



## BY-LAWS

### NAME - REGISTERED OFFICE - OBJECT - DURATION

#### Article 1. Name

1.1 A joint stock company is incorporated by the name of Avio SpA (hereinafter also called the Company). The name of the Company may be written with any graphic character, in capital and/or common letters.

#### Article 2. Registered office

2.1 The registered office of the company is in Rome.

2.2 The board of directors can open and close branches and secondary offices, management offices and operations facilities, agencies, representations and correspondent offices in Italy and abroad and move the registered office of the Company to another location in the country.

2.3 For their relations with the company the domicile of shareholders, directors, statutory auditors and the independent auditor is the one appearing in company registers.

#### Article 3. Object

3.1 The object of the company is to provide the following services directly and indirectly:

- (i) conception, development and building of subsystems, components and spare parts, as well as related equipment and assistance service for control and propulsion systems, solid rocket engines, liquid rocket engines, missile and launch vehicle propulsion systems;
- (ii) integration and launch services and
- (iii) maintenance, repair, overhaul and testing of such engines, systems and vehicles and relevant subsystems and components; and instrumental or related services to those slated above.

3.2 So as to achieve the company object, the Company can also execute any transaction deemed necessary or useful for instrumental or related purpose, for example, such as:

- execute commercial, industrial, real estate, securities and financial transactions (the latter not towards the public) the board of directors considers necessary or useful, including supply of assistance service to industrial activity and fire prevention services in general;



- furnish endorsements, sureties and other guarantees, including collateral security not as a regular service;
- directly and indirect acquire interest and equity investments in other companies or enterprises with analogous, related or like object to its own and acquire, sell, grant and accept industrial patent user licenses, know-how and industrial and commercial property rights in general.

The Company can also obtain financing for valuable consideration or free of charge with or without reimbursement obligation and provide loans to employees in compliance with applicable regulations, particularly with reference to rules regulating the collection of savings from the public, including Italian Legislative Decree No. 385/1993, as amended, and provide investment services defined as in Italian Legislative Decree No. 58/1998, as amended.

All services referred to in this article must be rendered within the limits and in compliance with every legal limit, condition and reservation.

#### Article 4. Duration

4.1 The duration of the Company is established until 31 December 2100 and can be extended once or twice with a resolution of the extraordinary shareholders' meeting.

#### SHARE CAPITAL - SHARES - WITHDRAWAL

#### Article 5. Share Capital and shares

5.1 The share capital amounts to Euro 90,964,212.90 and is divided into 26,359,346 ordinary shares, without indication of their nominal value.

The extraordinary shareholders' meeting held on 17 June 2015, together with the extraordinary shareholders' meeting held on 7 July 2015 and on 23 December 2016, made the following resolutions:

A) to increase the share capital by payment, separable, for a maximum amount of Euro 203,488.50, to be reserved to exercise of 7,500,000 Avio S.p.A. Market Warrants, through issue of at most 2,034,885 ordinary shares without specification of the nominal value of Euro 0.10 (zero point one zero), entirely imputed to implicit parity accounting;

B) to increase the share capital by payment, separable, for a maximum amount including additional paid-in capital of Euro 10,400,000, to be reserved for exercise of 800,000 Avio Sponsor Warrants, through issue of at most 800,000 ordinary shares without specification of the nominal value, for the price of Euro 13.00 (thirteen euros and zero cents), Euro 1.00 imputed to implicit parity accounting and Euro 12.00 as additional paid-in capital; the deadline pursuant to Art. 2439 Italian Civil Code, enjoyment and efficacy of the latter increase are regulated in the relevant resolution.



5.2 The shares and warrants are subject to the dematerialisation regime pursuant to Articles 83-*bis*, et seq. of Italian Finance Consolidation Act.

5.3 Ordinary shares are registered, indivisible, freely transferable and give their holders equal rights. Every ordinary share gives the right to one vote at the annual and extraordinary shareholders' meetings and other shareholders and administrative rights in accordance with this by-laws and law.

5.4 Under Article 2443, first paragraph, Italian Civil Code, for a period of at most five years from the registration date of this by-laws in the Register of Companies, the Board of Directors has the power to increase the share capital with payment, separable and with exclusion of subscription right, in accordance with Article 2441, fourth paragraph, Italian Civil Code, by a maximum nominal amount of Euro 9,076,167, by issue once or twice of a maximum number of ordinary shares, preferred or having different rights than those of shares issued before or shares and financial instruments provided by Article 2349 Italian Civil Code, equal to 2,316,391, with regular enjoyment, reserved (i) in the event of hostile public offering of purchase or carried out by competitors of the Company, solely to persons directly or indirectly invested by the government of Italy of at least 20% of the share capital, or (ii) in other cases, to persons found by the Board of Directors, with the vote in favour of at least all directors in office except one. The unit price of such shares (including any additional paid-in capital) shall be less than the market value of the shares. The resolutions of the Board of Directors to exercise the power shall identify the persons to be assigned the options for subscription of the share capital increase(s), and fix the subscription price based on the market value of the shares and a suitable deadline for subscription of the shares and, pursuant to Art. 2439, second paragraph, Italian Civil Code, if the resolved increase is not subscribed by the deadline fixed each time, shall provide for the capital to be increased by an amount (excluding any additional paid-in capital) equal to the subscriptions collected up until such deadline.

The Board of Directors is vested with all powers for such acts, issue of new shares and for making any modifications to this article of the company by-laws.

5.5 Pursuant to Article 1, paragraph 5 of Law Decree No. 21 of March 15, 2012, converted into law, with amendments, by Law No. 56 of May 11, 2012 and its implementing provisions (as amended, the "Golden Power Legislation"), anyone who comes to hold a stake in the Company's share capital that exceeds the thresholds identified under current regulations must notify the Presidency of the Council of Ministers of said transaction, within the timeframes and in the manner established by the Golden Power Legislation, where applicable, to allow for any special powers to be exercised.

## Article 6. Conferments, loans, other financial instruments

6.1 Shareholders can make conferments in the form of sums of money, goods in kind or credits.

6.2 The shareholders' meeting can give the board of directors the power to increase the share capital once or twice up to a certain amount and for a maximum period of five years from the date of the resolution, and the power to issue bonds, including convertible bonds, up to a certain amount and for a maximum of five years from the date of the resolution.



6.3 In accordance with Article 2441, paragraph 4, second sentence, Italian Civil Code, the subscription right due to shareholders on newly-issued ordinary shares can be excluded within the limits of ten percent of the pre-existing share capital, on condition that the issue price is the same as the market value of the shares and this fact is confirmed in a report by a legal auditing company or a statutory auditor.

6.4 The company can receive financing from shareholders for valuable consideration or free of charge, with or without reimbursement obligation in compliance with regulations in force, particularly with reference to rules regulating the collection of savings from the public.

6.5 The Company has the power to issue other kinds of shares and financial instruments by making the necessary amendments to the by-laws when legal conditions are met, including preferred shares, savings shares, warrants and bonds, including bonds that can be converted into shares; if permitted by law, issue of shares can also be done through conversion of other sorts of shares or other securities.

## Article 7. Withdrawal

7.1 The shareholder can withdraw in the cases provided by mandatory rules of law.

7.2 The shareholder has no right to withdrawal in the event of resolutions concerning extension of the duration of the Company, or introduction, modification or elimination of constraints on circulation of the shares.

## SHAREHOLDERS' MEETING

### Article 8. Competencies and majorities

8.1 The shareholders' meeting resolves on matters reserved to it by law and this by-laws. The resolutions of the shareholders' meeting, adopted according to law and this by-laws, are binding upon all shareholders.

8.2 Unless specified otherwise in the convening notice, the shareholders' meeting is held in a single session and is formed and resolves with the majorities provided by law.



8.3 Procedures on the matter of transactions with correlated parties adopted by the Company can provide (i) that the board of directors approves "more relevant transactions", defined by CONSOB Rule adopted with Resolution No. 17221 of 12 March 2010 (as amended), in spite of the notice to the contrary of the committee of independent directors responsible for giving its opinion on such transactions, provided that execution of such transactions is authorised by the shareholders' meeting pursuant to Article 2364, paragraph 1, No. 5. Italian Civil Code. In such case the shareholders' meeting resolves with the majorities provided by law, on condition that when non-correlated shareholders at the meeting represent at least 10% of the share capital with voting rights the vote against of the majority of the non-correlated shareholders voting at the shareholders meeting is not noted; and (ii) that the Board of Directors or delegated organs can resolve, by using the exemptions provided by the procedure and respect for the conditions indicated therein, on execution by the Company, directly or through its subsidiaries, of transactions with correlated parties of an urgent nature which are not within the competence of the shareholders' meeting, or need to be authorised by the latter.

#### Article 9. Convening

9.1 The annual shareholders' meeting for approval of the financial statements shall be convened by the board of directors no less than once per year, within one hundred and twenty days following the close of the fiscal year. For the cases provided by Art. 2364, paragraph 2, Italian Civil Code, it can be convened within one hundred and eighty days following the close of the fiscal year and the provision of Art. 154-ter of Italian Finance Consolidation Act shall apply.

9.2 The Shareholders' Meeting will be called in Italy, and may be held outside the municipality of the Company's registered office, without prejudice to the provisions under Article 10.6 of these By-Laws.

9.3 The shareholders' meeting is convened within the terms provided by applicable legislation, with notice published on the Internet site of the Company as well as by other means provided by law and applicable rules, and contains the information required by legislation in force, even concerning the topics to be discussed.

#### Article 10. Intervention and voting

10.1 Those with voting rights have the right to attend the Shareholders' Meeting, in the manner set out in these By-Laws.

10.2 Justification for intervening in the shareholders' meeting and exercise of voting rights is attested by a notice to the Company, provided by an intermediary authorised to do bookkeeping according to law, based on evidence of his accounting entries related to the end of the accounting day of the seventh open market day prior to the date fixed for the single session gathering, or the first session in the event alternative sessions have been given in the single notice, arriving at the Company by the legal deadlines.

10.3 Without prejudice to the provisions of Article 10.4 below, those with Shareholders' Meeting voting rights may be represented by a proxy appointed in writing or by means of an electronic document signed in compliance with the applicable regulation. The proxy notification to the Company may be sent by Registered Letter or electronically by means of a message addressed to the certified email address indicated in the notice itself or by using the appropriate section of the Company's website, according to that indicated in the call notice.



10.4 For each shareholders' meeting (in both ordinary and extraordinary sessions) the Company may designate, through notification in the call notice, a person to whom shareholders can confer proxy, with voting instructions on all or some of the proposals on the Agenda, in the terms and manner provided by law and by the regulatory provisions that apply from time to time (the "Designated Representative"). Proxy is valid only for the proposals on which voting instructions are provided. For each Shareholders' Meeting, pursuant to Article 135-undecies.1 of the CFA, the Company may also provide that attendance and exercise of voting rights at the Shareholders' Meeting by those entitled to do so may be made through the Designated Representative, as provided by the Board of Directors and indicated in the call notice. The Designated Representative may also be granted proxies and sub-proxies in accordance with the pro tempore regulations in force. In this case, the call notice shall specify, also by means of indication on the company website, the means by which proxies may be granted to the Designated Representative.

10.5 The shareholders' Meeting is chaired by the Chairperson of the Board of Directors, or, in his/her absence or impediment, the eldest Vice-Chairperson where appointed or, in his/her absence or impediment, the eldest Chief Executive Officer present, where appointed, or, in his/her absence or impediment, another individual delegated by the Board of Directors, or, in his/her absence or impediment, an individual appointed by the Shareholders' Meeting. The Chairperson shall be assisted by a Secretary, even a non-Director and/or non-shareholder, elected on his/her proposal by a majority of those present. In the Extraordinary Shareholders' Meeting and, in any case, when the Chairperson considers it appropriate, the functions of the Secretary shall be carried out by a Notary appointed by the Chairperson.

10.6 The Company may provide that the Shareholders' Meeting (in both ordinary and extraordinary sessions) be carried out also or exclusively by means of remote telecommunications using audiovisual and/or telephonic connection systems, with no requirement that the Chairperson and the Secretary and/or Notary be in the same location, 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, also through his/her office or by other appointed persons, may ascertain the identity and right to attend of all present and govern the business of the Meeting, in addition to 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 mode is provided for and regulated by the Shareholders' Meeting call notice. Where the Shareholders' Meeting is held exclusively by means of telecommunication, the Company need not specify the location of the meeting in the call notice, in accordance with the pro tempore regulations and legislation in force.

## ADMINISTRATIVE BODY

### Article 11. Composition, appointment, term and replacement

11.1 The Company is managed by a board of directors made up of nine members, or by eleven members according to what has been decided by the annual shareholders' meeting.

The Directors remain in office for three financial years, unless a shorter term was decided when they were appointed and finish their term at the date of the Shareholders' Meeting called for approval of the financial statements related to the last fiscal year of their office. They can be re-elected.



When the annual shareholders' meeting has not done so, the Board of Director elects a Chairman from its members, who remains in office for the same term as the board. It can elect one or more Vice-chairs.

The Secretary, who may even be extraneous to the Company, is designated by the Board of Directors at the suggestion of whoever chairs the meeting.

All directors must meet the requirements of eligibility and professionalism provided by law and other applicable dispositions, and the requirements of honourableness prescribed by Ministerial Decree No. 162 of 30 March 2000 and by legislations in force from time to time.

11.2 Pursuant to Art. 147-ter, paragraph 4, Italian Finance Consolidation Act, at least two directors must also meet the requirements of independence.

11.3 The board of directors is appointed by the shareholders' meeting on the basis of slates submitted by the outgoing Board of Directors or by shareholders, according to the procedure described in the following dispositions, except when provided for otherwise by mandatory rules of law or regulations.

11.4 Not only the outgoing Board of Directors is allowed to submit the slate for the appointment of directors, as it can also be submitted by shareholders which, at the time the slate was submitted, are holders, alone or together with other shareholders seconding the nomination, of shares equal to the percentage determined by the CONSOB in accordance with normative and regulatory dispositions. Possession of the minimum percentage for participation is determined by the shares registered to the shareholder on the date on which the slates are submitted to the issuer. The certification can be reproduced even after submission of the slate, provided that it is done by the deadline for publication of the slates.

11.5 The slates are lodged at the registered office of the company and then published in the manner and by the deadlines prescribed by rules in force.

11.6 Slates are required to have no less than two nominees and no more than the number of directors to be appointed, each assigned a consecutive number. Every slate must contain and specifically name at least two directors meeting the requirement of independence provided by applicable legislation and by the Code of Conduct of Borsa Italiana SpA. Slates containing a number of nominees equal to or greater than three cannot be made up of nominees belonging to the same gender (male or female). These slates must include a number of nominees of the gender with less nominees so as to ensure that the composition of the board of directors comply with applicable legal and regulatory disposition on the issue of gender equality and equal opportunity for men and women, although if application of the gender equality criterion does not result in an even number, the latter must be rounded up to the higher unit.

11.7 The following should be enclosed with each slate: (i) curriculum vitae of the nominees; (ii) statements in which each nominee accepts his or her nomination and attests, under his or her own responsibility, that there are no causes for ineligibility or incompatibility, and that he or she meets the requirements of legislation in force and this statute for holding the office of director of the Company, including a statement on meeting the requirements of independence, if so; (iii) the identity of the shareholders which submitted the slates and the total percentage of shares held; (iv) any additional statement, notice or document provided by law and applicable regulations.



11.8 No shareholder can submit or play a role in submission, even through another person or trust company, of more than one slate or vote on different slates. In addition, each nominee can be included on just one slate, otherwise he or she is ineligible.

11.9 At the end of voting, the nominee of the two slates who obtained the higher number of votes and meet the following criteria shall be elected: (i) according to the order of submission a number of directors equal to the total number of members to be elected except three shall be taken from the slate that obtained the highest number of votes (the "Majority Slate"); and (ii) according to the order of submission of the nominees on the same slate three directors, of which at least an independent one, shall be taken from the slate that obtained the second highest number of votes (the "Minority Slate") who are not even indirectly connected with the shareholders who submitted or with those who voted for the slate that came first with the highest number of votes.

In the event the Majority Slate, or the Minority Slate, depending on the case, does not contain a sufficient number of nominees for election of the number of directors from each of them, due according to the above criterion, the number of directors not on the slate shall be taken from the other slate, depending on the case, either the Minority or the Majority Slate, in the same order indicated on the slate.

Slates that did not obtain a percentage of votes equal to at least one-half of the percentage required for submission of the slates shall not be taken into account.

11.10 In case some slates obtain the number of votes, the Shareholders' Meeting shall proceed with balloting, and only vote for the slates that received the same number of votes.

11.11 If at the end of voting legal and regulatory dispositions on the matter of gender equality and equal opportunity for men and women have not been respected (including rounding up to the higher unit in the event application of the gender equality criterion does not result in an even number), the replacement mechanisms specified below shall apply in the order given.

- A) The last nominees to be elected from the Majority Slate belonging to the gender with the highest number is replaced by the first nominees not elected belonging to the gender with the smallest number, taken from the same slate;
- B) When the replacement described in the preceding letter A) does not allow for reaching the minimum threshold established by provisions, regulations or the law in force on gender equality (including rounding up to the highest unit in case application of the gender equality criterion does not result in an even number), the last nominees who would have been elected from the Minority Slate belonging to the gender with the highest number is replaced by the first nominees not elected belonging to the gender with the smallest number, taken from the same slate;
- C) When the replacements described in the preceding letter A) and B) do not allow for reaching the minimum threshold established by provisions, regulations or the law in force on gender equality (including rounding up to the highest unit in case application of the gender equality criterion does not result in an even number), the replacement is made in relation to the second to last nominees who would have been elected from the Majority Slate belonging to the gender with the highest number, and continue like this moving up the ranking from the bottom, considering only nominees who were elected from that slate.





11.12 Following the mechanism described above, if at least one independent director has not been elected from the Majority Slate, the last non-independent nominee elected from the Majority Slate shall be replaced by the first independent nominee not elected from the same slate according to the order of presentation, and gender equality provided for by applicable laws and regulations shall be respected and apply in all cases. The procedure shall be the same in the event that after the mechanism described above at least one independent director has not been elected from the Minority Slate.

11.13 If only one slate has been submitted, the shareholders' meeting shall vote on it and if it obtains the majority of the votes, all members of the board of directors shall be taken from the slate in compliance with legal and regulatory dispositions on the matter of gender equality and equal opportunity for men and women (including rounding up to the higher unit in the event application of the gender equality criterion does not result in an even number).

11.14 When there is no slate, or only one is submitted but it does not obtain the majority of the votes, or if the number of directors elected on the basis of the slates submitted is less than the number of members to be elected, or if the whole board of directors does not have to be replaced, or if it is impossible for any reason to proceed with appointment of the board of directors by the procedures provided for by this article, the members of the board of directors shall be appointed by the shareholders' meeting in the manner and with ordinary majorities, without following the voting slate procedure, although it is obligatory to keep the minimum number of independent directors established by law and to comply with applicable legal and regulatory dispositions on gender equality.

11.15 In the event for any reason one or more directors is no longer in office, or is about to leave his or her office, the board of directors shall provide by co-option and choose, if possible, from the nominees not elected from the slate the outgoing director was taken from, by choosing the next nominee in consecutive order, although it is obligatory to keep the minimum number of independent directors established by law and respect applicable legal and regulatory dispositions on gender equality.

11.16 In the event of termination from office for any reason of over one-half of the directors appointed by the shareholders' meeting, the whole board of directors shall be terminated with effect from the moment the new board of directors is formed and the directors still in office shall urgently convene the shareholders' meeting to appoint the new board of directors.

## Article 12. Chairman, delegated organs and representation of the company

12.1 The matters, activities and strategic activities on which the Italian Government has a right to object pursuant to the Golden Power Regulation fall under the exclusive remit of the Board of Directors and may not be delegated, and the related Board of Directors' resolutions shall be adopted and executed in compliance with the provisions of the Golden Power Regulation.



12.2 Within the limits provided by law and this by-laws, the board can delegate some of its duties to an executive committee, determine limits to the delegation and the number of its members, its working procedures and appoint one or more managing directors, determine their powers and delegated organs shall report to the Board of Directors and the Board of Statutory Auditors quarterly. In addition, the board of directors can form one or more committees with advisory, inquiry and supervisory duties, and also make proposals, with the competencies determined by the Board of Directors. In such cases, the Board of Directors also decides on the composition and way in which committees work. The board of directors can also appoint general managers, decide on their powers and grant powers of attorneys to third parties for certain deeds or certain types of deeds.

12.3 With the approval of the strategic activities committee, the Board of Directors can put a director in charge of management of issues connected to strategic activities. Appointment and revocation of senior managers, who, according to the organisational structure of the Company, report directly to the Chief Executive Officer and directors with delegations of companies controlled by the Company, shall be the competence of the Chief Executive Officer of the Company, subject to consultation with the Nomination and Fees Committee.

12.4 Legal representation of the Company before third parties and in court (with the power to appoint solicitors and litigation attorneys) is due disjointedly to the chairman of the board, and to the vice-chair, if any. Legal representation is also due to directors with delegation from the board of directors, to general managers, to agents and attorneys limited to the powers vested in them.

#### Article 13. Convening and meetings

13.1 The Board of Directors shall meet either at the Company's registered office or at another location, as long as this is in Italy, without prejudice to the provisions under Article 13.3.

13.2 The board meeting is convened by the chairman or in his absence, by the vice-chair, if any, or, when a request in writing is made containing the items on the agenda, by the chief executive officer, with a notice to be sent by registered letter, telegram, fax or electronic mail with proof of receipt to the domicile of each director and acting auditor at least five days prior to the date fixed for the gathering. In case of urgency, convening of the board meeting can be done on the day prior to the date of the gathering. The gatherings of the board and its resolutions are valid even without formal convening when all directors in office and the statutory auditors in office intervene. In the event the Chairman is absent, the meeting is chaired by the eldest vice-chair, if any, or, in his or her absence, by the eldest managing director, if any, or, in his or her absence, by the director designated by the majority of those at the meeting.

13.3 The call notice may provide that the Board of Directors meeting may also be held exclusively by means of remote telecommunications using audiovisual and/or telephonic connection systems, with no requirement that the Chairperson and the minutes-taker be in the same location, provided that the conditions under Article 10.6 of these By-Laws are met. Where the Board meeting is held exclusively by means of remote telecommunications using audiovisual and/or telephonic connection systems, the physical location of the meeting shall be omitted from the call notice.



## Article 14. Powers and resolutions

14.1 The Board of Directors is vested with far-reaching powers for ordinary and extraordinary management of the Company with the power to carry out all deeds deemed opportune for reaching the company purpose, excluding only those reserved by law to the shareholders' meeting.

14.2 Pursuant to Art. 2365, paragraph 2, of the Italian Civil Code, it is also within the competence of the board of directors to adopt the following resolutions, without prejudice to the simultaneous competence of the shareholders' meeting: (i) opening and closing secondary offices; (ii) reduction of the share capital after withdrawal; (iii) adaptation of the by-laws to regulations; (iv) moving the registered office of the company elsewhere in the country; (v) merger or break-up of the company in the cases provided by law, specification of which directors are vested with legal representation of the company.

14.3 For the resolutions of the board meeting to be valid the majority of its members in office must be present. Resolutions are taken by the majority of those present; in the event of a tie vote, the vote of the Chairman shall prevail.

14.4 In the event the securities of the Company are the subject of a public offer for purchase and/or exchange, the Board of Directors has the power to resolve, without the need for authorisation of the shareholders' meeting, (i) execution of any deed or transaction, including search for other higher or competing bids and/or (ii) taking the decisions adopted prior to publication of the notice under Art. 102 of Italian Finance Consolidation Act, not yet totally or partially taken, even if the activities referred to in the foregoing points (i) and (ii) clash with the objectives of the bid.

## Article 15. Remuneration

15.1 Members of the Board shall be entitled to a fixed annual fee that is wholly determined by the Shareholders' Meeting and distributed by the Board itself among its members, in addition to the provisions of Article 2389 of the Civil Code for Senior Directors, as well as the reimbursement of expenses incurred by them in the course of their duties. The Shareholders' Meeting may determine the total amount of the remuneration for all Directors, including Senior Directors.

## Article 16. Appointment of the senior manager in charge

16.1 After obtaining the opinion of the statutory board of auditors, which is obligatory, the board of directors appoints a senior manager to be in charge of preparing the company's accounting documents in accordance with Art. 154-*bis* of Italian Finance Consolidation Act, and grants him or her adequate means and powers for performing the assigned duties.

16.2 The senior manager responsible for preparing the company's accounting documents must meet the requirements of professionalism characterised by no less than three years of experience in the field of administration and control or in performing managerial or advisory functions at listed companies and/or large or relevant groups of enterprises or companies and entities, in relation to the function of preparation and control of accounting and corporate documents. The senior manager in charge must meet the requirements of honourableness provided by applicable dispositions of law for statutory auditors.



## BOARD OF STATUTORY AUDITORS AND LEGAL CONTROL OF THE ACCOUNTS

### Article 17. Appointment, term and replacement

17.1 The board of statutory auditors is made up of three acting auditors and two substitutes, appointed by the shareholders' meeting based on slates submitted by shareholders, according to procedures described in the next articles, except when provided for otherwise by mandatory rules of law or regulations.

17.2 A slate for the appointment of statutory auditors can be submitted by shareholders which, at the time the slate was submitted, are holders, alone or together with other shareholders making a submission, of shares equal to the percentage determined by the CONSOB in accordance with normative and regulatory dispositions. Possession of the minimum percentage for participation is determined by the shares registered to the shareholder on the date on which the slates are submitted to the issuer. The certification can be reproduced even after submission of the slate, provided that it is done by the deadline for publication of the slates.

17.3 The slates are lodged at the registered office of the company and then published by the deadlines and in the manner prescribed by rules in force.

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).

17.5 The following documents should be enclosed with each slate: (i) information concerning the identity of the shareholders which submitted them and the total percentage of shares held; (ii) statement of shareholders, other than those holding, even jointly, a controlling or majority stake, attesting the absence of connections with the latter in accordance with regulatory provisions in force; (iii) lengthy description of the personal and professional characteristics of nominees, and a statement by the nominees attesting that they meet the legal requirements and accept the nomination, along with a slate of administrative and control offices held by each one at other companies; (iv) any additional statement, notice or document provided by law and applicable regulations.

17.6 No shareholder can submit or play a role in submission, even through another person or trust company, of more than one slate or vote on different slates. In addition, each nominee can be included on just one slate, otherwise he or she is ineligible.

17.7 In the event that only one slate has been submitted by the deadline for submission of the slates, or the only slates submitted are from shareholders connected with each other in the sense provided by applicable dispositions, slates can be submitted up until three days after the deadline. In that case the above thresholds for submission of slates shall be reduced by one-half.



17.8 For election of statutory auditors the procedure is as follows: (i) based on the order in which their names are printed on the slate two acting auditors and one substitute shall be taken from the slate that obtained the highest number of votes (Majority Slate); (ii) based on the order in which their names are printed on the slate, the third acting auditor (Minority Auditor), who is due the office of chairman of the board of statutory auditors, and the second substitute auditor (Minority Substitute Auditor) shall be taken from the slate that obtained the second highest number of votes and is not even indirectly connected with the shareholders which submitted or voted for the Majority Slate in the sense provided by applicable dispositions.

17.9 In the case of an equal number of votes between one or more slates from which the Board of Statutory Auditors is elected, a fresh ballot shall take place, considering only the slates receiving the same number of votes and, in any case, ensuring compliance with the gender parity regulation (rounding down where required, since the Board consists of three members).

17.10 If only one slate has been submitted, the shareholders' meeting shall vote on it and if it obtains the relevant majority, the nominees whose names are on the slate shall be elected auditors in consecutive order.

17.11 Where the result of voting does not satisfy the applicable gender balance law and regulations in force, 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.

17.12 The auditors shall remain in office for three fiscal years, can be re-elected and expire upon the date of the shareholders' meeting convened to approve the financial statements relating to the third fiscal year of their office.

17.13 Notwithstanding compliance with applicable legal and regulatory dispositions on the issue of gender equality and equal opportunity for men and women, in cases when, for any reason whatsoever, (i) one acting auditor taken from the Majority Slate is no longer in office or is about to leave office, he or she shall be replaced by the substitute auditor taken from the Majority Slate, (ii) the Minority Auditor is no longer in office or about to leave office, the latter shall be replaced by the Minority Substitute Auditor who shall become the Chairman. In the event the replacement carried out in accordance with this article does not allow for forming a Board of Statutory Auditors that complies with regulations in force on the matter of gender equality, a substitute auditor taken from the other slate shall take over, if this allows for restoring a composition that complies with applicable regulations on the issue of gender equality, although the Minority Auditor can only be replaced by the Minority Substitute Auditor.

17.14 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 on the basis of nominations proposed by the Shareholders within the timeframes and in the manner provided under the applicable regulations for the submission of proposals for resolutions on matters already on the Agenda - depending on whether attendance and exercise of voting rights by those entitled to do so can take place directly at the Shareholders' Meeting or exclusively through the Designated Representative, in accordance with the laws and regulations in force also in relation to gender balance.



## Article 18. Convening, meetings and resolutions

18.1 The board of statutory auditors shall hold meetings at the initiative of any auditor. It is duly formed when the majority of the auditors are present, and shall adopt resolutions with the favourable vote of the absolute majority of the auditors in attendance.

18.2 The call notice may provide that the Board of Statutory Auditors meeting may be held also or exclusively by means of remote telecommunications using audiovisual and/or telephonic connection systems, provided that the conditions under Article 10.6 of these By-Laws are met.

## Article 19. Legal audit of the accounts

19.1 In accordance with applicable dispositions of law, legal audit of the accounts is exercised by a person meeting the requirements provided by legislation in force.

## FINAL PROVISIONS

### Article 20. Public offer for purchase of all shares

20.1 The threshold referred to in Art. 106, paragraph 1 of Italian Legislative Decree No. 58/1998, concerning the aims of promotion of obligatory public offer for purchase of the securities of the Company, is set at 25% (twenty-five percent), in accordance with and due to the effects of Art. 106, paragraph 1-ter of Italian Legislative Decree No. 58/1998, when the conditions established by the same legislation are met.

20.2 For the aims of Art. 49, paragraph 1, letter g) of the rule adopted with CONSOB Resolution No. 11971/1999, as amended, exemption from the obligation to promote a public offer for purchase of all shares of the Company is precluded when the merger or division resolution was approved with the vote against of the majority of the shareholders attending the shareholders' meeting, other than the shareholder which acquires the share over the relevant threshold and the shareholder or shareholders which hold, even jointly with each other, the majority stake even relative, provided that it is over 10 percent, on condition that such a majority of shareholders who voted against represent at least 7.5 percent of the share capital with voting rights.

### Article 21. Financial statements and profits

21.1 The financial year closes on 31 December each year.

21.2 Net profits posted on the financial statements, after deduction of five percent for legal reserve until it amounts to one-fifth of share capital, shall be divided among shareholders in accordance with the resolution of the shareholders' meeting.

21.3 The Board of Directors can distribute advances on dividends to shareholders during the fiscal year in compliance with applicable regulations.



## Article 22. Reference - transitional clause

22.1 For matters not contemplated in this by-laws, please refer to normative and regulatory dispositions in force from time to time.

22.2 The dispositions of this By-laws, aimed at ensuring compliance with provisions in force from time to time on the issue of gender equality, shall apply to the first three renewals of the Board of Directors and the Board of Statutory Auditors, respectively, after the dispositions set out in Art. 1 of Law No. 120 of 12.