

PROPOSAL OF THE BOARD OF STATUTORY AUDITORS TO THE MEETING OF SHAREHOLDERS OF TREVI FINANZIARIA INDUSTRIALE S.P.A. REGARDING THE CONFERRAL OF THE MANDATE FOR THE INDEPENDENT AUDIT OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS 2017-2025

Dear Shareholders,

the approval of the Financial Statements for the year to 31/12/2016 signals the natural expiry of the current mandate for the independent audit of the accounts, pursuant to Article 2409-*bis* of the Italian Civil Code and Articles 13 et seq. of Legislative Decree no. 39 27 January 2010, that TREVI – Finanziaria Industriale S.p.A. (hereinafter the “Company” or “Trevifin”) conferred on the company Ernst & Young S.p.A..

The text of Article 13, paragraph 1, of Legislative Decree no. 39 27 January 2010 states that “...*the shareholders' meeting, on a reasoned proposal of the supervisory body, is made responsible for the statutory audit and determines the amount payable to the statutory auditor or the statutory auditing company for the entire duration of the appointment and any criteria for the adjustment of this amount during the appointment*”.

For Entities of Public Interest, Article 17, paragraph 1, of Legislative Decree no. 39 27 January 2010, states that “...*The statutory audit assignment has a duration of nine years for auditing companies and seven years for statutory auditors*”.

Requests for Bids

The Parent Company Trevifin – on a specific mandate of the Board of Statutory Auditors– sent the independent audit firms KPMG S.P.A. (hereinafter “KPMG”), DELOITTE & TOUCHE S.p.A. (hereinafter “DELOITTE”), PRICEWATERHOUSECOOPERS S.p.A. (hereinafter “PWC”), detailed requests for Bids for the conferral of the mandate to operate as independent auditors of Trevifin and its subsidiaries for the period 2017-2025.

The characteristics, the size and the complexity of the Trevi Group of which the Company is part directed the Board of Statutory Auditors to send the requests for Bids to the aforementioned audit firms as, taking into consideration the respective networks to which they belong, they, and the outgoing auditor, are the leading operators in the national and international market.

With regard to Trevifin the requests for Bids related to the carrying out of the following activities:

- Statutory independent audit of the Parent Company Financial Statements;
- Statutory independent audit of the Consolidated Financial Statements of the Trevi Group;
- Full audit of the records of consolidation compiled in preparing the annual Consolidated Financial Statements of the Trevi Group;
- Limited audit of the six-month Consolidated Financial Statements of the Trevi Group;
- Limited audit of the records of consolidation compiled in preparing the six-month Consolidated Financial Statements of the Trevi Group;
- Verification that the company accounts have been kept properly in accordance with regulations and that records of management activities have been reported correctly in the accounts;
- Preparation of tax returns for signing and filing.

The request for Bids for conferral of the mandate for the independent audit of the Financial Statements contained detailed indications of the information to be provided and specific requests for declarations and firm commitments to be made by the bidder (also for and on behalf of the network to which it belongs) to withdraw, from the date of commencement of the mandate – should it be granted, from any contract that may be incompatible with the mandate for the independent audit or in any way prejudicial, even potentially, to the independence of the audit company.

The request for Bids specify that the mandate for the audit to be conferred by Trevifin will have a duration of nine years beginning with the financial year 2017 and, therefore, will expire – without prejudice to reasons for early termination– with the approval of the Financial Statements for the financial year 2025.

Selection of the Bids received

All of the interested audit companies responded to the request for Bids within the time period set by the Company.

The Board of Statutory Auditors conducted a selection process on the basis of the Bids received, as well as adding information subsequently provided to give a more complete picture of the qualitative elements available, and also drew on the operating support of the Manager Responsible for the preparation of company accounts.

In preparing for the commencement of its selection process the Board of Statutory Auditors identified clear and objective selection criteria in order to guarantee a transparent and verifiable process of the work done and decisions made.

In defining the selection criteria, the intention was to optimise the value of both qualitative and quantitative elements which were given an equal weighting.

The evaluation criteria employed were as follows:

a) Qualitative Aspects

- Evaluation of the audit company (capability of serving global clients, dimension and presence on national and international markets);
- Evaluation of its knowledge of the Company and the Group and the sectors in which they operate;
- Evaluation of its methodological approach;
- Evaluation of the audit team (professionalism, experience, specialisations relating to the activities of the Company and the Group to which it belongs, commitment expected for the various professional categories).

b) Quantitative Aspects

For the Quantitative Aspects, relevance was attributed to the total number of hours planned to carry out the work involved in the mandate and the subdivision thereof into the professional categories involved and their relative compensation.

On the basis of the documentation received and taking into account the pre-defined selection criteria the Board of Statutory Auditors, in joint sessions of research and detailed analysis of the bids, also taking into

account meetings conducted with all of the partners proposed by the companies bidding for the mandate as potential audit managers, made a detailed analysis and comparison of the bids, extracting from each evaluation profile the distinctive and qualitative aspects of each audit company.

The analyses conducted on the bids and on the additional information received revealed, amongst other things, that:

- The methods of conducting the audit illustrated in the bids, taking into consideration the expected hours and professional resources required, were generally adequate given the scale and complexity of the mandate;
- All of the bids contain specific and reasoned declarations concerning the commitment to demonstrate possession of the credentials of independence required by applicable regulations, with particular reference to Articles 10 and 17 of the Decree;
- All of the bidding independent audit companies demonstrated an organisational structure and technical and professional competences that are adequate to the scale and complexity of the mandate.

Outcome of the selection

Given the above and taking into particular consideration the outcome of the process of weighing up the aforementioned qualitative and quantitative criteria, as well as the recognised opportunity to appoint a group auditor, the Board of Statutory Auditors unanimously agreed in favour of the Bid presented by KPMG S.P.A., considering it to be the most suitable for the requirements of Trevifin and the Trevi Group.

The total annual remuneration of the audit company for the independent audit of the Financial Statements of Trevi Finanziaria Industriale SPA and the principal companies of the Trevi Group for the financial years 2017/2025 was determined at Euro 619,000 for the first 3 years, based on an estimated requirement of 9,000 working hours per year; for the following 6 years a discount of 10% will be applied to the aforementioned amount, resulting in a total of Euro 5,199,000 for the nine year period.

The annual remuneration of the audit company for the independent audit of the Parent Company Financial Statements of Trevi Finanziaria Industriale SPA alone for the financial years 2017/2025 was determined at Euro 115,000 for the Financial Statement and Consolidated statement, and Euro 24,000 for the six-month interim statements for the first three years; for the following six years a discount of 10% will be applied to the aforementioned amounts, resulting in a total of Euro 1,167,600 for the nine year period.

Additional living and/or ancillary expenses will be added to the remuneration levels stated above, as will duties (Social security, Consob or other supervisory authority), VAT and indexation on the basis of the Istat index of living costs starting from 01/07/2017.

Finally, the offer provides that, should circumstances lead to an increase in the time and/or a change in the professional composition of the audit team assigned to the mandate compared to that initially estimated (such as, e.g a change in the structure, scale or activity of the Company and/or audit requirement) the Independent Audit Company will enter discussions with the Company to agree an increase or decrease in the remuneration.

The Proposal of the Board of Statutory Auditors to the Shareholders' Meeting

Given the above, the Board of Statutory Auditors, on the basis of the comparative evaluation based on qualitative and quantitative factors, submits for the approval of the Shareholders' Meeting of Trevi - Finanziaria Industriale Spa, its proposal to confer, pursuant to Article 13 paragraph 1, of Legislative Decree 39 of 27 January 2010 on the audit company KPMG SPA the mandate for the independent audit of the Financial Statements for the years 2017/2025 in the terms indicated in the present proposed resolution identified and formulated in the light of the described selection process and with reference to the Bid expressed by the same audit company on 24/03/2017 and the subsequent additional letter of 07/04/2017:

The Shareholders' Meeting of Trevi - Finanziaria Industriale Spa, having noted that

- (i) The mandate granted to Ernst & Young S.p.A. for the independent audit of the Financial Statements for the period 2008/2016 expires on approval of the Financial Statements for the year to 31/12/2016.
- (ii) The mandate granted to Ernst & Young S.p.A. may not be renewed as it has completed the nine year term provided by Article 17 of Legislative Decree n. 39/2010
- (iii) Article 13 of Legislative Decree no.39/2010 states that it is the duty of the Shareholders' Meeting, on the proposal put forward by the control body, to confer the mandate for the independent audit of the Financial Statements and to determine the remuneration due to the independent auditor or the independent audit company for the entire term of its mandate and the eventual criteria to increase or decrease this remuneration during the period of the mandate.

is called to confer on the company KPMG SPA the mandate for the independent audit of the Financial Statements of Trevi Finanziaria Industriale SPA for the period 2017/2025, without prejudice to reasons for early termination, under the terms and conditions of the Bid formulated by the aforementioned audit company and reported above in the present proposal put forward by the Board of Statutory Auditors.

The full details of the audit company are as follows:

KPMG S.p.A.

Share Capital Euro 7,470,300.00 fully paid, Milan Company Register and Tax Code no. 00709600159,

Milan Economic and Administrative Index no. 512867, VAT no. 00709600159,

Registered Office: Via Vittor Pisani, 25, 20124 Milan MI

no. 70623 as recorded in the register by ministerial decree of 17/07/1997 published in the Gazzetta Ufficiale no.60 of 01/08/1997

Partner responsible for the audit of Trevi Finanziaria Industriale SPA: Mr. Massimo Tamburini

Cesena, 12/04/2017

Signed

The Board of Statutory Auditors

Milena Teresa Motta (Chairperson)

Adolfo Leonardi

Giancarlo Poletti