

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



**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON POINT 1 OF THE AGENDA OF THE  
ORDINARY SHAREHOLDERS' MEETING OF F.I.L.A. - FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.,  
PARTLY IN EXTRAORDINARY SESSION, CALLED FOR APRIL 27, 2021 IN SINGLE CALL**

(drawn up in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998 and Articles 72 paragraph 1-*bis* and 84-*ter* of the Regulation adopted with Consob Motion No. 11971 of May 14, 1999 and in compliance with Annex 3A to the same Consob regulation)

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 22, 2021, available on the website [www.filagroup.it](http://www.filagroup.it)

***Point 1 on the Agenda of the Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A., partly in extraordinary session, called for April 27, 2021 in single call:***

***“Amendment of Articles 8, 10, 11, 12, 13, 14, 17, 18 and 20 of the By-Laws; resolutions thereon.”***

\* \* \*

*Dear Shareholders,*

*you have been called for April 27, 2021 for the Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A. ("Fila" or the "Company") to deliberate, in extraordinary session, on the proposed amendment of certain provisions of Fila's By-Laws (the "By-Laws") aimed at aligning them with best market practice and certain recent guidelines, as described in more detail below.*

*The purpose of this report (the "Report") is to explain the proposed amendments to Articles 8, 10, 11, 12, 13, 14, 17, 18 and 20 of the By-Laws, as well as the reasons why, in the opinion of the Board of Directors, such amendments are necessary, pursuant to Article 125-ter of Legislative Decree No. 58 of February 24, 1998 (the "CFA") and Articles 72, paragraph 1-bis, and 84-ter of the Regulation adopted by Consob Resolution No. 11971 of May 14, 1999 (the "Issuers' Regulation") and in compliance with Annex 3A to the Issuers' Regulation.*

*The Board of Directors of the Company, during the meeting held on March 22, 2021, approved this Report, which was then made available to the public in accordance with the terms and procedures set out by law and regulations; the Report was therefore filed at the registered office in Pero (MI), via XXV Aprile, no. 5, and published on the Company's website, at the address "[www.filagroup.it](http://www.filagroup.it)" Governance - Corporate documents - Meetings" section, as well as at the authorised storage mechanism "eMarketStorage", at the address "[www.emarketstorage.com](http://www.emarketstorage.com)".*

## **TABLE OF CONTENTS**

1	AMENDMENT OF ARTICLE 8 OF THE BY-LAWS.....	4
1.1	Rationale and explanation of proposed change.....	4
1.2	Comparison table of By-Laws clauses.....	5
2	AMENDMENTS TO ARTICLES 10, 13 AND 18 OF THE BY-LAWS.....	6
2.1	Rationale and explanation of proposed changes.....	6
2.2	Comparison table of By-Laws clauses.....	9
3	AMENDMENT OF ARTICLE 11 OF THE BY-LAWS.....	11
3.1	Rationale and explanation of proposed change.....	11
3.2	Comparison table of By-Laws clauses.....	12
4	AMENDMENT OF ARTICLE 12 OF THE BY-LAWS.....	14
4.1	Rationale and explanation of proposed change.....	14
4.2	Comparison table of By-Laws clauses.....	14
5	AMENDMENT OF ARTICLE 14 OF THE BY-LAWS.....	15
5.1	Rationale and explanation of proposed change.....	15
5.2	Comparison table of By-Laws clauses.....	15
6	AMENDMENT OF ARTICLE 17 OF THE BY-LAWS.....	16
6.1	Rationale and explanation of proposed change.....	16
6.2	Comparison table of By-Laws clauses.....	16
7	AMENDMENT OF ARTICLE 20 OF THE BY-LAWS.....	18
7.1	Rationale and explanation of proposed change.....	18
7.2	Comparison table of By-Laws clauses.....	18
8	EVALUATION OF THE RIGHT OF WITHDRAWAL.....	19
9	MOTION PROPOSAL TO THE SHAREHOLDERS’ MEETING IN EXTRAORDINARY SESSION.....	19

## 1 AMENDMENT OF ARTICLE 8 OF THE BY-LAWS

### 1.1 Rationale and explanation of proposed change

The Board of Directors proposes to amend Article 8.3 of the By-Laws in order to expressly allow that the related party transactions procedure adopted by the Company (the “**RPT Policy**”) may provide for Fila's right to waive, in the event of urgency, the provisions of the RPT Policy for the approval of related party transactions referred to in Article 13, paragraph 6, of the regulation adopted with Consob Resolution No. 17221 of March 12, 2010, as most recently amended by Consob Resolution No. 21624 of December 10, 2020, which will become effective as of July 1, 2021 (the “**RPT Regulation**”). As of the date of this Report, the RPT Policy does not provide for such an exemption in the absence of a specific provision in the By-Laws<sup>(1)</sup>.

In particular, Article 13, paragraph 6, of the RPT Regulation provides that the procedures concerning related party transactions may envisage, only *“where expressly permitted by the By-Laws”*, that *“in urgent cases, without prejudice to the provisions of Article 5<sup>(2)</sup> and the reservation of powers to resolve on the part of the Board of Directors pursuant to Article 8, paragraph 1, letter a), [...], applicable to transactions of greater importance, transactions with related parties”* that do not fall within the competence of the Shareholders' Meeting and do not have to be authorised by it *“may be concluded as an exception to the provisions of Article 7<sup>(3)</sup> and the other provisions of Article 8<sup>(4)</sup>”* provided that the following circumstances exist:

- (a) *“where the transaction to be concluded falls within the scope of an Executive Director, or the Executive Committee, where established, the Chairperson of the Board of Directors or management board is promptly informed of the reasons for its urgency, in any case before execution of the transaction<sup>(5)</sup>”*;
- (b) *“these transactions are subsequently, without prejudice to their effectiveness, subject to non-binding resolution of the first valid ordinary Shareholders' Meeting”*;
- (c) *“the body calling the Shareholders' Meeting prepares a report containing adequate reasoning for the urgency. The control body reports to the Shareholders' Meeting its assessment on the existence of the reasons for urgency”*;
- (d) *“the report and the assessments as per letter c) shall be made available to the public no later than twenty-one days prior to the date set for the Shareholders' Meeting to be held at the Company's registered office and in the form and manner set out*

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<sup>(1)</sup> In this regard, it should be noted that with Resolution No. 21396 of June 10, 2020, Consob temporarily suspended, from June 20, 2020 to June 30, 2021, for capital strengthening transactions, the application, *inter alia*, of the provisions contained in Article 13, paragraph 6, of the RPT Regulation *“where it is provided that, for the purposes of recourse to the faculty of exemption for urgent cases, this faculty is contemplated in the procedures adopted pursuant to Article 4, paragraph 1, of the Regulation as well as in the company's By-Laws”*.

<sup>(2)</sup> Article 5 of the RPT Regulations governs public disclosure requirements for related party transactions.

<sup>(3)</sup> Article 7 of the RPT Regulations governs the procedure applicable to less significant related party transactions.

<sup>(4)</sup> Article 8 of the RPT Regulations governs the procedure applicable to more significant related party transactions.

<sup>(5)</sup> As clarified by Consob in communication No. DEM/10078683 of September 24, 2010, *“the principles of propriety contained in the [RPT] Regulation [...] can be suspended by the company in a restrictive sense [...], it will always be open to companies to introduce provisions in the procedures to apply when the Chairman of the Board of Directors or of the Management Board does not satisfy the requirements of non-related Independent Director, for such information also to be provided to an Independent Director designated in advance, who will have the power to call meetings of Independent Directors alone. This figure may naturally coincide with the Lead Independent Director [...]”*.

*in Part III, Section II, Heading I of the Issuers' Regulation. These documents may be contained in the disclosure document referred to in Article 5, subsection 1," of the Issuers' Regulation; and finally*

- (e) *"by the day immediately following the Shareholders' Meeting, the Company shall make available to the public, in the form and manner set out in Part III, Section II, Heading I of the Issuers' Regulation, details on the voting and particularly the number of total votes cast by unrelated shareholders".*

Moreover, as clarified by Consob in its Communication No. DEM/10078683 of September 24, 2010, the exemption for urgent cases provided for in Article 13, paragraph 6, of the RPT Regulations is also applicable to transactions carried out through subsidiaries, provided that this circumstance is expressly provided for in the By-Laws.

In the opinion of the Board of Directors, the proposed amendment appears to be in line with the best practices of Italian listed companies and is also important in light of the fact that Fila, by June 30, 2020, will be required to adapt the procedure on related party transactions, in accordance with the provisions of Article 3, paragraph 2, of Consob Resolution No. 21624 of December 10, 2020 (amending the RPT Regulations). At that time, if the proposed amendment to Article 8.3 of the By-Laws is approved, the Board of Directors will consider whether to include in the RPT Procedure the possibility of using the exemption provided for in Article 13, paragraph 6, of the RPT Regulations.

## 1.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Article 8 of the By-Laws and the text that would result from the adoption of the proposed amendment. The words that would be newly inserted are in bold.

Existing Text	Proposed text
<b>Article 8 - Powers and majorities</b>	
[omitted]	[omitted]
8.3 Resolutions for the amendment of Articles 5.6 and 5.8 and of this Article 8.3 are passed with majorities of at least 80% (eighty per cent) of the total number of votes devolving to the issued shares. The procedures governing related party transactions adopted by the Company may provide that the Board of Directors approves the "significant transactions", as defined by the Consob regulation adopted by resolution No. 17221 of March 12, 2010 (as subsequently amended), notwithstanding an advice to the contrary issued by the Committee of Independent Directors responsible for issuing an advice on the above-mentioned transactions, provided that	8.3 Resolutions for the amendment of Articles 5.6 and 5.8 and of this Article 8.3 are passed with majorities of at least 80% (eighty per cent) of the total number of votes devolving to the issued shares. The related party transaction procedures adopted by the Company may provide that:  <b>(a)</b> the Board of Directors approves the "significant transactions", as defined by the Consob regulation adopted by resolution No. 17221 of March 12, 2010 (as subsequently amended), notwithstanding an advice to the contrary issued by the Committee of Independent Directors responsible for issuing an advice on the above-mentioned transactions,

<p>the execution of such transactions are authorised by the Shareholders' Meeting in accordance with Article 2364, paragraph 1, No. 5 of the Civil Code. In this case, the Shareholders' Meeting will resolve by statutory majority, provided that, where the unrelated shareholders present at the Shareholders' Meeting account for at least 10% of the share capital represented by shares with the right to vote considering every ordinary share and every Class B share individually, without consideration of the right to multiple votes attributed to Class B shares, the majority of unrelated shareholders voting at the Shareholders' Meeting do not vote against, considering every ordinary share and Class B share individually, without consideration of the right to multiple votes attributed to Class B shares.</p>	<p>provided that the execution of such transactions are authorised by the Shareholders' Meeting in accordance with Article 2364, paragraph 1, No. 5 of the Civil Code. In this case, the Shareholders' Meeting will resolve by statutory majority, provided that, where the unrelated shareholders present at the Shareholders' Meeting account for at least 10% of the share capital represented by shares with the right to vote considering every ordinary share and every Class B share individually, without consideration of the right to multiple votes attributed to Class B shares, the majority of unrelated shareholders voting at the Shareholders' Meeting do not vote against, considering every ordinary share and Class B share individually, without consideration of the right to multiple votes attributed to Class B shares; and</p> <p><b>(b) the Board of Directors, or the bodies with delegated powers, shall resolve, by availing themselves of the exemptions provided for in said procedures and in compliance with the conditions specified therein, on the execution by the Company, directly or through its subsidiaries, of urgent related party transactions that do not fall within the competence of the Shareholders' Meeting, nor need to be authorised by it.</b></p>
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## 2 AMENDMENTS TO ARTICLES 10, 13 AND 18 OF THE BY-LAWS

### 2.1 Rationale and explanation of proposed changes

The Board of Directors proposes to amend Articles 10, 13 and 18 of the By-Laws, concerning the procedures for attending, convening and holding meetings of Fila's corporate boards, in order to better regulate the right to use remote means of communication. In view of the common rationale of the proposed amendments referred to in this paragraph of the Report, it has been deemed appropriate to explain them jointly.

Beginning in March 2020, the COVID-19 epidemiological emergency required companies (including Fila) to conduct the meetings of corporate boards by remote means of communication that ensured the participants were socially distanced.

In order to facilitate the conduct of corporate meetings in the context of the COVID-19 pandemic, the legislature approved Decree Law No. 18 of March 17, 2020, entitled "*Measures to strengthen the National Health Service and provide economic support for families, workers and businesses in relation to the COVID-19 epidemiological emergency*", converted into law with amendments by Law No. 27 of April 24, 2020 (the "**Liquidity Decree Law**"). Specifically, Article 106 of the Liquidity Decree recognised, for the period of the pandemic emergency:

- (i) to all joint-stock companies the faculty to (a) allow, also as an exception to any different provisions contained in the By-Laws, "*the expression of the vote by electronic means or by correspondence and the participation in the Meeting by means of telecommunication*", and to (b) provide that "*the Meeting shall take place, also exclusively, by means of telecommunication [...] without, in any case, the need for the Chairperson, the Secretary or the notary to be present in the same place, where provided for*"; and
- (ii) to all listed companies the possibility to provide that those entitled to participate in the Meeting "*exclusively through the Designated Agent pursuant to Article 135-undecies of the [CFA]*" to whom "*proxies or sub-delegations may also be granted pursuant to Article 135-novies of the [CFA]*".

These provisions, as most recently extended by Decree Law No. 183 of December 31, 2020, converted into law with amendments by Law No. 21 of February 26, 2021, apply to meetings held before July 31, 2021.

In order to provide operational indications on the holding of meetings of corporate boards by means of remote participation tools and also taking into account the emergency legislation issued in the context of the COVID-19 pandemic on the subject, the Milan Notary Council also intervened, with No. Recommendation 187 of March 12, 2020, specifying in general that:

- (i) participation in the Meeting "*by means of telecommunications - where allowed by the By-Laws pursuant to Article 2370, paragraph 4 of the Civil Code, or admitted by the current regulations - may concern all the participants at the Meeting, including the Chairperson, it being understood that the Secretary or the Notary Public must be present at the place indicated in the call notice, together with the person or persons appointed by the Chairperson to identify those who intervene in person (unless this task is entrusted to the Secretary or the Notary Public)*";
- (ii) the meetings of the Board of Directors and of the other corporate boards of joint-stock companies may be "*convened without indicating a physical place where the meeting is to be held, but providing exclusively for participation by means of telecommunications*"<sup>(6)</sup> and if it is possible to take part in such meetings only by means of telecommunications, "*it is not necessary for any person to be present in any given place, notwithstanding any clauses in the By-Laws that provide for the presence of the Chairperson and the Secretary in the same place, [presence] to be understood [...] as a rule functional only to the simultaneous preparation of the minutes of the meeting, signed by both the Chairperson and the Secretary*". In such a circumstance, continues the Milan Notary Council "*even the Secretary taking the minutes attends the meeting only by means of telecommunications and gives a record of the entire decision-making process on the basis of what is perceived through the same, without prejudice to the fact that, in cases where the minutes are drawn up by public deed, the Notary signing the minutes must still be in a place within his or her territorial area pursuant to the notary law*."

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<sup>(6)</sup> On this point, the Milan Notary Council, in its Opinion No. 187 of March 12, 2020, further clarified that "*it seems necessary to deem applicable to Board meetings, during the period of validity of the aforementioned Article 106, paragraph 2, Law Decree 18/2020, the rule that allows the exclusive use of telecommunications means even in the presence of clauses in the By-Laws that exclude or limit this right, or in any case even in the absence of clauses that allow it*".



In the light of the above and in view of the current health emergency, Fila decided to make use of the faculty provided for by Article 106 of the Italian Healthcare Decree both at the Shareholders' Meeting held on April 22, 2020 and at the Shareholders' Meeting called for April 27, 2021, with the consequent obligation for those entitled to participate exclusively by granting proxy (or sub-delegation) to the Designated Agent appointed by the Company. Moreover, during 2020, a total of 7 meetings of the Board of Directors and 12 meetings of the Board of Statutory Auditors were held, of which, respectively, 6 and 10 were held exclusively through remote means of communication.

The Board of Directors has positively assessed the increasing use of "remote" modalities made necessary also as a consequence of the epidemiological emergency caused by COVID-19 and of the measures to contain the contagion adopted by the competent authorities at local and national level. In the light of the general character that the principles set forth in the aforesaid notarial orientation are considered to have taken on (the scope of which disregards the current situation of epidemiological emergency), the Board has deemed it appropriate to propose the amendments to the By-Laws under examination in order to benefit from these more streamlined and flexible modalities for the meetings of corporate boards. Specifically, the Board of Directors proposes

- (i) as regards the participation and attendance of shareholders at the Meeting, to:
  - (a) specify in Article 10.6 of the By-Laws that the Meetings may also be held, where permitted by the applicable regulations, exclusively by means of remote connection;
  - (b) provide in Article 10.6 of the By-Laws that the Chairperson of the Meeting is allowed to ascertain the identity and legitimacy of those present, to regulate the proceedings of the meeting, and to ascertain and proclaim the results of the vote, also remotely through appointed persons;
  - (c) eliminate from Article 10.6 of the By-Laws the necessary simultaneous presence, at the place of convocation, of the Chairperson and the person taking the minutes, providing that the meeting shall be deemed to have been held at the place indicated in the call notice, where the person taking the minutes shall be located;
- (ii) as regards the conduct of meetings of the Board of Directors and the Board of Statutory Auditors, to:
  - (a) introduce, in Articles 13.1 and 18.1 respectively of the By-Laws, the faculty to convene the meetings of both boards even without indicating a physical place of convocation where the participants participate exclusively by means of remote telecommunications;
  - (b) specify, in Articles 13.3 and 18.2 respectively of the By-Laws, that (1) said meetings may also be held exclusively by means of remote connection in compliance with the collegial method and the principles of good faith and equal treatment of members; and (2) the Chairperson and the person taking the minutes may be in different places, it being understood that, where a physical place of convocation is envisaged, the Meeting is deemed to be held in the place where the person taking the minutes is present.



## 2.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Articles 10, 13 and 18 of the By-Laws and the text that would result from the adoption of the proposed amendments. The words that would be newly inserted are in bold and those to be removed are struck through.

Existing Text	Proposed text
<b>Article 10 - Attendance and voting</b>	
[omitted]	[omitted]
<p>10.6 The Shareholders' Meeting may be held in several locations, via audio/video link, on the condition that a collective approach is taken and the principles of good faith and of equal treatment of shareholders are upheld and, in particular, provided that: (a) the Chairman of the Shareholders' Meeting may (i) ascertain the identity and right to attend of all present, (ii) govern the business of the meeting, in addition to (iii) verify and declare the voting results; (b) the minutes-taker is able to adequately note all the matters pertaining to the Shareholders' Meeting; (c) attendees may participate in the discussions and vote simultaneously on the matters on the Agenda; (d) this method is contained in the call notice of the Shareholders' Meeting which also indicates the locations. The meeting shall be considered to have been held in the place where there are, simultaneously, the Chairperson and the person taking the minutes.</p>	<p>10.6 The Shareholders' Meeting may be held, <b>where permitted by applicable law and also exclusively</b>, in several locations, via audio/video link, on the condition that a collective approach is taken and the principles of good faith and of equal treatment of shareholders are upheld and, in particular, provided that: (a) the Chairperson of the Shareholders' Meeting may (i) ascertain, including through specially appointed parties, the identity and right to attend of all present, (ii) govern the business of the meeting, in addition to (iii) verify and declare the voting results; (b) the minutes-taker is able to adequately note all the matters pertaining to the Shareholders' Meeting; (c) attendees may participate in the discussions and vote simultaneously on the matters on the Agenda; (d) this method is contained in the call notice of the Shareholders' Meeting <del>which also indicates the locations</del>. The meeting shall be deemed to be held at the place <b>indicated in the call notice, where the person taking the minutes shall be located. It is understood that as long as they are simultaneously present,</b> the Chairperson and the person taking the minutes <b>may be in different locations</b>.</p>
<b>Article 13 - Call and meetings</b>	
<p>13.1. The Board of Directors meets at the registered office of the Company and elsewhere, provided that it is within the countries of the European Union or in Switzerland, whenever the Chairperson</p>	<p>13.1. The Board of Directors meets at the registered office of the Company and elsewhere, provided that it is within the countries of the European Union or in Switzerland, whenever the Chairperson deems</p>

<p>deems it necessary, or when a request is made by the Chief Executive Officer, if appointed, or by at least two of its members or by the Board of Statutory Auditors.</p>	<p>it necessary, or when a request is made by the Chief Executive Officer, if appointed, or by at least two of its members or by the Board of Statutory Auditors. <b>At the discretion of the Chairperson of the Board of Directors, a meeting of the Board of Directors may also be convened without indicating in the call notice a specific physical location for the meeting, in which case the participants shall speak exclusively by means of remote telecommunications in the manner set forth in Section 13.3 below.</b></p>
<p>[omitted]</p>	<p>[omitted]</p>
<p>13.3 Meetings of the Board of Directors may also be held by audio or video conference, provided that: (i) the Chairperson and the Secretary, if appointed, who will write and sign the minutes, are present in the same location, verifying that the meeting was held in that location; (ii) the Chairperson of the meeting is able to verify the identity of the participants, direct the course of the meeting and witness and announce the results of the vote; (iii) that the person taking the minutes is able to adequately observe the events of the meeting that is the subject of the minutes; and (iv) that participants are able to follow the discussion and the simultaneous voting on the matters on the agenda, as well as view, receive or transmit documents.</p>	<p>13.3 Meetings of the Board of Directors may also be held, <b>including exclusively</b>, by audio or video conference, provided that: <b>(i) the principles of good faith and of equal treatment of Directors are upheld: <del>(i) the Chairperson and the Secretary, if appointed, are present in the same location, who will write and sign the minutes, verifying that the meeting was held in that location;</del> (ii) the Chairperson of the meeting is able to verify the identity of the participants, direct the course of the meeting and witness and announce the results of the vote; (iii) <del>that</del> the person taking the minutes is able to adequately observe the events of the meeting that is the subject of the minutes; and (iv) <del>that</del> participants are able to follow the discussion and the simultaneous voting on the matters on the agenda, as well as view, receive or transmit documents. <b>If a physical place of convocation is foreseen, the meeting is deemed to be held in the place where the person taking the minutes is present. It is understood that the Chairperson and the person taking the minutes may be in different locations.</b></b></p>
<p><b>Article 18 - Call, meetings and resolutions</b></p>	
<p>18.1 The Board of Statutory Auditors shall meet on the initiative of any one of the Statutory Auditors. The meeting shall be validly constituted with the presence of a</p>	<p>18.1 The Board of Statutory Auditors shall meet on the initiative of any one of the Statutory Auditors. <b>The Board of Statutory Auditors may also be convened without</b></p>

<p>quorum of Statutory Auditors and shall resolve on the basis of an absolute majority of those present.</p>	<p><b>indicating in the call notice a specific physical location for the meeting, in which case the participants shall speak exclusively by means of remote telecommunications in the manner set forth in Section 18.2 below.</b> The meeting shall be validly constituted with the presence of a quorum of Statutory Auditors and shall resolve on the basis of an absolute majority of those present.</p>
<p>18.2 Meetings of the Board of Statutory Auditors may be held with participants located in several places, near or far, linked by audio or video, provided that: (i) the Chairperson of the meeting is able to verify the identity and the legitimacy of the participants, direct the proceedings of the meeting and witness and announce the results of the vote; (ii) the person taking the minutes is able to adequately observe the events of the meeting that is to be minuted; (iii) the participants are able to follow the discussion and vote simultaneously on the matters on the agenda, as well as view, receive or transmit documents. If all the conditions are complied with, the meeting of the Board of Statutory Auditors shall be considered to have been held in the place where the Chairman is present, and where the Secretary of the meeting also has to be present in order for the minutes to be drawn up.</p>	<p>18.2 Meetings of the Board of Statutory Auditors may be held, <b>including exclusively by audio or video conference</b>, <del>with participants located in several places, near or far, linked by audio or video</del>, provided that: <b>(i) the principles of good faith and of equal treatment of Directors are upheld</b> (ii) the Chairman of the meeting is able to verify the identity and the legitimacy of the participants, direct the proceedings of the meeting and witness and announce the results of the vote; (iii) the person taking the minutes is able to adequately observe the events of the meeting that is to be minuted; (iii) the participants are able to follow the discussion and vote simultaneously on the matters on the Agenda, as well as view, receive or transmit documents. <del>If all the conditions are complied with, the meeting of the Board of Statutory Auditors shall be considered to have been held in the place where the Chairman is present, and where the Secretary of the meeting also has to be present in order for the minutes to be drawn up.</del> <b>If a physical place of convocation is foreseen, the meeting is deemed to be held in the place where the person taking the minutes is present. It is understood that the Chairperson and the person taking the minutes may be in different locations.</b></p>

### 3 AMENDMENT OF ARTICLE 11 OF THE BY-LAWS.

#### 3.1 Rationale and explanation of proposed change

The Board of Directors proposes to amend Article 11 of the By-Laws, concerning the appointment, composition and replacement of members of the Board of Directors.

Firstly, the Board of Directors proposes to replace the specific reference to the deadlines for the presentation of the slates by the shareholders and for their publication, currently provided for in Article 11.5 of the By-Laws, with a mobile reference to the provisions of the law in force *pro tempore*, in order to make the provisions of the By-Laws more flexible with regard to legislative and regulatory changes.

Secondly, the Board of Directors recalls that, in view of the imminent renewal of Fila's corporate boards, Consob has informally contacted the Company and suggested specific amendment to Article 11.6 of the By-Laws, which consists of eliminating the provision requiring the slates submitted by shareholders for the appointment of Directors to include a number of candidates not less than 3 (three). Consob believes, in fact, that the current wording would place an excessive burden on minority shareholders who, under the By-Laws, can only appoint one Director. The Board of Directors therefore proposes to proceed with said amendment to the By-Laws, further specifying that, in compliance with the applicable legislation, the slates that present a number of candidates equal to or higher than 3 (three) must be composed so as to include a number of candidates of the under-represented gender that ensures that the composition of the Board of Directors complies with the provisions of the *pro tempore* law and regulations in force.

Finally, the Board of Directors proposes to better detail the provision in the By-Laws regarding the co-option of Directors pursuant to Article 2386 of the Civil Code, by inserting a second part to Article 11.18 of the By-Laws. Specifically, this amendment is designed to specify that, in the event of termination of office of a Director taken from a slate other than the so-called "Majority Slate", the Board of Directors may replace said Director by co-opting a new Director without any list constraints (without prejudice, in any case, to the obligation to maintain the minimum number of Independent Directors set out by law and in compliance with the provisions of the *pro tempore* law and regulations in force concerning gender balance) if (i) there are no unelected candidates on the list from which the Director who has ceased to hold office was taken or (ii) any unelected candidate on that list has declared his or her unwillingness to accept the office.

### 3.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Article 11 of the By-Laws and the text that would result from the adoption of the proposed amendment. The words that would be newly inserted are in bold and those to be removed are struck through.

Existing Text	Proposed text
<b>Article 11 - Composition, appointment, duration and replacement</b>	
[omitted]	[omitted]
11.5 The slates must be filed at the registered office of the company according to the manner prescribed by current regulations, at least twenty-five days prior to the Shareholders' Meeting called to appoint the Directors. Moreover, the slates must be made available to the public by the Company at	11.5 The slates must be filed at the registered office of the company according to the manner <b>and terms</b> prescribed by current regulations, <del>at least twenty-five days prior to the Shareholders' Meeting called to appoint the Directors.</del> The slates must be made available to the public by the Company <b>at least</b>

<p>least twenty-one days prior to the date of the Shareholders' Meeting in accordance with the applicable law.</p>	<p><del>twenty-one days prior to the Shareholders' Meeting</del> in accordance with the manner <b>and terms</b> prescribed by current regulations.</p>
<p>11.6 The slates provide for a number of candidates not less than 3 (three) and not greater than 12, each indicated in progressive order. The slates may not be composed only of candidates of the same gender (male or female); each slate must include a number of candidates from the under-represented gender such as to ensure that the composition of the Board of Directors complies with the legal and regulatory provisions that are in force at a given time in relation to gender equality (male and female), provided that if the application of the criterion for the gender quota does not result in a full number, this should be rounded up to the next unit.</p>	<p>11.6 The slates provide for a number of candidates <del>not less than 3 (three) and not</del> greater than 12, each indicated in progressive order. The slates <b>with a number of candidates equal or greater than 3 (three) must</b> <del>may not</del> be composed of candidates <del>only</del> from <del>the same</del> <b>both</b> genders (masculine or feminine); <b>in order</b> <del>each slate must include a number of candidates of the under-represented gender</del> to guarantee the composition of the Board of Directors in accordance with legal and regulatory provisions in relation to gender balance (male and female), rounded upwards.</p>
<p>[omitted]</p>	<p>[omitted]</p>
<p>11.18. Where during the year one or more Directors elected from the slate which attained the second highest number of votes at the Shareholders' Meeting vacates office, the Board of Directors shall, where possible, co-opt an unelected candidate from the slate of the resigning Director, subject to the obligation to maintain the minimum number of Independent Directors established by law and in accordance with applicable law and regulations in relation to gender equality.</p>	<p>11.18. Where during the year one or more Directors elected from the slate which attained the second highest number of votes at the Shareholders' Meeting vacates office, the Board of Directors shall, where possible, co-opt an unelected candidate from the slate of the resigning Director, subject to the obligation to maintain the minimum number of Independent Directors established by law and in accordance with applicable law and regulations in relation to gender equality. <b>If there are no unelected candidates on the slate from which the outgoing Director was taken, or if any unelected candidate on the slate from which the outgoing Director was taken has declared his/her unavailability to accept the position, the Board of Directors shall co-opt a new Director without applying the above-mentioned mechanism, without prejudice to the obligation to maintain the minimum number of Independent Directors set out by law and in compliance with the provisions of law and regulations in force from time to</b></p>

	<b>time concerning the balance between genders.</b>
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#### 4 AMENDMENT OF ARTICLE 12 OF THE BY-LAWS

##### 4.1 Rationale and explanation of proposed change

The Board of Directors proposes, in line with best practice, to amend Article 12 of the By-Laws, introducing a new paragraph 12.6 governing the figure of the Secretary to the Board of Directors.

Specifically, this provision gives the Board of Directors the power to appoint and revoke its own secretary upon proposal of the Chairperson, and to determine the professional requirements of the position and its relative powers.

The amendment to the By-Laws is designed to enhance the figure of the Secretary of the Board of Directors, whose central role for the proper functioning of the corporate governance system has been recently confirmed also by the Corporate Governance Code for Listed Companies, approved in December 2020 by the Corporate Governance Committee of Borsa Italiana S.p.A. and to which the Company adheres.

##### 4.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Article 12 of the By-Laws and the text that would result from the adoption of the proposed amendment. The words that would be newly inserted are in bold.

Existing Text	Proposed text
<b>Article 12 - Chairperson, Honorary Chairperson, Delegated Bodies and Social Representation</b>	
[omitted]	[omitted]
	<b>12.6. The Board of Directors, on the proposal of the Chairperson, shall appoint and revoke the Secretary, who may also be chosen from outside its members, and shall define the professional requirements of the position and its relative powers.</b>

## 5 AMENDMENT OF ARTICLE 14 OF THE BY-LAWS

### 5.1 Rationale and explanation of proposed change

The Board of Directors proposes to amend Article 14 of the By-Laws, concerning the powers of the Board, in order to extend the list of matters delegated to the Board pursuant to Article 2365, paragraph 2, of the Civil Code.

Specifically, it proposes to delegate to the Board of Directors the power to adopt resolutions concerning: (i) mergers in the cases provided for by Article 2505 of the Civil Code (merger of a wholly-owned company) and by Article 2505-*bis* of the Civil Code (merger of a 90%-owned company), and (ii) spin-offs in the cases provided for by Article 2506-*ter*, last paragraph, of the Civil Code (spin-off of a wholly-owned or 90%-owned company). It is understood that, should the proposal under review be approved, the Extraordinary Shareholders' Meeting would not be deprived of the ability to resolve on the aforementioned issues, but would assume a competence shared with the Board of Directors.

The purpose of this proposal is to provide the Company with an instrument that, also in light of Fila's status as a company listed on a regulated market, makes it possible to streamline the decision-making process with regard to any reorganisation of the Group to be implemented through the merger by incorporation (or spin-off) of companies wholly or 90% controlled by Fila.

### 5.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Article 14 of the By-Laws and the text that would result from the adoption of the proposed amendment. The words that would be newly inserted are in bold.

Existing Text	Proposed text
<b>Article 14 - Powers and deliberations</b>	
[omitted]	[omitted]
14.2 The Board of Directors, in accordance with Article 2365, paragraph 2 of the Civil Code is also empowered to pass the following resolutions, without prejudice to the concurrent competence of the Shareholders' Meeting. (i) the opening and closing of secondary offices; (ii) the reduction of the share capital as a result of a return of shares;	14.2. The Board of Directors, in accordance with Article 2365, paragraph 2 of the Civil Code is also empowered to pass the following resolutions, without prejudice to the concurrent competence of the Shareholders' Meeting: <b>(i) mergers in the cases provided for by Article 2505 and 2505-<i>bis</i> of the Civil Code (ii) spin-offs in the cases provided for</b>



(iii) updating the By-Laws in accordance with the law; (iv) transfer of the registered office within Italy.	<b>by Article 2506-ter, last paragraph, of the Civil Code</b> (iii) the opening and closing of secondary offices; (ii) the reduction of the share capital as a result of a return of shares; (v) updating the By-Laws in accordance with the law; and (iv) transfer of the registered office within Italy.
[omitted]	[omitted]

## 6 AMENDMENT OF ARTICLE 17 OF THE BY-LAWS

### 6.1 Rationale and explanation of proposed change

The Board of Directors also proposes to amend Article 17 of the By-Laws, concerning the appointment and composition of the members of the Board of Statutory Auditors.

Firstly, the Board of Directors proposes to replace the specific reference to the deadlines for the presentation of the slates by the shareholders and for their publication, currently provided for in Article 17.3 of the By-Laws, with a mobile reference to the provisions of the law in force *pro tempore*, in order to make the provisions of the By-Laws more flexible with regard to legislative and regulatory changes.

In addition, the Board of Directors proposes to amend the rounding criterion for calculating the number of members of the Board of Statutory Auditors who must belong to the under-represented gender set forth in Sections 17.4, 17.9, 17.10 and 17.13 of the By-Laws. Specifically, this amendment is designed to adjust Article 17 of the By-Laws to the new wording of Article 144-*undecies*.1, paragraph 3, of the Issuers' Regulation, as amended by Consob Resolution No. 21359 of May 13, 2020, which provides that for boards composed of 3 (three) standing members (such as the Board of Statutory Auditors), the number shall be rounded down to the nearest whole number and not up, as currently provided for by the wording of the provisions in question.

### 6.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Article 17 of the By-Laws and the text that would result from the adoption of the proposed amendment. The words that would be newly inserted are in bold and those to be removed are struck through.

Existing Text	Proposed text
<b>Article 17 - Appointment, duration and replacement</b>	
[omitted]	[omitted]
17.3 Slates are filed at the registered office in accordance with applicable law, at least twenty-five days prior to the date of the Shareholders' Meeting called to approve the election of the Statutory Auditors. Moreover,	17.3 The slates must be filed at the registered office of the company according to the manner <b>and terms</b> prescribed by current regulations, <del>at least twenty-five days prior to the Shareholders' Meeting called to appoint</del>

<p>the slates must be made available to the public by the Company at least twenty-one days prior to the date of the Shareholders' Meeting, in accordance with applicable law.</p>	<p><del>the Statutory Auditors.</del> The slates must be made available to the public by the Company <del>at least twenty-one days prior to the Shareholders' Meeting</del> in accordance with the manner <b>and terms</b> prescribed by current regulations.</p>
<p>17.4 The slates must bear the names of one or more candidates for the office of Statutory Auditor and one or more candidates for the office of Alternate Auditor. The names of candidates are marked in each section ("Statutory Auditors" section, "Alternate Auditors" section) by progressive order and are, in any case, not greater in number than the members of the body to be elected. The slates, if they contain, in both sections, a number of candidates equal to or greater than 3 (three), must contain a number of candidates in both sections to ensure that the composition of the Board of Statutory Auditors, both for Statutory Auditors and Alternate Auditors, complies with the legal and regulatory provisions that are in force in relation to gender equality (male and female), provided that if the application of the criterion for the gender equality quota does not result in a full number, this should be rounded up to the next unit.</p>	<p>17.4 The slates must bear the names of one or more candidates for the office of Statutory Auditor and one or more candidates for the office of Alternate Auditor. The names of candidates are marked in each section ("Statutory Auditors" section, "Alternate Auditors" section) by progressive order and are, in any case, not greater in number than the members of the body to be elected. The slates, if they contain, in both sections, a number of candidates equal to or greater than 3 (three), must contain a number of candidates in both sections to ensure that the composition of the Board of Statutory Auditors, both for Statutory Auditors and Alternate Auditors, complies with the legal and regulatory provisions that are in force in relation to gender equality (male and female), provided that if the application of the criterion for the gender equality quota does not result in a full number, this should be rounded <del>up</del> <b>down</b> to the next unit.</p>
<p>[omitted]</p>	<p>[omitted]</p>
<p>17.9 Where the result of voting does not satisfy the applicable gender balance law and regulations in force (including the rounding up to the next unit if the application of the criterion for the gender equality quota does not result in a full number), the candidate for the office of Statutory or Alternate Auditor from the over-represented gender elected as last in progressive order from the Majority Slate will be excluded and will be replaced by the next candidate for the office of Statutory or Alternate Auditor from the same slate belonging to the other gender.</p>	<p>17.9 Where the result of voting does not satisfy the applicable gender balance law and regulations in force (including the rounding <del>up</del> <b>down</b> to the next unit if the application of the criterion for the gender equality quota does not result in a full number), the candidate for the office of Statutory or Alternate Auditor from the over-represented gender elected as last in progressive order from the Majority Slate will be excluded and will be replaced by the next candidate for the office of Statutory or Alternate Auditor from the same slate belonging to the other gender.</p>

<p>17.10. Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the Statutory Auditors and Alternate Auditors will be taken from this slate in accordance with applicable law and regulations, including gender equality regulations, which includes rounding up where necessary in relation to the under-represented gender.</p>	<p>17.10. Where only one slate is presented, the Shareholders' Meeting will vote on that slate and, where this slate receives the majority of the votes, all the Statutory Auditors and Alternate Auditors will be taken from this slate in accordance with applicable law and regulations, including gender equality regulations, which includes rounding <del>up</del> <b>down</b> where necessary in relation to the under-represented gender.</p>
<p>[omitted]</p>	<p>[omitted]</p>
<p>17.13. In the absence of slates, or where it is not possible for any reason to appoint the Board of Statutory Auditors with the procedures provided for in this Article, the three Statutory Auditors and the two Alternate Auditors will be appointed by the Shareholders' Meeting through the majority provided for by law, in accordance with the laws and regulations in force also in relation to the gender equality quota (including the rounding up to the next unit if the application of the criterion for the gender equality quota does not result in a full number).</p>	<p>17.13. In the absence of slates, or where it is not possible for any reason to appoint the Board of Statutory Auditors with the procedures provided for in this Article, the three Statutory Auditors and the two Alternate Auditors will be appointed by the Shareholders' Meeting through the majority provided for by law, in accordance with the laws and regulations in force also in relation to the gender equality quota (including the rounding <del>up</del> <b>down</b> to the next unit if the application of the criterion for the gender equality quota does not result in a full number).</p>

## 7 AMENDMENT OF ARTICLE 20 OF THE BY-LAWS

### 7.1 Rationale and explanation of proposed change

The Board of Directors proposes to amend Article 20 of the By-Laws, on the subject of financial statements and profits, by introducing a new paragraph 20.3 which gives the Board the possibility to resolve on the distribution of interim dividends in compliance with the provisions of Article 2433-*bis* of the Civil Code and in compliance with the *pro tempore* legislation in force.

The purpose of this amendment is to bring the By-Laws into line with the best practice for listed companies and to provide the Board of Directors with an additional means of remunerating its shareholders.

### 7.2 Comparison table of By-Laws clauses

The following is a comparison between the current text of Article 20 of the By-Laws and the text that would result from the adoption of the proposed amendment. The words that would be newly inserted are in bold.

Existing Text	Proposed text
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Article 20 - Financial statements and profits	
[omitted]	[omitted]
	<p><b>20.3. During the year, the Board of Directors may resolve to distribute interim dividends to shareholders, in compliance with the provisions of the <i>pro tempore</i> legislation in force.</b></p>

## 8 EVALUATION OF THE RIGHT OF WITHDRAWAL

The amendments to Articles 8, 10, 11, 12, 13, 14, 17, 18 and 20 of the By-Laws proposed by the Board of Directors, do not give rise to the right of withdrawal of shareholders who did not take part in the resolution, since none of the cases provided for in Article 2437 of the Civil Code or in other current and applicable legal or regulatory provisions or By-Laws apply.

## 9 MOTION PROPOSAL TO THE SHAREHOLDERS' MEETING IN EXTRAORDINARY SESSION

Considering the above, the Board of Directors submits for your approval the following motion:

*“The Shareholders’ Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A. (“Fila”), in extraordinary session, having reviewed the Board of Directors’ Illustrative Report drawn up in accordance with Article 125-ter of Legislative Decree No. 58 of February 24, 1998 and Articles 72 paragraph 1-bis and 84-ter of the Regulation adopted with Consob Motion No. 11971 of May 14, 1999 and in compliance with Annex 3A to the same Consob regulation, published as per law;*

### ***resolves***

1. *to approve the amendments to Articles 8, 10, 11, 12, 13, 14, 17, 18 and 20 of the By-Laws, as proposed by the Board of Directors;*
2. *to grant the Board of Directors and on its behalf to the Chairperson and the Chief Executive Officer, severally and jointly, with the right to sub-delegate and to avail itself in full or in part of special attorneys, all powers necessary to (a) take all steps necessary to execute the aforementioned resolution; (b) to comply with all consequent legislative and regulatory requirements, including but not limited to the formalities required for its registration in the Register of Companies pursuant to Article 2436 of the Civil Code; and (c) make all non-substantial amendments, additions and/or deletions to the same resolution and to the By-Laws that may be required by the competent authorities or by the Notary, or otherwise deemed useful or appropriate.*

\* \* \*

Pero, March 22, 2021

On behalf of the Board of Directors

The Chairman

*(Giovanni Gorno Tempini)*