 8 paragraphs 6, letters a) and b), and 8 will automatically be replaced by the term “forty-eight” and a mandate will be given to the Board of Directors in office at that time, and for the Board the Chairman and the Chief Executive Officer, severally, to publish the revised Company Bylaws as per the terms and effects of Art. 2436 of the Civil Code”.
3. *To establish that the amendment to the Bylaws referred to in points 1) and 2) and the liquidation of any shareholder withdrawals exercised will take place on condition that the total liquidation value of the shares for which the right of withdrawal has been exercised by the shareholders, calculated as per the terms of Art. 2437-ter of the Civil Code, does not exceed Euro 5,000,000.00, without prejudice to the Company’s right to waive this condition;*
4. *To give the Chairman the broadest powers to execute the resolution adopted and to make any changes to the same that may be required by the competent Authorities, provided these are of a formal nature, and also to agree with the competent Authorities on the timing and the execution procedures for the exercise of the right of withdrawal given to shareholders as per the terms of Art. 2437, paragraph 1, letter g) of the Civil Code.*

COFIDE S.p.A.
REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
(as per the terms of Art. 123-bis of the Finance Consolidation Act - T.U.F.)
AND ON COMPLIANCE WITH THE CODE OF CONDUCT
FOR LISTED COMPANIES
Year 2018

COFIDE S.p.A.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

(as per the terms of Art. 123-bis of the Finance Consolidation Act - T.U.F.)

AND ON COMPLIANCE WITH THE CODE OF CONDUCT FOR LISTED COMPANIES

Year 2018

This Report (hereinafter the “Report”) aims to illustrate the model of corporate governance that COFIDE S.p.A. (hereinafter the “Company”) adopted in the year 2018.

The Report, approved by the Board of Directors at the meeting held on March 11 2019, is being made available to the Shareholders in the ways envisaged by law together with the rest of the documentation relating to the Financial Statements for the year ended December 31 2018 that has been prepared for the Annual General Meeting of the Shareholders called to approve the same financial statements. It can also be consulted on the website of the authorized storage mechanism NIS-Storage www.emarketstorage.com and – together with other documents of interest to the market - on the website of the Company www.cofide.it in the section “Corporate Governance”.

The description of the main duties and functions of the administrative bodies, and of the internal control and the risk management systems of the Company is contained in the “Code of Conduct of COFIDE S.p.A.”, approved by the Board of Directors on March 11 2013. The document (available on the Company website) is attached to this Report (Attachment B).

COFIDE S.p.A. conforms to the definition of a PMI (SME) as per the terms of Art. 1, paragraph 1, letter w-quater.1) of the T.U.F. (Finance Consolidation Act) and of Art. 2-ter of the Consob Rules for Issuers as its average capitalization during the year 2018 was lower than five hundred million Euro.

Information on the ownership structure (as per Art. 123-bis, paragraph 1, T.U.F) at December 31 2018

a) Share capital structure (as per Art. 123-bis, paragraph 1, letter a) T.U.F)

The subscribed and paid up share capital consists of € 359,604,959 comprising 719,209,918 ordinary shares, listed on the *Mercato Telematico Azionario* of the Milan Stock Exchange – FTSE Small Cap index. All the ordinary shares have the same rights and obligations. It should be noted, however, that COFIDE S.p.A. approved the introduction to Art. 8 of the Company Bylaws of increased voting rights, on the strength of which shareholders who have been registered on the special list set up on June 1 2015 for at least 24 months without interruption will have the right to two votes for each share held. As of December 31 2018 the capital with voting rights stood at 1,132,998,617 voting rights.

b) Restrictions on the transfer of shares (as per Art. 123-bis, paragraph 1, letter b) T.U.F)

The shares of the Company are freely transferable, except for some restrictions applicable to certain categories of persons for limited periods of time on the basis of the Code of Conduct on the subject of Internal Dealing published on the website of the Company in the section “Corporate Governance”.

c) Significant shareholding interests (as per Art. 123-bis, paragraph 1, letter c) T.U.F.)

Given that the Company belongs to the category of SMEs as defined by Art. 1 of D. Lgs. no. 58 of February 24 1998 (hereinafter “T.U.F.”), below are the names of the Shareholders of last resort who, in accordance with Consob Resolution 11971/99 either directly or indirectly had percentages of ownership higher than 5% of the capital with voting rights at December 31 2018:

- F.LLI DE BENEDETTI S.p.A.: 65.921% of the capital with voting rights (equal to 51.924% of the share capital represented by ordinary shares).
- BESTINVER GESTION SGIIC SA: 9.352% of the capital with voting rights (equal to 14.733% of the share capital represented by ordinary shares) as asset manager of the Funds: BESTINVER INTERNACIONAL FI, BESTINVER HEDGE VALUE FUND FIL, BESTINFOND FI.

d) Shares that give special rights (as per Art. 123-bis, paragraph 1, letter d) T.U.F.)

At present there are no shares that give their holders any special controlling rights.

The Annual General Meeting of the Shareholders held on April 27 2015 approved instituting an increased voting right for stable Shareholders as permitted by Art. 127-*quinquies* of the T.U.F., amending Art. 8 of the Company Bylaws.

e) Employee shareholders: mechanism for exercising voting rights (as per Art. 123-bis, paragraph 1, letter e) T.U.F.)

There are no particular mechanisms for the exercise of voting rights by employees who hold shares.

f) Restrictions on voting rights (as per Art. 123-bis, paragraph 1, letter F) T.U.F.)

There are no restrictions on voting rights.

g) Agreements between Shareholders (as per Art. 123-bis, paragraph 1, letter g) T.U.F.)

The Company is not aware of the existence of any agreements between Shareholders as per the terms of Art. 122 of the T.U.F.

h) Change of control clauses (as per Art. 123-bis, paragraph 1, letter h) T.U.F.)

As far as the listed companies GEDI SPA and SOGEFI SPA are concerned, reference should be made to their respective Reports on Corporate Governance. As for KOS SPA and its subsidiaries, it should be noted that change of control clauses were signed for all of the bank loans and for the two bond issues, giving creditors the option of requesting prepayment of the loans.

Lastly, for COFIDE S.p.A. and CIR S.p.A. there are no agreements that include such a clause except for the contract with the Chief Executive Officer of CIR S.p.A. and information on this is given in the Compensation Report of CIR S.p.A..

i) Compensation for Directors in the event of resignation, dismissal without a just cause or termination of position following a public offer to purchase or a takeover bid (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)

No compensation is envisaged for Directors in the event of resignation, dismissal without just cause or termination of the position following a takeover bid.

l) Election and replacement of the Directors; amendment of the Bylaws (as per Art. 123-bis, paragraph 1, letter l) T.U.F.)

For the election and replacement of Directors reference should be made to what is illustrated in Art. 5) of the attached Code of Conduct of COFIDE S.p.A. devoted to the appointment of Directors. The Company Bylaws do not contain any further requisites of independence and integrity/professionalism other than those required by law. For amendments to the Bylaws, the terms of the Law are applicable.

m) Power delegated to increase the share capital and authorization to buy back own shares (as per Art. 123-bis, paragraph 1, letter m) T.U.F.)

For a period of five years from the date of the resolution adopted by the Extraordinary General Meeting of the Shareholders on April 27 2018, the Board of Directors has the right to:

a) increase the share capital either once or more than once by a maximum of EUR 250,000,000 (two hundred and fifty million) nominal value either free of charge or against payment, with or without a share premium, even with the exclusion or limitation of the option right as per Art. 2441 paragraphs IV and V of the Civil Code, the Directors having the right each time to establish the category of shares, the issuance price of the shares (including any share premium), the start of dividend entitlement, the possible allocation of the share capital increase to servicing the conversion of bonds issued even by third parties both in Italy and abroad, or servicing warrants. They will also have the right to determine the reserves and provisions available for allocation to share capital and the amount of the same. More in general to define the procedures, terms and conditions of the share capital increase.

b) issue once or more than once convertible bonds, even in foreign currencies, where the Law permits, with the related share capital increase, up to a maximum amount of Euro 250,000,000 (two hundred and fifty million).

More in general it has the right to define the procedures, terms and conditions of the bond issue and the rules governing such issuance.

The Annual General Meeting of the Shareholders held on April 27 2018, pursuant to and as an effect of Art. 2357 of the Civil Code, authorized the buyback of COFIDE shares for eighteen months from the day after the date of the AGM resolution as follows:

- A maximum of 70,000,000 shares each with a nominal value of euro 0.5 may be bought back, taking into account that, including in the calculation the own shares already owned even through subsidiaries, the nominal value of the shares bought back may not in any case exceed one fifth of the share capital of COFIDE S.p.A.;
- The unit price of each single buyback of shares may not be more than 10% higher or lower than the benchmark price recorded by the Company's shares in the Stock Exchange trading session preceding each single purchase transaction or the date on which the price is fixed and in any case, when the buybacks are made in regulated markets, for a price no higher than the higher of the price of the last independent deal and of the current independent bid price in the same market;
- The buyback must be made in the market in accordance with the terms of Art. 132 of D.Lgs no. 58/98 and the rules of law or regulations in force at the moment of the transaction and more specifically:
 - a) through a public offer to buy or exchange shares;
 - b) on regulated markets following the operating procedures established in the rules for the organization and management of those same markets, which do not allow bids and offers to be matched directly;

- c) through the assignation of put option rights pro rata to the Shareholders, to be assigned within 15 months of the date of the AGM authorization resolution and which shall be exercisable within 18 months of the same resolution;
- d) through the purchase and sale of derivative instruments traded on regulated markets which involve the physical delivery of the underlying stocks and which comply with the further conditions stipulated in Art. 144-bis of Consob's Rules for Issuers and with the terms of Articles 5 and 13 of EU Regulation 596/2014.

As of December 31 2018 24,156,055 own shares were being held as treasury stock.

It should be noted that – on the basis of the AGM resolution of April 28 2017 authorizing the buyback of own shares – as of March 11 2019 27,100,479 shares had been bought back.

Other information (as per Art. 123-bis, paragraph 2, T.U.F.)

a) Compliance with a code of conduct on the subject of corporate governance.

The Company complies with the Code of Conduct of Borsa Italiana S.p.A. as currently in force, prepared by the Committee for the Corporate Governance of Listed Companies and promoted by Borsa Italiana S.p.A., which is available on the website of the Corporate Governance Committee <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>.

COFIDE S.p.A. and its strategically important subsidiaries are not subject to any non-Italian rules of law that affect the structure of the corporate governance of the Issuer.

b) Main characteristics of the systems of risk management and internal control existing in relation to the process of financial disclosures

Reference should be made to point 7) of this Report and to Art. 7 of the attached Code of Conduct of COFIDE S.p.A. which deals with the Internal Control and Risk Management System.

c) How the Shareholders' Meeting functions.

Reference should be made to what is described in point 10) of this Report on Shareholders' Meetings and to Art. 9 of the attached Code of Conduct of COFIDE S.p.A., entitled "Relations with the Shareholders".

d) Composition and functioning of the administrative and control bodies and their committees.

Reference should be made to what is described in the sections of this Report that deal with: the composition of the Board of Directors (point 2), the Statutory Auditors (point 8) and the Committees (point 4 Institution and functioning of the Internal Committees of the Board of Directors - 6 Remuneration of Directors and 7 System of Internal Control and risk management) and also to the attached Code of Conduct of COFIDE S.p.A., Articles 2, 3 and 5 for the Board of Directors, Art. 8 for the Statutory Auditors, and Articles 4, 5, 6, and 7 for the Committees.

d-bis) Description of policies on the subject of diversity

Following the entry into force of D.Lgs no. 254/16, which introduced Art. 123-bis of the TUF (letter d-bis of paragraph 2), the Report on Corporate Governance must now "contain a description of policies on the subject of diversity applied in relation to the composition of the administrative, management and control bodies regarding aspects such as age, gender mix and training and professional experience, together with a description of the objectives, methods of implementation and results of such policies. If no such policy is in place, the company must give a clear and structured rationale for its decision".

The Board of Directors of the Company at the meeting held on March 12 2018 confirmed its strategy of not adopting any further policies on the subject of diversity in the composition of boards of directors and boards of statutory auditors, as set out in Art. 123-bis, paragraph 2, letter d-bis of the TUF, given that, without prejudice to the requisites of integrity, professionalism and independence as well as the situations of incompatibility and/or lapses of position laid down by law and by the Company Bylaws:

1. The Company has already adopted in the Bylaws a policy that ensures a balance of genders in the composition of the Board of Directors and the Board of Statutory Auditors;
2. The COFIDE Code of Conduct (attached to this report) has also been adopted and this in Art. 2 (to which reference should be made) on transposing and implementing the content of the Code of Conduct, gives a clear indication of the composition of the Board, the competences and professionalism of the Directors and the way in which the duties of the position should be carried out;
3. At least once a year the Board already carries out a regular assessment of the size, composition and functioning of the same Board and its committees, taking into account elements such as professional profile, experience, including managerial experience, and gender of its members as well as their seniority. This assessment gives the Board the opportunity to carry out a regular check that the policies referred to in point 2 above are being implemented;
4. The Board can avail itself of the right contained in the same COFIDE Code of Conduct (Art. 5) to give the Shareholders, before the appointment of a new Board, its opinion on the size and composition of the new Board, taking into account even the assessment described in the previous point, with the aim of guiding the Shareholders, according to their reciprocal duties and prerogatives, in their choices so that they can freely designate the members of the Board of Directors.

While reserving the right to reconsider its position in the future, the Board considered the above factors to be sufficient for the time being to guarantee an adequate structure in terms of diversity in the composition of the Board of Directors, an opinion that is confirmed by the current composition of the Board in the light of the various aspects considered, i.e.: age, gender, experience / seniority, professional competences, training, culture and international dimension. The outcome of the Board Review process for the year 2018 again confirmed the adequacy of the composition of the current Board in terms of diversity (*latu sensu*) and the fact that the same Board as a whole has a balanced mix of experience and competences that are adequate and in line with the future needs of the Company.

1) **ROLE OF THE BOARD OF DIRECTORS**

For the general rules relating to the Role of the Board of Directors reference should be made to the terms of Art. 1 of the “Code of Conduct of COFIDE S.p.A.”

As of the date of this Report the Board of Directors, among other things, carried out the following activities:

- on the basis of internal procedures approved by the Board of Directors on October 29 2012, it examined and approved the strategic and financial plans of the Company and also examined the consolidated strategic, business and financial plans of its direct subsidiary CIR and of the companies heading the industrial groups that the latter controls as presented by their respective Chief Executives, evaluating whether the said plans were consistent with those of COFIDE and periodically monitoring their implementation;
- defined the nature and level of risk compatible with the strategic objectives of the Company;
- evaluated the adequacy of the organizational, administrative and accounting structure of the Company, with particular reference to the system of internal control and risk management;
- established the frequency, generally every three months, with which the Chief Executive Officer shall report back to the Board on the activity carried out in the exercise of the powers assigned to him or her;
- assessed the progress of operations taking into consideration, in particular, the information received from the Chief Executive of the Company and the Chief Executives of the main subsidiaries, analysing the businesses and the evolution of the income and equity situation of the Company and of the Group;
- examined and gave prior approval to transactions put in place by the issuer and examined those of the subsidiaries that have a significant strategic importance. To this end the Company at the Board of Directors Meeting held on October 29 2012 defined its parameters for measuring significance, adopting a special procedure;
- carried out during the meeting held on January 28 2019 a self-assessment of the size, composition

and functioning of the Board of Directors itself and of its committees, taking into account elements such as the professional characteristics, experience, even managerial experience, and the gender of its members as well as how long they have been on the Board; the assessment process was carried out following a practice already adopted by the Company, which involves the Directors filling out a questionnaire for 2017 prepared in house. The questionnaire consists of specific questions regarding among other things: the adequacy of the number of Board members and how the Board and the Committees are made up, the type of professional profiles present on the Board, how Board and Committee meetings take place and also the relative flows of information and documents and the decision-making procedures followed. The results of the self-assessment were illustrated to the Board of Directors by the Lead Independent Director, after being examined by the Control and Risk Committee, and led to the formulation of an evaluation that was positive overall;

- before the appointment of a new Board, can give the Shareholders its views on the managerial and professional figures whose presence on the Board would be considered useful;
- ensured the management internally and the disclosure externally of documents and information regarding the Company, with particular reference to privileged information, in accordance with the terms of the procedure adopted by the Board of Directors;

Regarding the further activities of the Board of Directors on the subject of “Control and risk system” reference should be made to paragraph 7) “System of internal control and risk management”.

Art. 1 of the Code of Conduct of COFIDE S.p.A., attached to this Report, gives guidelines on the maximum number of positions of Director or Statutory Auditor approved by the Board of Directors on October 29 2012, which set limits in terms of number of positions that can be held by Executive and non-Executive Directors of COFIDE in Significant Companies, as defined by the same Board.

It should be noted that Mr Rodolfo De Benedetti, in his role as Executive Chairman, was assigned managerial powers in the light of the experience he has gained over the years in managing the Group, and to provide a governance that is the most suitable and functional possible given the characteristics of the Company.

Consequently, on April 29 2016, the Board of Directors of the Company assigned the following powers to the Executive Chairman of the Company, Mr Rodolfo De Benedetti:

- the legal representation of the Company and with it the power with his sole signature to represent the Company with third parties, whether public or private, before any judicial or administrative authority and to sign in his role as above any document, deed, agreement or correspondence in the name of and on behalf of the Company and with the right to have someone else replace him;
- all powers of ordinary and extraordinary administration of the Company, to be exercised with his sole signature, and thus the power to make any decision useful or necessary for the achievement of the Company object except for matters regarding:
 - (i) matters, transactions or resolutions reserved by law, by the Company Bylaws, to the exclusive competence of the Board of Director as a whole;
 - (ii) the following categories of transaction:
 - the purchase, sale or subscription of equity investments where: (1) the payment or – where this is not in the form of money – the transaction value assigned to the same is higher than Euro 40 million: (2) the sale (or exchange) refers to investments recorded in the balance sheet with a value of over Euro 25 million; (3) the transaction involves the acquisition or the loss of control, as per the terms of Art. 2359 of the Civil Code, in companies or entities of another kind or nature;
 - the purchase or sale on any account of businesses or business arms for a price or with a value of over Euro 40 million;
 - any other investment transaction of any kind and on any account and in any manner (including the payment of capital contributions or the conversion of receivables into capital), taking on debt or making loans of any kind or issuing guarantees and in general any other deal the value of which is over Euro 40 million;
 - any decision that the Company may make relating to transactions or decisions of the subsidiaries which may, in any way or on any account, result in a reduction of the stake held by the Company to below the threshold of control;

- (iii) the most important transactions with related parties identified as such on the basis of criteria identified in Annex 3 of the “Regulations giving instructions on the subject of related-party transactions” approved by Consob with its Resolution no. 17221 of March 12 2010, as well as any other transactions with related parties of more importance that will be identified by the internal procedures adopted by the Board of Directors as per the terms of Articles 4 and 8 of the aforesaid “Regulations giving instructions on the subject of related party transactions”, competence for which is reserved for the Board of Directors.

2) COMPOSITION AND FUNCTIONING OF THE BOARD OF DIRECTORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

For the rules of a general nature relating to the composition and functioning of the Board of Directors, reference should be made to what is stated in Art. 2 and Art. 3 of the Code of Conduct of COFIDE S.p.A. attached to this document, and also to what is stated in Art. 1 of the same regarding the functions carried out by the Chairman.

The Board currently consists of nine Directors, one of whom has executive status (the Chairman), while eight are non-executive. In consideration of their number and their authority, the non-executive Directors provide a guarantee that their judgment shall have significant weight in the resolutions adopted by the Board; they each bring their own individual expertise to Board debates and contribute to the adoption of decisions in the interest of the Company. Five non-executive Directors are independent. The composition of the Board of Directors of the issuer is therefore appropriate to guarantee adequate conditions of operational independence, aimed at maximizing the economic and financial objectives of the same issuer.

It should be remembered that the mandate of the current Board of Directors will terminate with the approval of the Financial Statements for the year ended December 31 2018.

When they were appointed all the Directors filed declarations in which they attested there were no

reasons why they should not be elected nor was there any incompatibility as per the terms of the law and that they possessed the requisites of integrity and professionalism required by current legislation and by the Company Bylaws.

Name	Year of birth	Position	In office since	In office until	List	Exec.	Non Exec.	Indep. Code of Conduct	Indep. TUF	% B of D	Other positions	Position held since
De Benedetti Rodolfo	1961	Chairman	29.04.2016	31.12.2018	M	X				100	6	09.06.1986
Cremona Massimo	1959	Director	29.04.2016	31.12.2018	M		X	X	X	86	4	27.04.2007
De Benedetti Edoardo	1964	Director	29.04.2016	31.12.2018	M		X			71	1	29.04.2013
De Benedetti Marco	1962	Director	29.04.2016	31.12.2018	M		X			86	4	15.03.1994
Dubini Paola	1963	Director	29.04.2016	31.12.2018	M		X	X	X	71	/	16.05.2011
Ferrero Pierluigi	1942	Director	29.04.2016	31.12.2018	M		X			100	/	27.04.2001
Guasti Francesco	1947	Director	29.04.2016	31.12.2018	M		X	X	X	100	1	30.04.2009
Marocco Pia	1962	Director	29.04.2016	31.12.2018	M		X	X	X	100	/	21.09.2018
Porcari Maria Serena	1971	Director	29.04.2016	31.12.2018	M		X	X	X	100	/	29.04.2016

Number of Board of Directors Meetings: 7

Key:

List: M/m: according to whether the Director was elected from the list voted by the majority or one voted by a minority.

Independent (Code of Conduct and T.U.F.): indicates whether a Director can be qualified as independent.

% BofD: shows the Director's attendance, in percentage terms, at the Board Meetings held during the year.

Other positions: shows the total number of positions held in other listed companies, financial companies, banks, insurance companies or other companies of a significant size.

Mr Carlo De Benedetti is the Honorary Chairman of the Company.

The Board of Directors notes and publishes each year the positions of Director or Statutory Auditor held by the Directors in other listed companies and in financial companies, banks, insurance companies or other companies of a significant size (Attachment A). It should be noted that the personal and professional profiles of each Director are given as an attachment to this report. During 2018 the Board of Directors met seven. The meetings lasted for an average for about two hours. For the year 2019 five

meetings have been scheduled, three of which had already taken place as of the date of this report. The Executive responsible for the preparation of the Financial Statements and corporate documents (appointed by the Board of Directors on October 26 2009), Mr Giuseppe Gianoglio, attends the meetings of the Board of Directors. On the subject of passing information to the Board, in accordance with what is set out in the Code of Conduct of Borsa Italiana S.p.A., the Executive Chairman reports back regularly (at least every three months) to the Board and at the same time to the Board of Statutory Auditors on the action taken in the exercise of the powers assigned to him.

The Executive Chairman also gives adequate information (at least once every three months) on any non-typical or unusual transactions to the Board of Directors and the Board of Statutory Auditors.

The following chart shows the composition of the Committees set up by the Board: the Appointments and Compensation Committee, the Control and Risk Committee, and the Committee for Related Party Transactions (whose members are the same as those of the Control and Risk Committee).

Name	Appointments & Compensation Committee	% attendance of A.C.C. meetings	Control & Risk Committee (*)	% attendance of C.R.C. meetings	Committee for Related Party Transactions	% attendance of CRPT Meetings
Cremona Massimo	X	100	X	100	X	--
Dubini Paola	X	100	X	100	X	--
Guasti Francesco	X	100	X	100	X	--
Marocco Pia (as from 21.9.2018)			X	100	X	
Porcari Maria Serena			X	100	X	--
<div> <div>Number of Committee meetings</div> <div>2</div> <div>5</div> <div>0</div> </div>						

Key:

% CC: shows the Director's attendance in percentage terms at the meetings of the Appointments and Compensation Committee held during the year.

% CRC: shows the Director's attendance in percentage terms at the meetings of the Control and Risk Committee held during the year.

% CRPT: shows the Director's attendance in percentage terms at the meetings of the Committee for Related Party Transactions held during the year.

(*) The members of the Control and Risk Committee are the same as those of the Committee for Related Party Transactions.

In accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A., on April 29 2016 the Board of Directors appointed as Lead Independent Director Mr Massimo Cremona to whom all the non-executive Directors can refer (especially the Independent Directors) to enable them to make a better

contribution to the activity and the running of the Board.

The Lead Independent Director collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the Lead Independent Director, either independently or at the request of other Directors, also has the right to call a meeting of just the Independent Directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.

Regarding induction programs, two information sessions were organized for Directors and Statutory Auditors in the months of June and November.

At the June session, the Chief Executive Officer of the subsidiary Sogefi S.p.A. presented analyses of the strategies of the Group; while the November session was on the subject of the “Sustainability Report for sustainable companies” and was organized with the assistance of external consultants. The induction sessions were organized by sending out invitations in plenty of time so that as many people as possible were able to attend. The proceedings occupied most of the day and were followed by a lively debate, which was an opportunity to examine the individual aspects of the matters dealt with in greater detail.

3) INDEPENDENT DIRECTORS

Art. 3 of the attached Code of Conduct of COFIDE S.p.A. gives the requisites on the basis of which the Company – in compliance with the recommendations of the Code of Conduct of Borsa Italiana S.p.A. and what is stipulated in Art. 147-ter paragraph 4 of the T.U.F. – considers Directors to be Independent. The Board of Directors meeting held on April 27 2018 verified the existence of the requisites for independence set out in the Code. Furthermore, and in waiver of the terms set out in the Code of Conduct for Listed Companies (See Application criterion 3.C.1, letter e), it also gave a positive opinion on the independence of Directors Massimo Cremona and Francesco Guasti in spite of the fact that they have been Directors of the Company for more than nine of the last twelve years, given that they have always demonstrated full independence of judgement and have appreciated the work of management freely.

During 2018 the Board of Statutory Auditors verified that the criteria and checking procedures adopted

by the Board of Directors for assessing the independence of its members were being applied correctly. On January 29 2018 the Independent Directors met without the other Directors to give their opinion on the quality of the information transmitted to the Board of Directors by the company and the Chief Executive Officer.

4) THE INSTITUTION AND THE FUNCTIONING OF THE INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

The principles underpinning the institution and functioning of the internal committees set up by the Board of Directors are set out in Art. 4 of the attached Code of Conduct of COFIDE S.p.A.

As permitted by the Code of Conduct of Borsa Italiana S.p.A., the Company has merged the functions of the Appointments Committee and of the Compensation Committee into one single committee, whose members include profiles with adequate competence in finance or compensation policy and which is known as the Appointments and Compensation Committee, approving its rules at the Board of Directors Meeting held on October 29 2012.

The Internal Control Committee set up by the Board of Directors on May 4 2000 has taken the name of Control and Risk Committee and at least one of its members has adequate experience in accounting and finance or risk management. This Committee also carries out the functions of the Committee for Related-Party Transactions in compliance with the Rules for related-party Transactions.

The Committee for Related-Party Transactions is called upon to exercise its functions with regard to:

- giving a reasoned non-binding opinion on the interest of the Company to enter into Transactions of lesser importance and on the substantial economic benefit and correctness of the conditions of the same;
- in the case of Transactions of greater importance, it is involved in the negotiation and the investigatory stages. When these stages are over, it gives a binding opinion on the Company's interest to execute the Transaction and on the substantial economic benefit and correctness of the conditions of the same.

5) APPOINTMENT OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter l) T.U.F. and paragraph 2, letter d) T.U.F.)

As indicated above in letter l) of the section of the Report entitled “Information on the ownership structure”, reference should be made to the information given in Art. 5 of the attached Code of Conduct of COFIDE S.p.A. and to the articles of the Bylaws reproduced therein.

The Appointments and Compensation Committee is made up of Independent Directors: Mr Francesco Guasti (Chairman of the Committee), Mr Massimo Cremona and Ms Paola Dubini.

On the subject of the appointment of the Directors, the Appointments and Compensation Committee has the functions set out in detail in Art. 6 of the attached Code of Conduct of COFIDE S.p.A.

6) REMUNERATION OF DIRECTORS (as per Art. 123-bis, paragraph 1, letter i) T.U.F.)

The aim of the compensation policies of the Company is described in Art. 6 of the attached Code of Conduct of COFIDE S.p.A.: more specifically the compensation policy is established according to criteria appropriate for attracting, retaining and motivating people with professional qualities suitable for managing the Group effectively.

The compensation assigned to the Executive Chairman of the Board of Directors and to the non-executive Directors for being on one or more committees is a fixed sum and is determined according to the commitment required of each of them.

The Appointments and Compensation Committee carries out the functions detailed in the already cited Art. 6 of the Code of Conduct of COFIDE S.p.A.

The compensation in 2018 of each director is given in the charts attached to the “Compensation Report” prepared in compliance with Art. 84-quater of Consob Resolution 11971/99, approved by the Board of Directors on March 11 2019 and made available to the Annual General Meeting of the Shareholders called to approve the Financial Statements for the year ended December 31 2018.

The compensation policy of COFIDE S.p.A. is very simple as it involves only the payment of a fee – approved by the Shareholders’ Meeting – to the members of the Board of Directors. .

Compensation for the position of Chairman and the fees payable to non-executive Directors with special duties are determined by the Board of Directors at the proposal of the Appointments and Compensation Committee, with the favourable opinion of the Board of Statutory Auditors. There are no compensation plans for employees based on the shares of the Company.

There is no compensation for Directors in the event of resignation, cancellation without just cause, or termination of the directorship following a successful takeover bid.

The Committee met twice and the meetings lasted for 30 minutes. The minutes of the meetings are taken as is standard practice.

7) INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM (as per Art. 123-bis, paragraph 2) letters b) and d) T.U.F.)

The internal control system is the set of rules, procedures and organizational structures that make it possible to identify, measure, manage and monitor the main risks. The aims of the Control and Risk system, and the bodies and functions responsible for it are described in detail in Art. 7 of the attached Code of Conduct of COFIDE S.p.A.

During the year 2018 and within the sphere of the Control and Risk System, the Board of Directors carried out the following actions:

- a) It identified the nature and level of risk compatible with the strategic objectives;
- b) It assessed the adequacy, effectiveness and efficiency of the Control and Risk System in relation to the business and the risk profile assumed, taking into account the assessments of the Director Responsible and the Control and Risk Committee;
- c) At the proposal of the Control and Risk Committee, it approved the Audit Plan having heard the Board of Statutory Auditors and the Director Responsible.

As per Art. 7, “*System of internal control and risk management*”, of the Code of Conduct (Attachment B), the Chairman is the executive director in charge of ensuring that the internal control system works

adequately and effectively, and this he does partly by defining suitable procedures that will guarantee sound and efficient operations and will identify, pre-empt and manage, as far as possible, any financial and operational risk and any fraud against the Company, availing himself of the assistance of the Control and Risk Committee. The Board of Directors with the resolution adopted on May 4 2000 set up the Internal Control Committee (subsequently re-named Control and Risk Committee) which was given the function of preparing proposals and acting in a consulting capacity and which acts along the lines set out in the Code of Conduct.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the said Chairman takes part in the work of the Committee.

The current Committee is formed of four Independent Directors with sufficient experience in finance, specifically: Mr Massimo Cremona (Chairman of the Committee), Ms Paola Dubini, Mr Francesco Guasti and Ms Maria Serena Porcari.

On March 12 2018 the Board of Directors assigned the Internal Audit and Risk Management function to the company Operari S.r.l. in the person of Mr Vittorio Gennaro (Chief Executive of the company), who replaces Mr Andrea Bergalio who resigned in February 2018. The Company decided to outsource this activity because it considered it to be a more effective and functional solution for a holding company. During 2018 the Committee held five meetings which lasted for an average of about two hours. Minutes of the meetings were taken regularly.

8) STATUTORY AUDITORS (as per Art. 123-bis, paragraph 2, letter d) T.U.F.)

The appointment and the functioning of the Statutory Auditors are regulated by Art. 22 of the Company Bylaws as reproduced in Art. 8 of the “Code of Conduct of COFIDE S.p.A.”

The Statutory Auditors are selected from people who can be qualified as independent on the basis of the criteria established for the Directors. During 2018 the Board of Statutory Auditors checked that the above criteria were being complied with, ensuring that the results of the check were shown in this report.

The Board of Statutory Auditors currently in office – the mandate of which expires with the approval of the Financial Statements as of December 31 2019 – is made up as follows:

Name	Year of birth	Position	In office since	In office until	List	Indep. Code of Conduct	% attendance at meetings of B. of S.A.	Other positions	Date first appointed
Zingales Riccardo	1960	Chairman	28.04.2017	31.12.2019	M	X	100	2	30.04.1999
Dellatorre Antonella	1971	In office	28.04.2017	31.12.2019	M	X	100	/	30.06.2014
Bracco Tiziano	1971	In office	28.04.2017	31.12.2019	M	X	100	/	27.04.2005
Nani Luigi	1959	Alternate	28.04.2017	31.12.2019	M	X	/	/	24.04.2002
Macchiorlatti Vignat Luigi	1963	Alternate	28.04.2017	31.12.2019	M	X	/	2	24.04.2002
Zambon Paola	1969	Alternate	28.04.2017	31.12.2019	M	X	/	1	29.04.2013

KEY:

List: “M/m” according to whether the Statutory Auditor was elected from the list voted by the majority or by a minority.

Indep: At the meeting held on April 28 2017 the Board of Statutory Auditors judged that its members who had been in office for more than nine years had the requisite of independence. The Board of Directors at the meeting held on the same date, after hearing the opinion of the Control and Risk Committee, acknowledged and agreed with the opinion of the Board of Statutory Auditors.

% attendance: shows the attendance in percentage terms of the Statutory Auditor at the meetings of the Board of Statutory Auditors.

Other positions: shows the number of positions of director or statutory auditor held by the individual in other Italian listed companies. The full list of these positions is given in an attachment to this document (Attachment A).

During the year 2018 the Board of Statutory Auditors met eleven times and the meetings lasted an average of one hour thirty minutes.

On their appointment all the Statutory Auditors filed declarations in which they attested that there were no reasons why they could not be elected, that there was no incompatibility as per the terms of the law and that they possessed the requisites of integrity and professionalism required by current legislation and stipulated in the Company Bylaws.

It should be noted that the personal and professional profile of each Statutory Auditor is given in the attachment to this report.

9) **RELATIONS WITH THE SHAREHOLDERS**

The Company has always endeavoured to establish and maintain an effective dialogue with its Shareholders and with the market, using various forms of communication such as the following: presenting the results of the Company and the Group during Shareholders’ Meetings using slides, meeting with financial analysts and institutional investors in Italy and abroad, informing the public by

making the corporate governance documents required by law, press releases and presentations available on the website of the Company.

The Company also adheres to the principles of the Guide for Information to the Market.

To this end the Chief Executive Officer appointed Mr Michele Cavigioli, Central Finance Manager of the subsidiary CIR S.p.A., as the head of the Investor Relations function with responsibility for managing the flow of information to Shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of Company information and documents.

10) SHAREHOLDERS' MEETINGS (as per Art. 123-bis, paragraph 2, letter c) T.U.F.)

It has always been the policy of the Company to use the Shareholders' Meeting as an opportunity to give the Shareholders information about the Company and the Group and its outlook for the future, while complying with the procedure concerning price-sensitive information.

All the Directors and Statutory Auditors endeavour to be present at Shareholders' Meetings as far as possible but particularly those Directors who can make a positive contribution to the debate in view of the positions that they hold.

The procedures and timing for calling Shareholders' Meetings are regulated by Art. 9 of the Company Bylaws reproduced in the attachment "Code of Conduct of COFIDE S.p.A."

The Shareholders' Meeting held on April 27 2001, in accordance with the terms of the Code of Conduct of Borsa Italiana S.p.A., approved and subsequently updated a set of Regulations for conducting Shareholders' Meetings, which can be consulted on the website of the Company in the section "Corporate Governance".

The Board of Director makes available to the Shareholders a booklet containing the items on the Agenda of the Shareholders' Meeting within the time frame laid down by law.

11) CODE OF ETHICS

On March 7 2003 the Board of Directors approved the CODE OF ETHICS OF THE COFIDE GROUP with the aim of defining in a clear and transparent way the code of values underpinning the action of the Group in the pursuit of its objectives and establishing principles of conduct which are binding for Directors, employees and other individuals who maintain relations with the Group.

The text of the CODE OF ETHICS can be consulted on the company website in the section “Corporate Governance”.

12) SUSTAINABILITY REPORT

The Sustainability Report of the CIR group for the year 2018 was prepared in accordance with the “G4 Sustainability Reporting Guidelines” published in May 2013 by the GRI (Global Reporting Initiative). The Sustainability Report is the main instrument for reporting the performance obtained by the group in the economic, social and environmental sphere and for highlighting its commitment to conducting its business with the aim of creating value not only for the organization but also for its stakeholders.

The process of collecting data and information for the purpose of the preparation of the Report was managed collaboratively with the various departments of the companies that make up the CIR group, with the aim of giving a clear and precise indication of the information considered significant for the stakeholders according to the principles of balance, comparability, accuracy, timeliness, clarity and reliability, as expressed in the GRI guidelines.

13) INSTITUTION OF A SUPERVISORY BODY AND APPLICATION OF THE ORGANIZATIONAL AND OPERATIONAL MODEL PROVIDED FOR BY D.LGS 231/2001 as per Art. 123-bis, paragraph 2, letter a) T.U.F.)

Legislative Decree no. 231/2001 containing the “Discipline regulating the administrative liability of legal entities, companies and associations without legal status, pursuant to Article 11 of Law no. 300 of September 29 2000” and subsequent amendments and additions, introduced the criminal liability of

entities for any fraudulent acts committed by people with a special functional relationship with the Company, where the alleged misdeed was carried out in the interest or to the advantage of the same Company; this liability was subsequently among other things extended by D.Lgs no. 61/2002 to cover corporate offences.

The decree provides that exemption for the company from such liability is possible provided that it can be demonstrated that the company had adopted and effectively put in place organizational models for the prevention of criminal offences and that it had given the task of monitoring the correct functioning of such models and making sure that they are fully updated to a controlling body equipped with independent powers to take the initiative and to carry out a control function.

On April 30 2003, with the aim of preventing the corporate offences envisaged by Legislative Decrees nos. 231/2001 and 61/2002 from being committed, the Board of Directors of the Company among other things set up a Supervisory Body with the competence and function established by the Code of Ethics. On October 29 2004 the Board of Directors also approved the “*Organization Model*”, which was later supplemented after the broadening of the scope of the regulations included in D.Lgs. 231/2001 and can be found on the Company’s website in the section “Corporate Governance”.

The Board of Directors Meeting held on April 29 2013 after the Shareholders’ Meeting approved a motion to assign the activity of the Supervisory Body, as per D.Lgs. 231/0, to the Board of Statutory Auditors who will carry out this function in conjunction with the internal auditing function.

The Supervisory Body of COFIDE S.p.A. monitored the functioning and observance of the Organization, Management and Control Model adopted by the Company, checking that it was effective and assessing any possible updates.

14) FIRM OF AUDITORS

The Annual General Meeting held on April 29 2016 resolved to give the legal audit mandate for the years 2017-2025 to the firm of auditors KPMG S.p.A.

15) MANAGEMENT AND COORDINATION ACTIVITY

The Company is subject to management and coordination by its parent company F.LLI DE BENEDETTI S.p.A.

List of the positions held by the Directors of COFIDE S.p.A. in other companies listed on regulated markets, in financial companies, banks, insurance companies, and also in non-listed companies of a significant size (at December 31 2018)

De Benedetti Rodolfo	Chairman of the Board of Directors of CIR S.p.A.* Director of GEDI Gruppo Editoriale S.p.A.* Director of Sogefi S.p.A.* Director of Decalia Asset Management S.A. Deputy Chairman of Decalia Asset Management SIM S.p.A. Director of AON Italia
Cremona Massimo	Director of UBS Fiduciaria S.p.A. Chairman of the Board of Statutory Auditors of Banca Generali S.p.A. Statutory Auditor of Ermenegildo Zegna Holditalia S.p.A. Chairman of the Board of Statutory Auditors of Metro Italia Cash and Carry S.p.A.
De Benedetti Edoardo	Director of CIR S.p.A.*
De Benedetti Marco	Director of CIR S.p.A.* Chairman of GEDI Gruppo Editoriale S.p.A.* Director of Moncler S.p.A. Chairman of Comdata S.p.A.
Dubini Paola	- no other positions –
Ferrero Pierluigi	- no other positions -
Guasti Francesco	Director of Ceresio Sim S.p.A.
Marocco Pia	- no other positions -
Porcari Maria Serena	- no other positions -

** Companies of the Group*

List of the positions held by the Statutory Auditors and Alternate Auditors of COFIDE S.p.A. in other Italian listed companies (at December 31 2018).

Zingales Riccardo	Statutory Auditor of Sogefi S.p.A.* Statutory Auditor of CIR S.p.A.*
Bracco Tiziano	- no other positions -
Dellatorre Antonella	- no other positions -
Nani Luigi	- no other positions -
Macchiorlatti Vignat Luigi	Alternate Auditor of CIR S.p.A.* Alternate Auditor of Sogefi S.p.A.*
Zambon Paola	Alternate Auditor of CIR S.p.A.*

** Companies of the Group*

CODE OF CONDUCT OF COFIDE S.p.A.

FOREWORD

The Code of Conduct of COFIDE S.p.A. (hereinafter "COFIDE" or the "Company") contains a description of the main duties and functions of the corporate bodies of the Company and of the internal control and risk management structure of the Company.

The description of these duties and functions is carried out in a structured way in a single document in which it is possible to find not only content but also specific reference to the applicable regulatory environment: the provisions of the law and of regulations, the terms of the Company Bylaws, and the principles of the CODE OF CONDUCT OF BORSA ITALIANA S.p.A. with which the Company complies.

On this subject at the Board of Directors Meeting held on October 29 2012, following the new rules of the Code of Conduct of Borsa Italiana S.p.A. introduced in December 2011, the Company updated its own corporate governance and approved internal procedures as indicated in the Code.

In order to incorporate the changes introduced in the Code of Conduct of Borsa Italiana S.p.A. in July 2014 and July 2015, the Board of Directors has subsequently updated the Code of Conduct of the Company.

Art. 1 – Role of the Board of Directors

Below are the provisions of the **Company Bylaws** on the subject of the **role of the Board of Directors**

ARTICLE 16

POWERS OF THE BOARD OF DIRECTORS

1. The Board of Directors is invested with broad powers for the administration of the Company. It can carry out any action considered appropriate for achieving the object of the Company, whether such action pertain to ordinary or extraordinary administration, with no exclusions or exceptions, apart from that which the law and these Bylaws have established as mandatory for the Shareholders' Meeting.
2. The Board of Directors can therefore adopt resolutions approving a reduction of the share capital of the Company in the event of the withdrawal of Shareholders, amending the Bylaws to bring them into line with new regulations, moving the Company headquarters anywhere in the country and also approving the merger by incorporation of either a fully owned subsidiary or a subsidiary in which it holds a stake of at least 90%, all in compliance with the provisions of Articles 2505 and 2505-bis of the Civil Code.
3. When the Annual Report and Financial Statements are being prepared or at any other time they consider it opportune, the Board of Directors will establish an amount to be given to scientific and cultural charity organizations in general and, specifically, to the Fondazione Ing. Rodolfo Debenedetti and will report back to the Shareholders on the same during the meeting held to approve the financial statements.

ARTICLE 18

EXECUTIVE COMMITTEE

1. The Board of Directors can delegate its powers, with the exception of those expressly reserved by the law to itself, to an Executive Committee comprising some of its members, establishing the membership of the same and the limits of the powers delegated to it.
2. The same rules set forth for the Board of Directors shall also apply to the running of the Executive Committee

ARTICLE 20

MANAGEMENT

1. The Board can appoint General Managers, subject to ascertaining that they possess the requisites of integrity required by law, selecting them from the members of the Board. A lack of the requisite of integrity means that the appointment will lapse.

2. The Board can also appoint proxies with either individual or joint signatures, establishing their powers and functions, and can also appoint mandatees in general for certain acts or categories of acts
3. The appointment of Directors, Deputy Directors and Proxies with the determination of their respective remuneration and functions can also be delegated by the Board to the Chairman or whoever is substituting him, to Chief Executive Officers and General Managers.
4. The Board can set up from within its number committees with the function of consulting and making proposals, determining the scope of their activity and their powers.

ARTICLE 21

OFFICER RESPONSIBLE FOR THE PREPARATION OF THE COMPANY'S FINANCIAL STATEMENTS

1. The Board of Directors, at the proposal of the Chief Executive Officer and in agreement with the Chairman and with the favourable opinion of the Board of Statutory Auditors, shall appoint the officer responsible for the preparation of the company financial statements, who must have adequate experience on the subject of accounting and finance.
2. The Board of Directors also monitors that the officer appointed to prepare the financial statements of the Company has sufficient powers and means to carry out the duties assigned to him or her and that the administrative and accounting procedures are actually being complied with.

ARTICLE 13

MEETING OF THE BOARD OF DIRECTORS

1. The Board shall meet when convened by the Chairman or whoever is taking his place, even not in the Company headquarters, as a rule every three months and any time that the interests of the Company make it necessary, including at the request of a majority of the Directors or of one of the Chief Executive Officers.
2. The Board shall also meet at the request of at least one Statutory Auditor in office, subject to notification of the Chairman of the Board of Directors.
3. The Meeting will be called by registered letter, telegram, fax or e-mail which must be received at least five days before the date fixed for the meeting or, in cases of urgency, at least the day before.
4. The Meetings of the Board of Directors will be chaired by the Chairman or, should the Chairman be absent, by the Deputy Chairman who has more seniority or if both have the same seniority then by the one who is oldest in age.
5. Where the above is not possible a Chairman will be designated by the Board of Directors from its members.
6. Meetings of the Board of Directors can be held by video- or telephone-conference call on the condition that all the participants can be identified, that they are able to follow the discussion and intervene in real time on

the items being treated and that they are in a position to receive, transmit and view documents.

7. Once these conditions have been verified, the Board is considered as being held in the place where the Chairman is actually located.
8. The meetings of the Board and its resolutions are valid, even when the meeting has not been formally convened, when the majority of the Directors in office and the Statutory Auditors are present even on a telephone - or video - conference call, all those who have a right to attend have been notified in advance of the meeting and the participants are sufficiently informed on the topics to be dealt with.
9. When the minutes are not drawn up by a Notary, they are prepared by the Secretary.

ARTICLE 14

RESOLUTIONS OF THE BOARD OF DIRECTORS

1. In order for the Board resolutions to be valid and binding the majority of the Directors in office must be present.
2. Resolutions are taken with an absolute majority of the votes of those present and in accordance with the procedures set out in regulations on the subject. If the votes for and against are equal then the Chairman or the person chairing the meeting casts his or her vote, which is decisive.

ARTICLE 15

DUTY TO GIVE INFORMATION

The Directors must report back to the Board of Directors and to the Board of Statutory Auditors on activities carried out and on anything else required by law at regular intervals at least once every three months when Board Meetings are held or whenever particular timing needs make it desirable. This report shall be made directly, in writing, or verbally and/or by telephone.

In application of the terms of Art. 1 of the Code of Conduct of Borsa Italiana S.p.A., the Board of Directors:

- On the basis of the internal procedures approved by the Board of Directors, examines and approves the strategic and financial plans of the Company and also examines the consolidated strategic, business and financial plans of the direct subsidiary CIR and the latter's subsidiaries at the head of the groups in the various business sectors as presented by their respective Chief Executive Officers, assessing whether these plans are consistent with those of the Company and periodically monitoring their implementation. The procedures stipulate that the business plans and the budgets prepared by each company of the group should be the subject of discussion with the Chief Executive of COFIDE. The Chief Executive of COFIDE examines and evaluates the business plans and budgets of the companies of the group, availing him/herself, when there are elements of strong impact for COFIDE, of the contribution of the Chairman of the Control and Risk Committee but in any case keeping the Chairman of the Board of Directors informed. For the budgets, presentation to

the respective Boards of Directors takes place by the end of the month of January;

- Defines the nature and level of risk compatible with the strategic objectives of the Company, as illustrated in Art. 7 below, taking into account in terms of possible impact the main risks relating to the businesses of the subsidiaries, which in their turn must define the nature and level of risk compatible with the specific aspects of their business. The Company carries out a global risk assessment every year when the budget is approved;
- Evaluates the adequacy of the organizational, administrative and accounting structure of the Company with particular reference to the system of internal control and risk management;
- Acknowledges, possibly even with a resolution of its own on the subject, what the Chief Executive Officer reports back to the Board on the activity carried out in the exercise of the powers assigned to him/her with the frequency established in the Company Bylaws;
- Assesses the performance of operations specifically taking into account the information received from the Chief Executive Officer of the Company and from the Chief Executives of the main subsidiaries, analysing the businesses and the evolution of the economic and patrimonial situation of the Company and of the Group;
- Examines and gives prior approval to transactions put in place by the Company and examines those of the subsidiaries that have significant strategic importance. To this end the Board of Directors defines its parameters for measuring significance, adopting a special procedure;
- Carries out generally once a year an assessment of the size, composition and functioning of the Board of Directors itself and of its committees, taking into account elements such as the professional characteristics, experience, even managerial experience, and the gender of its members as well as how long they have held their positions;
- Can give the Shareholders, before the appointment of a new Board, its views on the managerial and professional figures whose presence on the Board would be considered useful;
- In order to ensure the correct management of company information, the Board of Directors adopts a procedure for managing internally and communicating externally documents and information, with particular reference to privileged information, which it makes available on the Company's website;
- Gives information in the Report on Corporate Governance on its composition and on the times and procedures for holding its meetings and on the self-assessment process.

The Directors act and adopt resolutions independently on the basis on their knowledge and good judgment and they accept the position when they consider that they can dedicate the necessary time to carrying out their duties, bearing in mind also their commitment in relation to their work and professional activities, the number of directorships or positions of statutory auditor that they hold in other companies listed on regulated markets (even foreign ones), finance companies, banks, or insurance

companies or companies of a significant size. They are also required to inform the Board of Directors of any other activities they may have in competition with the issuer and of any significant changes that occur in the positions they hold in other companies.

Still in application of the terms of Art. 1 of the Code of Conduct of Borsa Italiana S.p.A. the Board of Directors has approved the following:

Guidance regarding the maximum number of positions as director or statutory auditor in other companies listed on regulated markets, including foreign markets, in financial companies, banks, insurance companies or companies of a significant size (“Significant Companies”):

a) General criteria for evaluation

1. Exclude the possibility that an executive director of COFIDE can take on other positions as executive director or statutory auditor in Significant Companies not belonging to the COFIDE group;
2. For the executive directors of COFIDE, possibility of holding other positions with a maximum limit of three as non-executive director in Significant Companies not belonging to the COFIDE group;
3. For the non-executive directors of COFIDE, possibility of holding other positions with a maximum limit of five as non-executive director and/or statutory auditor and two as executive director in Significant Companies not belonging to the COFIDE group;
4. Positions held in Significant Companies belonging to the same group will count as a single position (and that single position will be considered as that of an executive director for the purposes of the calculation of the limits, if at least one of the positions held in the same group is as executive director);
5. “Companies of a significant size” means companies that exceed at least one of the following limits: revenues of over Euro 500 million, total assets of over Euro 1,000 million, over 2,000 employees.
6. “Financial companies” means only those companies that exercise the business of supplying financial services to the public, and which are subject to supervision.

b) Possible waiver of the general criteria

The general criteria described above can always be waived in relation to one or more directors with a resolution taken by the Board of Directors giving the reasons for the waiver. In deciding on the waiver the Board of Directors may also take into account the director’s attendance record at COFIDE board meetings and committee meetings.

It should also be noted that the Board of Directors assesses the independence of its Directors at least once a year, taking into account the information that the individuals involved are required to produce. While

the terms of Art. 147-ter, paragraph 4, of the Finance Consolidation Act (T.U.F.) remain applicable, the Company intends to introduce the obligation for any Director who has lost the qualification of independence as per the terms of the Code of Conduct (Criterion 3.C.1) to resign his or her position, without prejudice for the right of the Board of Directors to evaluate each specific case possibly allowing waivers to the rules.

Information will be given of any waivers of the above approved by the Board of Directors in the Annual Report on Corporate Governance.

Below is what the **Company Bylaws** stipulate on the subject of the **Chairman of the Board of Directors**

ARTICLE 19

LEGAL REPRESENTATION

1. The Chairman of the Board of Directors is the legal representative of the Company.
2. Legal representation is also entrusted to the Deputy Chairmen, to the Managing Directors/Chief Executive Officers and to the General Managers and to anyone else designated by the Board of Directors, severally within the limits of the powers assigned to them individually, or otherwise jointly with another individual also having joint powers.

In application of what is stated in Art. 1 of the Code of Conduct of Borsa Italiana S.p.A. the Chairman of the Board of Directors:

- convenes meetings of the Board of Directors and makes sure that all the members of the Board and the Statutory Auditors receive, at least three days before the meeting (except in cases of urgency), all the documentation and information necessary to enable them to express their opinion in a knowledgeable way on the topics submitted for examination and approval; if the documentation is voluminous or complex, it can be supplemented with a summary document and, when there are directors whose language is not Italian, the documents for the meetings are also prepared in English; in specific cases when it is not possible to provide the necessary information with sufficient time before the meeting, the Chairman ensures that adequate and precise explanations are given during the Board meetings;
- coordinates the activity of the Board of Directors and directs the proceedings at its meetings, ensuring that the items on the agenda receive sufficient time necessary for a debate and encouraging the directors to make their contribution;
- ensures that the Directors and Statutory Auditors, after their appointment and during their mandate, can attend initiatives, in the most appropriate formats,

that will give them adequate knowledge of the business sector in which the issuer operates, of the dynamics of the Company and the evolution thereof, of the principles of correct risk management, as well as of the regulatory environment and the internal rules on the subject;

- can ask the Chief Executive Officer, even at the request of one or more directors, for executives of the Company and of the companies of the group to be present at Board meetings to explain items in greater detail.

Art. 2 – Composition of the Board of Directors

The Board of Directors is made up of executive and non-executive Directors who have adequate competence and professionalism.

The non-executive Directors bring their specific competences to the Board discussions, contributing to the adoption of judicious decisions and paying particular attention to the areas in which conflicts of interest can emerge.

The composition of the Board of Directors of the Company – even in relation to number, competence, authoritativeness and availability of time that the non-executive Directors have – must be suitable to guarantee conditions of managerial autonomy, directed towards the maximization of the economic and financial objectives of COFIDE.

The composition of the Board of Directors also respects the balance between the genders prescribed by current legislation and by Art. 11 of the Company Bylaws reproduced further on.

The Company complies with the so-called ban on interlocking directorates, which was introduced by Art. 2.C.5 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A., i.e. the principle that the chief executive officer of an issuer cannot take a position as director of another issuer not belonging to the same group, in which a director of the issuer is chief executive officer.

The Directors are expected to know their duties and the responsibilities inherent in the position.

The Chairman makes sure that the Directors and Statutory Auditors, following their appointment and during their mandate, can take part in initiatives, in the most appropriate formats, aimed at giving them an adequate knowledge of the business sector in which the Company operates, of the Company dynamics and the evolution thereof, of the principles of correct risk management, and of the relevant regulatory environment and the internal rules on the subject. As far as information on the business sectors is concerned, each executive Director gives a briefing on the performance of the business at the meetings of the Board of Directors on an ongoing basis and in a more extended form at least once a year.

In relation to the regulatory environment, special information sessions may be organized for the Directors with the support of professional training experts when

the Board of Directors is renewed and, subsequently, any time that changes in the regulatory framework make an update on the subject appropriate.

The Board of Directors designates a lead independent director. The lead independent Director is a point of reference who coordinates the requests and the contributions of the non-executive Directors, particularly the independent Directors. He or she collaborates with the Chairman to guarantee that the Directors receive full information flows on a timely basis. Among other things the Lead Independent Director, either independently or at the request of other Directors, also has the right to call a meeting of just the independent Directors to discuss topics considered of interest to the running of the Board of Directors or the management of the Company.

Regarding the possibility that issuers adopt mechanisms ensuring different maturities of all or some of the members of the administrative body (a staggered board), the Company did not deem it necessary to adopt this measure as it is not appropriate given the ownership structure of COFIDE.

Art. 3 – Independent Directors

The Independent Directors make up the majority of the members of the Board of Directors.

In accordance with what is recommended by the Code of Conduct of Borsa Italiana S.p.A. “Independent Directors” are considered as those directors:

- a) who do not either directly or indirectly, even through subsidiaries, fiduciaries or any third persons, control the Company, and who are not able to exert a significant influence on it, and who have not entered into a shareholder pact through which one or more persons may exercise control or a significant influence on the company;
- b) who do not hold or have not held in the previous three years an important position in the Company, in one of its subsidiaries of strategic importance or in a company subject to the joint control of the Company, or in a company or an entity which, with others through a shareholder agreement, controls the Company or is able to exercise considerable influence over the same;
- c) who do not have or have not had in the previous year a significant commercial, financial or professional relationship either directly or indirectly (for example through subsidiaries or companies in which they have a significant role either as partner of a professional firm or of a consulting company) with:
 - the Company, one of its subsidiaries or with any persons of significant status in the same;
 - with a person or entity who even with others through a shareholder agreement, controls the Company or – where companies or entities are involved – with any persons who have a significant status in them;or who are not, nor have been in the previous three years, employees of one of the above entities;

- d) who do not receive, or have not received in the previous three financial years, from the Company or from one of its subsidiaries or parent companies any significant remuneration in addition to their “fixed” fee as non-executive Directors of the Company, and the fee for being on the committees recommended by the Code of Conduct for listed companies, even in the form of participation in performance-related incentive plans even those involving shares;
- e) who have not been Directors of the Company for more than nine of the last twelve years;
- f) who do not hold the position of executive Director in another company in which an executive Director of the Company holds the position of director;
- g) who are not shareholders or Directors of companies or of an entity belonging to the network of the company awarded the legal audit mandate by the Company;
- h) who are not close family members of a person who is in one of the situations specified in the previous points.

Should any of the situations listed in the Code of Conduct of Borsa Italiana S.p.A. as conditions for the non-independence of non-executive Directors exist, the Board of Directors shall examine on a case-by-case basis whether or not the individual has the necessary requisites to be qualified as an Independent Director.

On the basis of paragraph 4, Art. 147-ter of the T.U.F., at least one member of the Board of Directors, or two if the Board of Directors has more than seven members, must have the requisites of independence established for statutory auditors and therefore in accordance with the terms of paragraph 3, Art. 148 of the T.U.F., the following individuals cannot be considered as independent:

- a) the spouse, relations and relatives up to the fourth degree of kinship of the Directors of the Company, the Directors, the spouse, relations and relatives up to the fourth degree of Directors of the companies controlled by the former and of the companies which control it and those subject to joint control;
- b) those who are linked to the Company or to the subsidiaries of the Company or to companies which control it or to companies subject to joint control or those linked to the Directors of the company and to the individuals mentioned in the previous point through a working relationship, be it of regular employment or of a freelance nature, or by any economic or professional relationship which could compromise their independence.

The independence of the Directors is assessed by the Board of Directors when they are appointed and then once a year. The Board gives the outcome of its assessment in the Report on Corporate Governance.

Art. 4 - The institution and the functioning of the internal committees of the Board of Directors

The Board of Directors sets up from among its members one or more committees, the function of which is to make proposals and give advice, defining their duties.

The committees consist of no less than three members all of whom are independent

and who are coordinated by a chairperson. Minutes are taken of each committee meeting and the Chairman of each committee reports back on the same at the first Board of Directors Meeting.

The chairperson can from time to time, if he or she feels it is necessary, invite other individuals who are not on the committee but whose presence could be useful for the proceedings of the meeting.

For organizational reasons the functions of the Appointments Committee and those of the Compensation Committee are combined in a single committee, called the Appointments and Compensation Committee, whose members must include profiles with adequate competence in finance or compensation policy.

The Appointments and Compensation Committee and the Control and Risk Committee function according to what is set out in their respective Rules.

The Control and Risk Committee, of which at least one member must have adequate experience in accounting and finance or risk management, as well as advising, making proposals and monitoring the Control and Risk System, also carries out the function of Committee for Related Party Transactions in accordance with the Rules for Related Party Transactions.

The duties assigned to the individual Committees of the Board of Directors are illustrated in the following articles.

Art. 5 – Appointment of Directors

Below are the terms of the **Company Bylaws** on the subject of the **appointment of Directors**

ARTICLE 11

THE BOARD OF DIRECTORS

1. The administration of the Company is entrusted to a Board of Directors comprising from five to twenty-one members the length of whose mandate shall be determined by the Meeting of the Shareholders but shall not in any case be more than three years, and the said members can be re-elected.
2. The Shareholders' Meeting shall decide on the number of Board Members and this number shall remain the same until a resolution changing the number is adopted.
3. Minority Shareholders have the right to elect one member of the Board of Directors.
4. The Board of Directors is elected by the Shareholders' Meeting on the basis of lists presented by the Shareholders which list the candidates in numerical order. The lists, signed by the Shareholders who have presented them, must be filed within the terms and following the procedures prescribed by applicable legislation.
5. Only Shareholders who alone or together with other shareholders

- represent at least a fortieth part of the share capital or any different percentage that may be decided upon in accordance with the law or with regulations, can present lists of candidates. They must be able to prove that they own the number of shares required within the terms and following the procedures laid down in legislation applicable.
6. 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.
 7. Any lists presented that do not comply with these instructions shall be considered as not having been presented.
 8. No Shareholder can present or contribute to the presentation of more than one list, even indirectly through a third party or a fiduciary company. Shareholders subject to the same control, in accordance with Art. 93 of the Financial Intermediation Consolidation Act, or those taking part in the same shareholder pact for voting purposes may present or contribute to the presentation of just one list.
 9. Each Shareholder can vote for just one list.
 10. Each candidate can stand only in one list otherwise he or she cannot be elected.
 11. Together with the presentation of the list, and with the same terms as the latter, declarations shall be presented in which the candidates accept their candidature and certify under their own responsibility that there are no reasons why they should not be elected neither is there any incompatibility prescribed by law and by current regulations for Members of Boards of Directors. A curriculum vitae must also be submitted with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies and whether he or she has the necessary requisites to be an independent Director in accordance with the terms of the law and with regulations.
 12. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.
 13. In order to be able to appoint the candidates indicated, the lists presented and put to the vote must obtain a percentage of the votes that is at least half of the percentage required by the terms of this article for presenting the same lists. If this is not the case, any such list will not be taken into consideration.
 14. For electing the members of the Board of Directors the following procedure will be adhered to:
 - a) From the list which obtains most votes at the Shareholders' Meeting all of the board members shall be drawn except for one and this shall be on the basis of the order in which the names appear on the list;
 - b) The other director will be the first name on the list which obtains the second most votes and must not be connected in any way, not even

indirectly, to the Shareholders who presented and voted for the first list which received the most votes.

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 the least represented gender, in compliance with the requirements of the law. 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.

15. All the Directors elected must possess the requisites of integrity and professionalism required by current rules. If they do not have these their appointment shall lapse.
16. In the event that only one list is presented for the vote, all the Directors shall be drawn from that list.
17. In the event that no lists are presented or that fewer Directors are elected than the number determined by the Shareholders' meeting, then the same Shareholders must be reconvened in order to appoint the full Board of Directors.
18. When one or more Directors needs to be replaced due to a resignation or some other reason, the procedure as per Art. 2386 of the Civil Code will be followed, ensuring that all the requisites applicable are complied with.

In application of what is stipulated in Art. 5 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. and in the *Rules* of the Appointments and Compensation Committee approved by the Board of Directors, in relation to the appointment of the Directors, the Committee carries out the following functions:

- It puts forward to the Board of Directors candidates for the position of Director whenever it is necessary to replace an independent Director, as per the terms of Art. 2386, first paragraph, of the Civil Code;
- It gives the Board of Directors its opinion on the maximum number of positions of director or statutory auditor that the Directors of the Company can hold, even in waiver of the general criteria, in companies listed on regulated markets (even foreign ones), financial companies, insurance companies and companies of a significant size, taking into account whether the directors sit on the committees set up within the Board;
- It gives the Board of Directors its opinion on the size and composition of the same, and possibly also on the professional profiles whose presence on the Board would be appropriate.

The *Succession Plan for Executive Directors* is approved by the Board of Directors on the basis of the investigatory activity carried out by the Appointments and Compensation Committee. The *Plan* should give a clear definition of the objectives, instruments and timing of the process, should have the involvement of the Board of

Directors and a clear allocation of competences, even with regard to the preliminary stage of the procedure.

Art. 6 – Remuneration of Directors

Compensation policies aim to guarantee competitiveness in the labour market in line with the objectives of developing and rewarding the loyalty of human resources, as well as using different compensation tools according to individual professionalism and competence.

The Company keeps its compensation in line with market benchmarks, applying rewarding criteria when situations of particular merit arise.

The remuneration of non-executive Directors on the basis of the commitment required of each of them is established by the Shareholders' Meeting; the Board of Directors also determines the fee for the position of Chairman and the fees for directors holding special positions.

The Board of Directors at the proposal of the Appointments and Compensation Committee, defines a policy for compensating Directors and Executives with strategic responsibilities.

In application of principle 6.P.5. of the CODE OF CONDUCT OF BORSA ITALIANA S.p.A., when the position of an executive director or a general manager is terminated, the Company after following internal processes leading to the assignment or recognition of compensation and/or other benefits, gives full details of this in a press release to the market.

The remuneration of Directors holding special positions is, in accordance with the Bylaws, established by the Board of Directors at the proposal of the Appointments and Compensation Committee after hearing the opinion of the Board of Statutory Auditors, and is based on the guidelines established in the compensation policy.

In the preparation of any share-based compensation plans, the Board of Directors ensures that the criteria stipulated in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. are observed.

In application of what is stated in Art. 6 of the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. and in the *Rules* of the Appointments and Compensation Committee approved by the Board of Directors, in relation to compensation, the Committee carries out the following functions:

- It puts before the Board of Directors proposals in relation to compensation policies for Directors and executives with strategic responsibilities;
- It formulates opinions in conjunction with the Control and Risk Committee on proposals regarding the compensation policies for the head of internal auditing and the executive responsible for the preparation of the financial statements and corporate governance documents;
- It formulates proposals for the compensation of the Chief Executive Officer and the Directors holding special positions, which may also include compensation

- plans involving the assignation of stock options or the provision of other share-based incentive plans;
- It formulates proposals, at the indication of the Chief Executive Officer, on the criteria for compensating the managerial staff of the Company;
 - It periodically evaluates the adequacy, the consistency and the practical application of the compensation policy for directors and executives with strategic responsibilities.

Art. 7 – System of internal control and risk management

The Board of Directors approves the general principles of the internal control and risk management system.

More specifically, the Board of Directors Meeting held on October 29 2012 adopted, with effect as from January 1 2013, its *Guidelines on the subject of the System of Internal Control and Risk Management*:

Control and Risk System

The Control and Risk System is the collection of rules, procedures and organizational structures that aim to make it possible, through an adequate process of identification, measurement, management and monitoring of the main risks, to conduct a healthy and correct company that is consistent with its established objectives and to foster judicious decision making. The Control and Risk System contributes towards guaranteeing that the Company's capital is safeguarded and ensuring the efficiency and effectiveness of company processes, the reliability of disclosures made to the Company bodies and to the market, and compliance with the law and regulations as well as with the Company Bylaws and internal procedures. The Control and Risk System helps reduce and limit errors, fraudulent infringement of control systems and unexpected events although it cannot eliminate the possibility of wrong decisions.

Apart from these guidelines, the Control and Risk System includes internal rules contained in the Bylaws and in Regulations on the subject of the division of competences and the delegation of responsibilities, including the Organization Model as per the terms of D.Lgs. 231/2001, the objectives and methods of evaluating risks and instructions on the subject of the administrative, accounting and financial system.

Duties of the bodies and functions of the Control and Risk System

The bodies and functions responsible for the Control and Risk System are the following:

- a) the Board of Directors;
- b) the Director given responsibility for the Control and Risk System (the "Director Responsible");

- c) the Control and Risk Committee;
- d) the Head of the Internal Audit function;
- e) the Risk Manager;
- f) the Board of Statutory Auditors;
- g) the Supervisory Body as per D.Lgs. 231/2001;
- h) the other corporate bodies and functions with competence on the subject of internal control and risk management.

All employees, within the sphere of their duties in the Company organization, contribute to the effective functioning of the Control and Risk System, carrying out their responsibilities with the necessary knowledge and understanding of the activity, the organization of the market in which the company operates and how it functions and of the risks and operational objectives of the Company.

The bodies and functions listed above operate each in accordance with its duties and competences and following the indications given in these Guidelines and in the rules of law, regulations and internal rules applicable.

The Board of Directors

The Board of Directors has ultimate responsibility for the Control and Risk System and defines its strategies in line with strategic objectives and the risk profile of the Company. Within the sphere of the Control and Risk System the Board of Directors:

- a) Defines the policies of the Control and Risk System, making sure they are suitably amended and updated;
- b) Identifies the nature and level of risk compatible with the strategic objectives of the Company, reassessing them whenever circumstances make it necessary;
- c) On an annual basis assesses the adequacy, effectiveness and efficiency of the Control and Risk System in relation to the business of the company and the risk profile it wishes to have, taking into account the opinions on the subject of the Director Responsible and of the Control and Risk Committee;
- d) Approves, at the proposal of the Control and Risk Committee on an annual basis in conjunction with the approval of the Annual Report and Financial Statements, the audit plan after hearing the Board of Statutory Auditors and the Director Responsible;
- e) Evaluates, after hearing the Board of Statutory Auditors, the results set out by the legal audit firm in any letter containing suggestions that they may produce and in the report on the fundamental issues that emerged from the legal audit;
- f) Appoints the Director Responsible;
- g) Appoints from within its number a Control and Risk Committee and designates the Chairman thereof;

- h) Approves the rules of the Control and Risk Committee and any amendments and updates to the same;
- i) Appoints and revokes the appointment of the Head of Internal Audit, establishing his/her compensation in line with company policy, at the proposal of the Director Responsible and after obtaining a favourable opinion from the Control and Risk Committee and the Appointments and Compensation Committee and hearing the Board of Statutory Auditors;
- j) Ensures that the Head of the Internal Audit function has adequate resources for carrying out his/her duties.

Director Responsible

The Director Responsible is responsible for ensuring that the internal control system works well and is adequate. As a rule the Director Responsible coincides with the Chief Executive Officer.

The Director Responsible:

- a) Deals with the identification of the main company risks and submits them periodically to examination by the Board of Directors;
- b) Sees to the design, implementation and management of the Control and Risk System, setting up a process of coordination between the various bodies and the departments affected in order to maximize efficiency and reduce duplication;
- c) Constantly verifies, partly on the basis of the reports presented by the Head of Internal Audit and at the indication of the Control and Risk Committee, the adequacy, effectiveness and efficiency of the Control and Risk System, proposing suitable amendments and updates to the Board of Directors;
- d) Can ask the Head of Internal Audit to carry out checks in specific operating areas and on compliance with internal rules and procedures in the execution of company transactions, giving feedback on the same to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- e) Refers back as soon as possible to the Board of Directors on any problems or critical areas that emerged in the execution of his/her duties and which have somehow come to his/her notice so that the Board of Directors can take appropriate action;
- f) In carrying out his/her duties, can use the consulting services of the Control and Risk Committee.

The Control and Risk Committee

The Control and Risk Committee carries out a consulting role, makes proposals and monitors the Control and Risk System.

The Control and Risk Committee:

- a) Together with the executive responsible for the preparation of the company's financial statements and having heard the legal audit firm and the Board of Statutory Auditors, evaluates that the correct accounting

standards are being used and that they are consistent for the purposes of the preparation of the statutory and consolidated financial statements for the year and presents the results of its evaluation to the Board of Directors as stated in letter f) below;

- b) Expresses opinions on specific aspects regarding the identification of the Company's main risks, and in particular on the identification, measurement, management and monitoring of the Company's main risks;
- c) Examines the reports on the assessment of the Control and Risk System prepared by the Internal Audit function and refers back to the Board of Directors with its own evaluation on the subject as required by letter f) below;
- d) Monitors the independence, the adequacy, the effectiveness and the efficiency of the Internal Audit function and proposes any corrective action needed to the Board of Directors;
- e) Can ask the Internal Audit department to carry out checks on specific operating areas, at the same time notifying the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the Director Responsible;
- f) Refers back to the Board at least once every six months, on the occasion of the approval of the Annual Report and Financial Statements and the Semi-annual Interim Financial Report, on its activities and on the adequacy of the Risk Management System;
- g) Supports the assessments and decisions of the Board of Directors regarding the management of risks resulting from prejudicial events that have come to the notice of the Board of Directors, with an appropriate investigation;
- h) Examines the audit plan and proposes that the Board of Directors adopt it;
- i) Carries out the functions of a committee for transactions with related parties as per the terms of the procedure for transactions with the related parties of the Company;
- j) Carries out any other functions that may be assigned to it at any time by the Board of Directors in relation to specific critical factors on the subject of the internal control and risk system of the issuer and of the Group.

The Control and Risk Committee is made up of at least 3 independent directors, of whom at least one has adequate experience in accounting and finance or risk management, and operates in accordance with the provisions of the internal rules approved by the Board of Directors, which describe the procedures for its appointment, its duties, how it functions, its powers and its expense budget.

The Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the same Chairman takes part in the works of the

Control and Risk Committee (and the other Statutory Auditors can in any case also participate).

The Head of the Internal Audit function

Within the sphere of the Control and Risk System, the Head of the Internal Audit department:

- a) Prepares the audit plan submitting it to the Control and Risk Committee so that it can be put before the Board of Directors for adoption;
- b) Checks both on an ongoing basis and in relation to specific necessities that the Control and Risk System is functioning well and is suitable for the task through the audit plan which is approved by the Board of Directors;
- c) Prepares half-yearly reports on its activities, the procedures used to conduct risk management, compliance with the plans defined for containing the risk and the suitability of the Control and Risk System. He/she then sends a copy to the meeting of the Control and Risk Committee which precedes the Board of Directors Meetings that approve the Annual and Semi-Annual financial statements;
- d) Prepares timely reports on events of particular significance, sending a copy of the same to the Chairmen of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors as well as to the Director Responsible;
- e) As part of the audit plan he/she checks the reliability of the IT systems, including the accounting system.
- f)

Hierarchically the Head of the Internal Audit department reports on a general basis to the Board of Directors, to the Chairman of the Board of Directors, and has direct access to any information useful to carry out his/her role.

Risk manager

The description of the activities and functions of the Risk Manager is given below.

Board of Statutory Auditors

The Board of Statutory Auditors monitors the effectiveness of the Control and Risk System. In carrying out its functions the Board of Statutory Auditors can ask the Head of the Internal Audit department to carry out checks on specific operating areas or company transactions, advising the Chairman of the Board of Directors. The Board of Statutory Auditors and the Control and Risk Committee exchange the information they need to carry out their duties on a timely basis.

Supervisory Body

The Supervisory Body set up as per the terms of D.L.gs 231/2001 carries out the duties assigned to it by the Company's Organization Model and collaborates and exchanges information regularly with the Control and Risk Committee, the Board of Statutory Auditors and the Director Responsible.

Other competent bodies and departments

The other bodies and departments of the Company with competence in the area of internal control and risk management include the Officer Responsible for the preparation of the financial statements and all of the procedures and bodies that make up the structure of the Company.

Risk management

The risk management system is organized with the following three levels of control:

- a) The operating functions within the company note the risks and establish any action to be taken to manage them;
- b) The risk management functions carry out a constant analysis and monitoring activity;
- c) The Internal Audit department controls the functioning of the System and gives its own independent assessments.

Definition of the nature and level of risk compatible with the strategic objectives of COFIDE

At least once a year when the budget is prepared, COFIDE carries out an overall assessment of its risks, quantifying them and evaluating their possible impact both of the achievement of results and in general on the management of its portfolio of equity investments.

The analysis is carried out with the methodological support of the document "Risk analysis and evaluation" given as an attachment (Annex a), which forms an integral part of this document. The outcome of this activity is a document that describes in full the level of risk for each business area and defines the action planned to mitigate the risks. The general content of the information produced is given in document (for example Annex b) which must be discussed by the Risk Manager with the company management and with the Control and Risk Committee. The Control and Risk Committee can request clarification and/or additional information to be given in the document so that it can report back exhaustively to the Board of Directors. The Board of Directors must be put in the condition to be able to then easily assess whether the level of risk compatible with the strategic objectives of the Company is acceptable as it is set out in the document prepared by management and discussed with the Control and Risk Committee. The Board of Directors must give its opinion on the mitigation action proposed and on the amount of any residual risk. The examination, discussion and definition by the Board of Directors of the nature and level of risk compatible with the Company's objectives is

carried out through a critical analysis of the Control and Risk Committee's evaluation of the probability/impact of the risk and takes into consideration parameters relating to the operating result, shareholders' equity and the net financial position of the Company.

Operating steps

The above activity must be subjected to a complete review and ongoing monitoring during the year by the Risk Manager in close conjunction with those responsible for the process and with the Head of the Internal Audit department.

In practical terms the activity of the Risk Manager in conjunction with those responsible for the process consists of taking the following actions:

- a) Mapping out the company processes and updating them whenever necessary;
- b) Recording both internal and external risks for the individual processes on an annual basis;
- c) Measuring the risks in terms of probability / impact and assessing their effect on the business plans and on the budget;
- d) Analysing factors that can mitigate the risk;
- e) Presenting the results of the activity to the Control and Risk Committee for examination and a preliminary discussion with a view to presenting the same to the Board of Directors.
- f)

The above activity is carried out following the methodological guidelines contained in the document "Analysis and assessment of risks", which are inspired by the framework "ERM - enterprise risk management" prepared by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO report).

Ongoing monitoring

The Risk Manager carries out a constant monitoring activity of the possible consequences of strategic, operating, compliance and reporting risks. He/she defines a series of information flows from the operating functions in order to continually monitor the level of risk. He/she reports back every three months to the Control and Risk Committee and coordinates the work of the risk managers of the subsidiaries, where they exist, in the preparation of a document for assessing and monitoring risk. For the 100% controlled subsidiaries, the analysis and assessment of their risk are managed directly by the Risk Manager of COFIDE.

Timing for the annual analysis and assessment of risks

By October 31 the Risk Manager meets with the Control and Risk Committee to illustrate the annual risk analysis and assessment of the

Company. The Control and Risk Committee analyses the document and goes into more depth where necessary during the following months of November and December to then put the final document before the Board of Directors when they meet to approve the budget in January. .

At the Board of Directors Meeting held on October 29 2012, the Company also adopted *Guidelines for implementing the internal control and risk management System of the companies of the Group*.

Art. 8 – Statutory Auditors

Below are the terms of the **Company Bylaws** on the subject of **Statutory Auditors**

ARTICLE 22

STATUTORY AUDITORS

1. The Board of Statutory Auditors consists of three Statutory Auditors and three Alternate Auditors whose term of office lasts for three financial years and who can be re-elected.
2. Minority shareholders have the right to elect one Statutory Auditor and one Alternate Auditor.
3. The Board of Statutory Auditors is appointed by the Shareholders' Meeting on the basis of lists of candidates presented by the Shareholders in two sections: one section for the candidates for the position of Statutory Auditor and the other containing the candidates for the position of Alternate Auditor, and in each section the candidates are listed in numerical order. Lists which include a number of candidates equal to or higher than three must include in each section candidates belonging to both genders.
4. The lists of candidates, signed by the Shareholders who are presenting them, must be filed within the terms and following the procedures prescribed by legislation applicable.
5. Only Shareholders who, either alone or with others, represent at least 2.5% of the share capital or any other percentage that may be established by law or by regulations, have the right to present lists and they are required to provide proof of ownership of the required number of shares within the terms and following the procedures laid down by law.
6. Lists presented which do not comply with the above rules will be considered as not having been presented.
7. No Shareholder can present or contribute to the presentation of more than one list of candidates even through an intermediary or through a fiduciary company. Shareholders who are subject to joint control, as per the terms of Art. 93 of the Financial Intermediation Consolidation Act, or those who take part in the same Shareholder agreement for

- voting purposes can present or jointly present just one list.
8. Each Shareholder can vote for just one list.
 9. Candidates can be present on only one list otherwise they will be excluded from election.
 10. Candidates who already hold the position of Statutory Auditor for five other companies or organizations whose shares are listed on a regulated market included in the list as per articles 63 and 67 of D.Lgs. no. 58/1998 cannot be included in the list of candidates and neither can individuals who do not possess the necessary requisites of integrity, professionalism and independence laid down in the legislation on the subject or those who do not respect the maximum limit for the number of positions they can hold in accordance with the law or with regulations.
 11. Together with each list and within the above-mentioned time limit, a declaration signed by each candidate will be submitted. This declaration will attest that the candidate, under his or her own responsibility, accepts his or her nomination and will certify that there are no reasons why he or she should be ineligible for the position or be otherwise incompatible and that the candidate possesses the necessary requisites laid down by law and by current regulations for the members of Boards of Statutory Auditors.
 12. The lists must also be accompanied by a curriculum vitae with the personal and professional details of the candidate and details of any other positions of director or auditor held in other companies.
 13. Any incompleteness or irregularity regarding individual candidates will lead to the elimination of their names from the list that will be put to the vote.
 14. The election of the members of the Board of Statutory Auditors will take place as follows:
 1. Two members and two alternate members will be drawn from the list which obtains most votes at the Shareholders' Meeting on the basis of the numerical order in which the names appear on the list;
 2. The other member and the other alternate member will be drawn from the list which obtains the second most votes at the Shareholders' Meeting ("minority list") and who must not be connected even indirectly with the Shareholders who presented or voted for the list which obtained the most votes, again on the basis of the numerical order in which the names appear on the list;
 3. If only one list is presented, all the Statutory Auditors and Alternate Auditors will be drawn from that list.When application of the procedure described in 1), 2) and 3) above does not give the gender balance required by current legislation, the last person elected from the section of 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 and the same section belonging to the least represented gender. Otherwise,

- the Shareholders' Meeting shall make up the number of the Board of Statutory Auditors with the majorities required by law, ensuring that the requirement is complied with.
15. The candidate on the minority list who obtained most votes has the right to the position of Chairman of the Board of Statutory Auditors. If only one list is presented, the candidate for the position of Statutory Auditor who is number one on that list has the right to the position of Chairman of the Board of Statutory Auditors.
 16. Should an Auditor prove not to be possession of the qualifications required by law and by these Bylaws then his or her appointment will no longer be valid and will therefore lapse.
 17. Should a Statutory Auditor need to be replaced, the individual taking his or her place will be selected from the same list of candidates as his or her predecessor, ensuring that the terms of the law and of the Bylaws are complied with, taking specifically into account the obligation to have gender balance.
 18. The remuneration of the Statutory Auditors is established by the Shareholders' Meeting.
 19. The meetings of the Board of Statutory Auditors can also take place using telecommunications facilities provided that the following conditions are met with:
 - a) That participants are able to view, receive or transmit all the necessary documentation;
 - b) That they can take part in real time in the discussion respecting the methodology of their function (the *collegio* method).
 20. The meetings are held in the place where the Chairman is or, in his absence, where the oldest Statutory Auditor in terms of age is located.
 21. The Board of Statutory Auditors can, provided that the Chairman is notified, call a Shareholders' Meeting, a Board of Directors Meeting or an Executive Committee Meeting. The power to call a Board of Directors Meeting or an Executive Committee Meeting can be exercised individually by any member of the Board of Statutory Auditors; the right to call a Shareholders' Meeting must be exercised by at least two members of the Board of Statutory Auditors.

The Statutory Auditors are selected from persons who, in addition to having the requisites required by law, can be qualified as independent even according to the criteria set out in the CODE OF CONDUCT OF BORSA ITALIANA S.P.A. for Directors, as recommended by the same CODE OF CONDUCT OF BORSA ITALIANA S.P.A. The Board of Statutory Auditors checks that the said criteria have been complied with after their appointment and then once a year.

The Statutory Auditors accept the position when they feel that they can devote the necessary amount of time to carrying out their duties in a diligent fashion. The compensation of the Statutory Auditors is commensurate with the commitment

required of them, with the importance of the role they hold and with the characteristics of the Company in terms of size and business sector.
The supervisory activity of the Board of Statutory Auditors on the effectiveness of the Control and Risk Committee is described in Art. 7 above.

For the policies adopted by the Company on the subject of diversity as applied to the composition of the Board of Statutory Auditors (Art. 123bis, paragraph 2, letter d-bis of the T.U.F.) reference should be made to Art. 2 of the Code (Composition of the Board of Directors).

Art. 9 – Relations with Shareholders

The Company endeavours to establish and maintain an effective dialogue with its Shareholders and with the market, using various forms of communication such as: presenting the results of the Company and the Group during Shareholders' Meetings using slide projections, meeting with financial analysts and institutional investors in Italy and abroad, informing the public by making the corporate governance documents required by law, press releases and presentations available on the website of the Company. The Company also adheres to the principles of the Guide for Disclosing Information to the Market.

The Company appoints an officer responsible for the Investor Relations function to manage the flow of information to Shareholders, financial analysts and institutional investors, in compliance with the rules established for the disclosure of the Company's information and documents. In its relations with its listed subsidiaries, the Company adopts the practice of announcing to the public any proposals that it intends to put before the Shareholders' Meeting well in advance on topics where there is no specific proposal made by the Directors

Below are the terms of the **Company Bylaws** on the subject of the terms and procedures for calling **Shareholders' Meetings**

ARTICLE 9

CALLING A MEETING

1. A Meeting of the Shareholders is convened in the Company's Headquarters or elsewhere in Italy by publishing a notice of meeting on the internet website of the Company and in the newspaper "La Repubblica" within the terms and following the procedures prescribed by current regulations.
2. The Ordinary Meeting of Shareholders (Annual General Meeting) must be convened at least once a year within one hundred and twenty days of the close of the financial year of the Company.
3. Where the conditions provided for by law exist, this time limit can be extended to one hundred and eighty days from the close of the Company's financial year.
4. An Extraordinary Meeting of Shareholders is convened in the circumstances laid down by law and whenever the Board deems it to be appropriate.

5. The Ordinary Shareholders' Meeting may pass resolutions required by the Rules for Related Party Transactions adopted by the Company in accordance with current legislation and regulations.

The Board of Directors provides the Shareholders with a file containing the proposals on the Agenda for the Annual General Meeting. This is made available on the Company's website within the time limits laid down by current legislation.

The Rules for Shareholders' Meetings, which can be found on the Company's website, ensure that Shareholders' Meetings take place in an ordered and functional manner.

