

F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.



**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON MATTER 5 OF THE AGENDA OF THE
ORDINARY SHAREHOLDERS' MEETING OF F.I.L.A. - FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.,
CALLED FOR APRIL 18, 2019 IN SINGLE CALL**

(prepared in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements, and Article 84-*ter* of the Regulation adopted with Consob Motion No. 11971 of May 14, 1999 and subsequent amendments and supplements)

Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 15, 2019 and available on the website www.filagroup.it

Matter 5 on the agenda of the Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A., called for April 18, 2019 in single call:

'Appointment of a director to supplement the Board of Directors following co-option; resolutions thereon'

* * *

Dear Shareholders,

this Report has been prepared in accordance with Article 125-*ter*, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the "**CFA**") and Article 84-*ter* of the Regulation adopted with Consob motion No. 11971 of May 14, 1999 and subsequent amendments and supplements (the "**Issuers' Regulation**").

It was approved by the Board of Directors on March 15, 2019 and is made available to the public, in accordance with applicable law and regulations, at the registered office, on the company website (www.filagroup.it) and also by the other means established by the applicable regulation.

* * *

With regards to the fifth matter on the agenda of the Shareholders' Meeting, the Board intends to submit for your attention the requirement to appoint a Director in replacement of Mr. Sergio Ravagli, appointed on April 27, 2018 and considered independent in accordance with Article 147-*ter*, paragraph 4 of the CFA and the Self-Governance Code of Borsa Italiana S.p.A. (the "**Self-Governance Code**"), who on October 5, 2018 resigned his position from the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (the "**Company**" or "**FILA**").

Following his resignation, the Board of Directors assessed whether candidates appearing on the slate from which Mr. Ravagli was selected (i.e. the slate presented by the controlling shareholder Pencil S.p.A. at the Shareholders' Meeting appointing the Board on April 27, 2018) were available to assume the office of director, although without success and therefore - on November 13, 2018 - co-opted, in accordance with Article 2386 of the Civil Code, Mr. Alessandro Potestà as a director of the company in replacement of Mr. Ravagli. The Board of Directors thereafter ascertained whether Mr. Potestà fulfilled the independence and standing requirements under the applicable regulation and the Self-Governance Code.

In accordance with Article 2386 of the Civil Code, Mr. Potestà as a co-opted director shall remain in office until the Shareholders' Meeting.

You are therefore called to supplement the Board of Directors of the company, in compliance with Article 11 of the By-Laws, and therefore according to statutory majorities, not applying the slate voting rules established by the By-Laws and the CFA, subject to the obligation to maintain the minimum number of independent directors established by law and in compliance with the applicable gender equality legal and regulatory provisions.

In this regard, the Shareholders' Meeting of April 27, 2018 appointed the current Board of Directors, setting its number of members as 9 (nine), of which 5 (five) in office - including Mr. Potestà - are considered independent as per the CFA and the Self-Governance Code, while the applicable legal provisions concerning the number of male and female Directors are satisfied (6 male and 3 female). Therefore, the minimum legal and By-Law requirements concerning the number of independent directors are met (at least 1/3), in addition to the gender quotas (at least 1/3) for Boards of Directors.

Subject to any nominations that may be presented also at the Shareholders' Meeting, in order to assist the Shareholders' Meetings' business, Shareholders are invited to file any proposals at the registered office appropriately in advance and indicatively 5 (five) days before the Shareholders' Meeting. The nominations should be accompanied by (i) declarations by which the individual candidates accept their candidature and declare, in good faith, the inexistence of causes of ineligibility and incompatibility, in addition to satisfaction of the regulatory requirements to hold the position of director of the company, including declarations upon any qualification of independence; (ii) a curriculum vitae containing exhaustive information and the personal and professional characteristics of each candidate; (iii) the identity of the shareholders who have submitted the slates and the total percentage of shares held; and (iv) any additional or differing declaration, information, and/or documents provided for by applicable law and regulations.

* * *

With regards to the co-option of Mr. Alessandro Potestà, the Board of Directors on appointment by co-option unanimously decided that Mr. Alessandro Potestà met the profile required to carry out the role of director at the company.

In addition, on the verification of the independence and standing requirements of Mr. Alessandro Potestà following his co-option, the Board on November 13, 2018, unanimously ascertained the satisfaction of these requirements.

Following the assessments on Mr. Alessandro Potestà, carried out during his co-option and the verification of the requirements, the Board of Directors considers that Mr. Alessandro Potestà has an appropriate profile to undertake the role of director at the company and therefore proposes to the Shareholders' Meeting to confirm the co-opted director Mr. Alessandro Potestà as a FILA director. The curriculum vitae is available to Shareholders on the company website (www.filagroup.it), together with the Shareholders' Meeting documentation.

Shareholders may still propose any additional nominations, which may also be presented at the Shareholders' Meeting, in compliance with the above indicated criteria and means. After the proposal of Mr. Alessandro Potestà by the Board of Directors, where his candidature is not approved by the Shareholders' Meeting, any additional candidates may be put forward for voting, subject to the fact, post-appointment, that the Board shall be called to carry out its verifications with regards to the regulation concerning satisfaction of the standing and independence requirements.

* * *

Dear Shareholders,

in consideration of that stated above, we invite you to approve the following motion to supplement the Board of Directors, confirming and maintaining the total number of members of the Board of Directors for the years 2018-2019-2020, established by the Shareholders' Meeting of April 27, 2018, as 9 (nine):

"The Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.

resolves

1. *to appoint as a director of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. the previously co-opted Director Mr. Alessandro Potestà, who shall remain in office until the date of the conclusion of mandate of the Board of Directors currently in office and, therefore, until the date of the Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2020, establishing that the stated director shall receive the same remuneration as established for the other members of the Board of Directors for the years 2018-2019-2020, as decided by the Shareholders' Meeting and the Board of Directors on April 27, 2018, in the pro tempore amount due, and mandating the Board of Directors, and through its chairman, to fulfil all communication, filing and publication requirements and formalities concerning the above motion, in accordance with the applicable regulatory provisions.”*

* * *

Pero, March 19, 2019

The Chairman of the Board of Directors

(Gianni Mion)