



**ANNUAL GENERAL MEETING**  
**OF THE SHAREHOLDERS**

**APRIL 29 2019 – 4 p.m.**



# ADMINISTRATIVE BODIES

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## ***BOARD OF DIRECTORS***

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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

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## ***BOARD OF STATUTORY AUDITORS***

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

## ***INDEPENDENT AUDITORS***

KPMG S.p.A.

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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](http://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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](http://www.emarketstorage.com) and on the Company website [www.cofide.it](http://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](http://www.cofide.it) in the section Corporate Governance.

*Extract form 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](mailto: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](http://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](http://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 assignment 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 assignment 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 assignment 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.

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## **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**

<i>Last name and first name</i>	<i>Position</i>	<i>Period in which the position was held 2018</i>	<i>Expiry of mandate</i>	<i>Company preparing financial statements and subsidiaries and associates</i>	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	<i>Notes</i>
							<i>Fixed fees</i>	<i>Fees for being on committees</i>						
							<i>Bonuses &amp; other</i>	<i>Profit sharing</i>						
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>Total</i>	<i>1,885,000</i>				<i>22,296</i>		<i>1,907,296</i>			
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
				COFIDE S.p.A.	10,000					10,000				
DE BENEDETTI EDOARDO	Director	1.1 - 31.12	Approval Fin. Stat. 2018	Subsidiaries	20,000						20,000			I
				<i>Total</i>	<i>30,000</i>					<i>30,000</i>				
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</i>	<i>255,000</i>						<i>255,000</i>			
DUBINI PAOLA	Director	1.1 - 31.12	Approval Fin. Stat. 2018	COFIDE S.p.A.	10,000	17,000					27,000			I, 3a, 3b
				COFIDE S.p.A.	10,000					10,000				
FERRERO PIERLUIGI	Director	1.1 - 31.12	Approval Fin. Stat. 2018	Subsidiaries	80,000						80,000			I
				<i>Total</i>	<i>90,000</i>					<i>90,000</i>				
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
MAROCO 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)

<i>(in euro)</i>														
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

- (1) 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	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)	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)				(12)
		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 grant date of options	Number of options	Strike price	Market price of underlying shares at exercise date	Number of options	Fair value (theoretical value : see annex I) (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											
Extraordinary stock option plan		2009 3a tranche (**)	1,750,000	1,6806	from 30/09/2008 to 30/09/2018											
Extraordinary stock option plan		2009 4a tranche (**)	1,750,000	1,0718	from 31/03/2009 to 31/03/2019											
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	
<b>TOTAL (*)</b>			<b>12,250,000</b>	<b>1,5916</b>											<b>3,500,000</b>	<b>8,750,000</b>

(\*) 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 “Competitiveness 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***

