

# ARTICLES OF ASSOCIATION

## "DE' LONGHI S.P.A."

### **Title I Name - Registered Office - Duration - Corporate Purpose**

#### **Art. 1 Name**

The company is named "DE' LONGHI S.P.A."

#### **Art. 2 Registered Office**

The Company's registered office is in Treviso, Italy.

The Company may establish and close subsidiaries, branches, agencies and representative offices elsewhere in Italy and abroad.

#### **Art. 3 Duration**

The duration of the Company is set until 31 December 2100 and may be extended by a resolution of the extraordinary general shareholders' meeting.

#### **Art. 4 Corporate Purpose**

The Company has as its purpose: the activities of construction, light engineering and trading, including without limitation, the design, development, manufacture, assembly, purchase, trading and sale of household appliances, electric and electronic appliances, air conditioning systems for civil and/or industrial use, also by contracting out such activities to third parties.

Such activities may be executed both directly and by acquiring shareholdings in other companies operating in the sector; the wholesale and retail trading of the products, subject of the Company's activities referred to in the first paragraph; the management, both in the name of the Company and on behalf of third parties, of retail outlets and stores for the products, subject of the activities referred to in the first paragraph, in Italy and abroad; the execution of activities related to or in any case useful for the pursuit of the corporate purpose, including advertising, IT, telecommunications and multimedia, and generally commercial, financial, real estate, research, training and consultant activities connected with the activities referred to in previous paragraphs; the acquiring of shareholdings in general, not for their transfer, including the acquisition, holding and management of rights, represented or not represented by shares, over the capital of other companies, and the entities in which shareholdings have been acquired; the activity of financing, which may only be practised to parent, subsidiary or affiliated companies pursuant to Art. 2359 of the Italian Civil Code and controlled by the same parent and however part of the group, including the said activity of financing comprising the issuing of guarantees as a substitute for financing and the underwriting of financial undertakings including operations for the acquisition of credit, issuing guarantees and sureties, opening of documentary credit, acceptance of bills of exchange, endorsements and commitments to grant credit.

The company may also conclude all commercial, financial, industrial, personal and real property operations, grant guarantees, sureties and guarantees in general, also in favour of third parties, and all the operations the company deems essential for the achievement of the corporate purpose. The corporate purpose strictly excludes the practice of financial operations involving the general public pursuant to Art. 106 of Legislative Decree 385/93, the subscription of savings from the general public and the practice of credit activities and those activities reserved solely to members registered with professional chartered bodies.

## **Title II Share capital - Shares**

### **Art. 5 Share capital**

The share capital is 226,253,056.50 Euros (two hundred and twenty-six million two hundred fifty-three thousand fifty-six.50), divided into 150,835,371 (one hundred and fifty million eight hundred thirty-five thousand and three hundred seventy-one) shares each with a nominal value of 1.50 Euros (one euro fifty cents).

### **Art. 5-bis**

The share capital may be increased more than once as allowed by law, also with the issuing of shares with different rights from those already in circulation.

The issuing of new ordinary shares or also shares with different rights from ordinary shares, having the same characteristics as the shares already in circulation, shall not require further approvals from the special meetings of shareholders of the different categories.

The meeting that resolves on the capital increase may, in observance of the terms and methods provided by the law, exclude or limit the option rights when the interest of the Company requires it, when the newly issued shares must be freed by contributions in kind, and within the limit of ten percent of the pre-existing share capital pursuant to Art. 2441, subsection 4 of the Italian Civil Code.

The extraordinary shareholders' meeting may delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the faculty to increase the share capital, also with the exclusion of the option rights, observing the methods and within the limits provided by the same Art. 2443 of the Italian Civil Code.

The shares are nominative and indivisible.

Each share shall carry the right to one vote, unless the shareholders' meeting resolves to issue shares without voting rights or with limited voting rights and except as provided by the following subsection.

Notwithstanding the provisions of the preceding paragraph, each share gives the right to double votes if both the following conditions are met:

(i) the voting right is kept by the same person on the basis of a legitimating right in rem (full ownership, bare ownership with voting rights or usufruct with voting rights) for an uninterrupted period of at least twenty-four months (the "Period") starting from the date of registration in the list established for this purpose by the Company in accordance with this article (the "List");

(ii) condition (i) above is certified with a special communication issued, pursuant to current regulations, by the intermediary upon the request of the holder.

The increased voting rights will take effect from the last day of the calendar month in which the Period ended, provided that the intermediary's communication is received by the Company no later than the third trading day before the end of the same month, except as provided for in the following paragraph. It is understood that, if the intermediary's communication is not received by the Company within said period, the increased voting rights will take effect from the last day of the calendar month following that in which the Company received the communication.

Notwithstanding the above, in the event that the meeting of the Company's shareholders is convened, the increased voting rights will take effect on the date of the so-called record date contemplated by current regulations regarding the right to intervene and vote at the shareholders' meeting and with regard to constitution and resolution quorums, provided that the Period has ended by this date and the Company has received the intermediary's communication referred to in paragraph 7 (ii). The Company's assessment of eligibility for increased voting rights and non-existence of preclusive circumstances takes place with reference to the so-called record date. The Company establishes and keeps the List, in the form and with the content required by applicable law and, where compatible, in compliance with the provisions relating to the

shareholder register. The List is updated by the end of each calendar month for requests received before the last three trading days of each month.

The Company records in the List the owner of the shares who sent a written request to the Company and for whom, in accordance with current regulations, the intermediary has issued appropriate communication certifying the owner's entitlement to registration. The request for registration may concern all or just some of the shares held. The requesting person may, at any time and using a separate request, indicate additional shares for which registration in the List is requested. In the case of persons other than natural persons, the request must state whether the subject is under the direct or indirect control of a third party and include data identifying the parent company. The right to be registered in the List and, following the end of the Period, the right to take advantage of increased voting rights result from the ownership of the legitimating right in rem (full ownership with voting rights, bare ownership with voting rights or usufruct with voting rights).

The person registered in the List is required to communicate, and agree that the intermediary communicates, to the Company any circumstance or event that entails the loss of the conditions for the increased voting rights or that affects the ownership of the shares and/or the related voting rights by the end of the month in which such circumstance occurred and no later than the trading day before the so-called record date.

Increased voting rights are lost:

- a) in the event of transfer, whether free or against payment, it being understood that "transfer" includes the establishment of a pledge, usufruct or other encumbrance on the share when this entails the loss of voting right by the shareholder. The establishment of a pledge, usufruct or other encumbrance and the transfer of the bare ownership while maintaining the usufruct do not result in the loss of entitlement to the increased voting rights provided the voting rights stay with the previous owner;
- b) in the event of direct or indirect transfer of controlling stakes in companies or entities that hold shares with increased voting rights above the threshold provided by Art. 120, subsection 2 of Legislative Decree no. 58 of 24th February 1998.

The Company will cancel the shareholder from the List in the following cases:

- a) when the shareholder concerned requests withdrawal. The persons entitled to increased voting rights are always recognised the right to withdraw irrevocably at any time, in whole or in part, from the increased voting rights, giving written notice to the Company, without prejudice to the shareholder's right to acquire the increased voting rights again for those same shares (for which withdrawal from the increased voting rights had been requested) with a new registration in the List and the full elapsing of a new Period in accordance with the provisions of these Articles of Association;
- b) the shareholder's or intermediary's communication attesting the loss of the conditions for increased voting rights or the loss of ownership over the shares and/or related voting rights;
- c) if the Company becomes aware of events entailing the loss of the conditions for increased voting rights or the loss of ownership over the shares and/or related voting rights;

The increased voting rights already matured or, if not yet matured, the ownership period necessary for the maturation of the increased voting rights is preserved:

- a) in the event of inheritance, due to death, by the heir and/or legatee;
- b) in the event of merger or de-merger of the shareholder, by the company resulting from the merger or beneficiary of the de-merger;
- c) where the shares are held by a trust, in the event of a change of trustee;
- d) in the event of transfer from one portfolio to another in the collective investment schemes (OICR in Italy) managed by one person.

Increased voting rights extend, without prejudice to the communications issued by the intermediary and required by current regulations and by these Articles of Association for the

purposes of increased voting rights, to:

a) shares assigned in the case of a free capital increase, in accordance with Art. 2442 of the Italian Civil Code, and belonging to the owner in relation to shares that have already matured their increased voting rights;

b) shares assigned in exchange for those to which increased voting rights are attributed in the case of merger or de-merger of the Company, provided that - and within the terms - this is contemplated in the related merger or de-merger operation;

c) shares subscribed during the exercise of option rights in the case of a capital increase with new contributions.

In the hypotheses referred to in points a), b) and c) above, the new shares acquire increased voting rights (i) for the newly issued shares belonging to the owner in relation to shares for which the increased voting rights have already matured, from the moment of registration in the List, with no need for a further Period; (ii) for the newly issued shares belonging to the holder in relation to shares for which the increased voting rights have not already matured (but are in the process of maturation), from the time the Period is completed, calculated from the original registration in the List.

The increased voting rights apply for all Shareholder Meeting resolutions and for the calculation of constitution and resolution quorums relating to percentages of share capital. The increased voting rights will have no effect on rights, other than voting rights, that the possession of certain percentages of share capital entitles the shareholder.

#### **Art. 5-ter**

The company may issue bonds, also bonds that are convertible into shares, and participative financial instruments provided by the law, in observance and within the limits set by the regulations in force at the time of issue.

The issue of bonds that are not convertible into shares shall be the competence of the administrative body in accordance with the law. The issue of bonds that are convertible into shares shall be the competence of the extraordinary shareholders' meeting in accordance with the law.

The extraordinary shareholders' meeting may delegate to the Board of Directors the faculty to decide to issue bonds that are convertible into shares, one or more times, also excluding option rights, observing and within the limits set by law.

#### **Art. 5-quarter**

On 14th April 2016, the Shareholders' Meeting resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of € 3,000,000.00 (three million euros/zero cents) with the issue of a maximum of 2,000,000 (two million) ordinary shares with a par value of €1.50 each (one euro/fifty cents), having the same characteristics as the ordinary shares already in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, 6 and 8 of the Italian Civil Code, Art. 158 of Legislative Decree No. 58 of 24th February 1998 and subsequent amendments and additions, and Art. 5-bis, paragraph 3 of the Articles of Association. The capital increase is for the "2016-2022 Stock Options Plan" reserved for the Company's Chief Executive Officer and for the Top Management (as defined in the "Rules for the 2016-2022 Stock Options Plan").

The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the "Rules for the 2016-2022 Stock Options Plan".

The capital increase can be subscribed based on the rights as assigned by 31st December 2022 (twenty twenty-two) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.

The issue price of the shares, including any premium, when exercising the option rights assigned

to the beneficiaries of the Plan, will be determined by the company's board of directors at the price per share equal to their market value, corresponding to the arithmetical average of the official prices recorded for the Company's shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the sixty calendar days before the date the "2016-2022 Stock Options Plan" and its Rules were approved by the Meeting of the Company's Shareholders. The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares.

In any case, the assigned options can be exercised by the beneficiaries within the times and under the conditions envisaged in the "Rules for the 2016-2022 Stock Options Plan".

The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Company's Chief Executive Officer, identify by name the individual beneficiaries belonging to the Top Management and to determine the quantity of subscription rights to assign to each one; (iii) with the support of the Remuneration and Appointments Committee and having heard the Board of Statutory Auditors, determine the quantity of subscription rights to assign to the Company's Chief Executive Officer; and (iv) issue the new shares and amend the Articles of Association with the amount of share capital resulting from the subscription operations.

\* \* \*

On 22 April 2020, the Shareholders' Meeting approved the "Stock Options Plan 2020-2027" (hereinafter the Plan), for the Chief Executive Officer of the Company and a limited number of Top Managers of the De' Longhi Group (hereinafter, jointly, the Beneficiaries), which provides for the Beneficiaries being granted a maximum of 3,000,000 (three million) Options, which give the holder the right to: (i) purchase De' Longhi shares (the "**Shares**") in the Company's portfolio following purchases made on the market, also to service the Stock Options Plan, pursuant to Art. 2357 of the Civil Code, the provisions of the TUF and the Issuers' Regulations (the "**Treasury Shares**") on the date on which the Beneficiary will exercise the Options, or, if the Treasury Shares at that date are not sufficient, (ii) to subscribe newly issued Shares with a nominal value of €1.50 (one euro fifty cents) each at the rate of one Share per Option.

To this end, to service "Stock Options Plan 2020-2027", it was therefore resolved to increase the share capital by payment, in one or more tranches, for a maximum nominal amount of €4,500,000.00 (four million five hundred thousand euros/zero cents), with the issue of a maximum of 3,000,000 (three million) ordinary shares with a par value of €1.50 (one euro fifty cents) each, having the same characteristics as the ordinary shares in circulation at the date of issue, excluding the pre-emption rights pursuant to Art. 2441, paragraphs 4, second subparagraph, and 8 of the civil code, and Art. 5-bis, paragraph 3 of the articles of association.

The Board of Directors has the power to assign the related subscription rights according to criteria and in the manner provided in the "Rules for the Stock Options Plan 2020-2027", indicated here as the Rules.

The capital increase can be subscribed based on the rights as assigned by 31st (thirty-first) December 2027 (twenty twenty-seven) and, if not fully subscribed by that date, will be determined as the lower amount resulting from the actual subscriptions.

Upon the terms and conditions referred to in Article 11 of the Rules, and except as specified in Articles 15, 16 and 17 of the Rules, the Options may be exercised by the Beneficiaries - in one or more tranches - only and exclusively in the Exercise Period, between:

- 1) 15 May 2023 and 31 December 2027, for a maximum of 50% of the total Options assigned to each Beneficiary, except for the suspension periods described in Article 12 of the Rules;
- 2) 15 May 2024 and 31 December 2027, for the remaining 50% of the total Options assigned to each Beneficiary, except for the suspension periods described in Article 12 of the Rules.

The issue price of the shares, including any premium, when exercising the option rights assigned to the Beneficiaries of the Plan, will be determined by the company's board of directors at the price per share that will be equal to the arithmetical average of the official prices recorded for the Shares on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. in the 180 calendar days before the date the "Stock Options Plan 2020-2027" and its Rules were approved by the Meeting of the Company's Shareholders.

The shares will have regular dividend rights and, therefore, the rights related to them will belong to each beneficiary from the moment in which the beneficiary becomes the owner of the shares, subject to the clarifications set out below concerning their transfer.

Furthermore:

- the Options may be exercised by the Beneficiaries using the so-called "sell to cover" method, which consists in the possibility for the Beneficiary to exercise the Options assigned (whether all or part of them) by means of the simultaneous sale on the market of a part of the Opted Shares, in order to cover the costs related to the exercise of the Options assigned (i.e. the total price of the exercise, prepayment of withholding taxes, any capital gains and brokerage fees), thus keeping the remainder of the Shares not sold in their own securities account, in accordance with Article 14 of the Rules;

- without prejudice to Articles 17 and 18 of these Rules, when Options are exercised using the sell to cover method, 55% (fifty-five percent) of the remaining unsold Shares cannot be transferred and/or sold under the following conditions (these restrictions are defined below as the Holding Period).

The Holding Period is:

- \* 24 months for Shares purchased and/or subscribed by the Beneficiary during the first exercise period indicated above (15 May 2023 - 31 December 2027), and

- \* 12 months for Shares purchased and/or subscribed by the Beneficiary during the second exercise period indicated above (15 May 2024 - 31 December 2027).

Shares subject to the Holding Period will be freely available and therefore freely transferrable by the Beneficiary only at the end of the Holding Period.

In any case, the assigned options can be exercised by the beneficiaries within the times and under the conditions envisaged in the "Rules for the Stock Options Plan 2020-2027".

The Board of Directors is granted the power to implement this resolution, including the power to: (i) determine when to assign the subscription rights, taking into account the period in which these can be exercised; (ii) upon the proposal of the Remuneration and Appointments Committee or the Company's Chief Executive Officer, having consulted the Board of Statutory Auditors according to their respective responsibilities, identify by name the individual beneficiaries belonging to the Top Management; (iii) determine the quantity of subscription rights to assign to the Beneficiaries upon the proposal of: a) the Remuneration and Appointments Committee, having consulted the Board of Statutory Auditors, limited to the options to be assigned to the Beneficiaries that fall within their respective responsibilities, or b) upon the proposal of the Chief Executive Officer, having heard the Remuneration and Appointments Committee, in the other cases, while respecting the maximum number of Options envisaged under the Plan; and (iv) issue the new shares - also in coordination with any placement of the shares in execution of the "Stock Options Plan 2016-2022" as resolved on 16 April 2016, guaranteeing the principle of implementation of the increase issued after the full release of the shares subscribed previously - and amend the Articles of Association with the amount of share capital resulting from the subscription operations.

#### **Art. 6 Share transferability**

Shares may be freely transferred both in the event of death and by act between living persons.

### **Title III General Shareholders' Meeting**

#### **Art. 7 Formalities for calling the meeting, right of attendance and representation**

Calling the General Annual and Extraordinary Shareholders' Meeting, which may be held at the company's registered office and elsewhere provided this is within the European Union, the right of attendance and the representation at the meeting as well as the constitutional majorities and those for carrying resolutions are governed by the law and regulations in force at the time.

Proxy to represent a shareholder at the General Shareholders' Meeting may be granted also electronically in observance of the law and regulations in force at the time, and may be notified to the Company by certified e-mail sent to the address indicated in the notice of call, in observance of the applicable provisions and regulations in force.

The Company shall not designate representatives that the shareholders can appoint proxy with voting instructions.

The General Shareholders' Meeting must be held at least once a year within 120 (one hundred and twenty) days from the end of the company's financial year. The General Shareholders' Meeting may however be held with the extended term of 180 (one hundred and eighty) days from the end of the company's financial year in one of the following cases:

- when the Company must approve the consolidated financial statements;
- when there are particular requirements connected to new fiscal, accounting or company legislation, or when new bookkeeping systems require it. In these cases the directors shall give the reasons for this postponement in the report provided by Art. 2428 of the Italian Civil Code.

#### **Art. 7-bis General Shareholders' Meeting by audio/video conference**

The meeting may also be held by audio/video conference; in this case the Directors must indicate, in the Notice of Call, the audio/video locations, connected by the Company, where it is possible to participate.

In any case, the following must be permitted:

- the Chairman of the Meeting, also availing him/herself of the Chairman's Office, is able to ascertain the identity and legitimisation of the persons present, verify whether the Meeting is duly convened and the correct number of shareholders is present to carry a resolution, manage and regulate the discussion, set the order and procedures for the voting and announce the result;
- the person taking the minutes is able to adequately perceive the meeting events to be minuted;
- all the attendees are able to participate in the discussion and simultaneously vote on the topics on the agenda, as well as view, receive and transmit documents.

The meeting is deemed as being held in the place where both the Chairman of the Meeting and the person taking the minutes of the meeting are in attendance together.

#### **Art. 8 Chairman of the Meeting**

The Shareholders' Meeting shall be chaired by, in this order, the Chairman of the Board of Directors, the Vice Chairman, if nominated, or in their absence by a person appointed by the attendees.

The Chairman shall be assisted by a Secretary, nominated by the Shareholders' Meeting, who may also be someone who is not a shareholder. The assistance of the Secretary shall not be necessary when the minutes of the Shareholders' Meeting are recorded by a notary. The Chairman of the Meeting shall be responsible for ascertaining the identity and legitimisation of the persons present, verifying whether the Meeting is duly convened and the correct number of shareholders is present to carry a resolution, managing and regulating the discussion, establishing the order and procedures for voting and announcing the result.

The resolutions carried by the Shareholders' Meeting must be recorded in the minutes signed by the Chairman and the Secretary, or by the notary if nominated.

**Art. 8-bis**

The competences of the annual general and extraordinary shareholders' meetings shall be those set by the law, unless otherwise provided in these Articles of Association.

**Title IV Company Administration****Art. 9 Administrative Body**

The company shall be administered by a Board of Directors consisting of a minimum of three and a maximum of thirteen members. The Shareholders' Meeting shall determine the number of members constituting the Board of Directors, which shall remain unaltered until otherwise amended by a resolution, and shall fix the annual remuneration, without prejudice to the provisions of Art. 2389, subsection 3 of the Italian Civil Code. The composition of the Board of Directors must be such that it ensures a balance between male and female genders in compliance with the rules and regulations on gender equality in force at the time.

The Board of Directors shall remain in office for the term established at the time of their appointment by the Shareholders' Meeting, and in any case shall not exceed three financial years. Board Members may be re-elected. Should more than half of the Directors appointed by the Shareholders' Meeting fall from office, due to resignation or for any other cause whatsoever, the entire Board of Directors shall be deemed expired with immediate effect. The Board of Directors must be urgently convened by the Board of Statutory Auditors, which may in the meantime perform all the actions of ordinary administration.

Appointment of the directors shall be carried out based on the lists presented by the shareholders. Shareholders possessing a holding equal to at least that determined by Consob shall have the faculty to present lists of candidates, in accordance with the law and regulations.

Each candidate may only be indicated on one single list or shall be deemed ineligible. Candidates who do not possess the requisites required by law, by these Articles of Association or other applicable provisions for their respective offices may not be included in the lists (without prejudice to any other cause of ineligibility or forfeiture). Each list shall contain a number of candidates up to a maximum of thirteen, listed using sequential numbers. At least two candidates, always indicated at least at the second and the seventh place of each list, must possess the requisite of independence established by Art. 147-ter of Legislative Decree no. 58/98. The lists containing three or more candidates must comprise candidates belonging to both genders (male and female), so that both genders are represented by at least one third (rounded up to the nearest whole number) of candidates.

The lists submitted by the shareholders must be filed at the Company's registered office in the manner and within the terms provided by the law and regulations in force at the time.

The following documents must be filed, together with each list, at the Company's registered office: (i) the special certificate issued by an authorised intermediary in accordance with the law proving ownership of the number of shares necessary to present the list; (ii) a curriculum vitae of each candidate included in the list, containing a detailed description of the candidates' personal and professional characteristics; and (iii) the statement in which each candidate accepts candidacy and certifies, at their own responsibility and under penalty of being excluded from the list, that there is no known impediment preventing election or incompatibility with the office of director and that the requisites required by the law in force and by these Articles of Association have been met, and that they possess the requirements of independence established by Art. 147-ter of Legislative Decree no. 58/98 (and subsequent amendments).

The certificate issued by an authorised intermediary proving ownership of the number of shares necessary to present the lists may also be submitted after filing, provided that it is submitted within the term provided by the law and regulations in force at the time concerning the

publications of the lists by the Company.

Any list which does not observe the rules referred to above shall be deemed as not submitted.

The following procedure shall determine which candidates are elected to the office of director:

- a) all the directors except one are taken from the list which has obtained the greatest number of votes from the shareholders, respecting the sequential order of the candidates as they appear on the list itself, except as provided below to ensure a balance between the genders in compliance with the rules and regulations on gender equality in force at the time;
- b) the remaining director is taken from the list which obtained the second greatest number of votes from the shareholders and who is not connected in any way, not even indirectly, with the shareholders who have submitted or voted for the list referred to in point a).

In the event that only one list is submitted or admitted to the vote, the candidates of said list will be nominated directors, respecting the sequential order of the candidates as they appear on the list itself.

If, as a result of the list voting or voting on the only list submitted, the composition of the Board of Directors does not comply with the rules and regulations on gender equality in force at the time, the candidate of the most represented gender elected last in sequential order in the list which obtained the highest number of votes will be replaced by the first candidate of the least represented gender, from the same list and in sequential order, who was not elected. This replacement procedure will be used until the composition of the Board of Directors complies with the rules and regulations in force at the time and, in particular, those concerning gender equality. If this replacement procedure does not ensure gender equality, directors will be replaced using a Shareholders' Meeting resolution passed by a simple majority after candidates belonging to the least represented gender have been submitted.

Should it not be possible to nominate the directors using this list method, the Shareholders' Meeting shall resolve with a legal majority, without observing the procedure above, in compliance with the rules and regulations in force at the time, particularly those regarding gender equality.

The replacement during their term of office of one or more directors elected by the Shareholders' Meeting must take place in compliance with the rules and regulations in force at the time, particularly those regarding gender equality.

#### **Art. 10 Powers of the Board of Directors**

The Board of Directors is vested with the widest powers for the general and extraordinary administration of the Company, without any restrictions, with the faculty to execute and implement all the acts it deems necessary to meet the corporate purpose, excepting only those actions that the law and these Articles of Association assign to the Shareholders' Meeting.

In particular, the Board of Directors shall have exclusive authority, in addition to the non-delegable functions assigned to members by the law,

- to approve budgets and three-year plans,
- to fix the criteria for the drafting and amending of company bylaws,
- to appoint and remove general managers. For the execution of its own resolutions and management of the Company, the Board of Directors, within the limits of the law, may:
  - establish an Executive Committee, determining its powers, the number of members and its working methods,
  - delegate appropriate powers, determining the limits of this authority, to one or more directors,
  - nominate one or more Committees with advisory functions, also with the purpose of bringing the company management system in line with the corporate governance recommendations,
  - appoint one or more managing directors, determining their functions and powers,
  - appoint, or grant directors the power to appoint managers, deputy managers, attorneys in fact and, in general, agents, for the fulfilment of certain acts or categories of acts or for certain

operations.

The Board of Directors also shall have the authority to resolve on:

- mergers in the cases provided by Articles 2505 and 2505-*bis* of the Italian Civil Code,
- establishing and closing subsidiaries,
- reduction of capital in the event of withdrawal of shareholders,
- bringing the Articles of Association into line with the provisions of law,
- transfer of the company offices within the national territory.

Transactions with related parties are concluded in observance of the procedures approved by the Board of Directors in application of the law and regulations in force at the time.

In cases of urgency - also if connected to situations of company crisis - the procedures may provide for particular methods to conclude transactions with related parties, departing from the ordinary rules, and in observance of the terms set by the law and regulations applicable at the time.

#### **Art. 10-*bis* Information**

The Chairman and/or the managing directors, report to the Board of Directors and to the Board of Statutory Auditors on the activity carried out, on the general progress of management and its foreseeable evolution, and on the transactions of greater economic, financial and equity importance, concluded by the Company or by its subsidiaries; in particular they report on those transactions involving a potential conflict of interest, always in observance of the provisions set out in Article 2391 of the Italian Civil Code. This communication is carried out in a timely manner, and in any case at least every quarter, at the meetings of the Board of Directors or by written report addressed to each director and to the Chairman of the Board of Statutory Auditors.

#### **Art. 11 Functioning of the Board of Directors**

The Board of Directors shall elect a Chairman from among its members - where this has not been implemented by the Shareholders' Meeting - and may appoint a Vice Chairman. Both may be re-elected.

The meetings of the Board of Directors shall be chaired by the Chairman, or the Vice Chairman in the case of absence or impediment of the Chairman. In the absence of the Vice Chairman, the meeting is chaired by the director nominated by those present.

The Board of Directors shall appoint a Secretary who may also be a person who is not a member of the Board.

#### **Art. 12 Validity of Board resolutions**

For the validity of the resolutions carried by the Board of Directors, the majority of the directors in office must be present.

Resolutions are carried by an open vote and by the absolute majority of the voters, therefore excluding abstentions from the counting of the vote. While in the case of an equal number of votes, the Chairman shall have the casting vote.

#### **Art. 13 Calling the Board Meetings**

Without prejudice to the calling powers provided by specific provisions of law, the Chairman, or acting Chairman, shall call the meeting of the Board of Directors at the registered office or elsewhere (in Italy or in the European Union or in the United States of America), each time he/she deems it appropriate for the company's interest or in the case that a written request is made indicating the topics to be discussed by the majority of officers in office or by the Board of Statutory Auditors, or by at least one of its members, and an agenda is prepared.

The notice of call shall indicate the date of the meeting, the time and place as well as the topics to be discussed.

Said notice shall be given by registered letter, telegram, telex or fax or e-mail with read receipt sent at least five days before the meeting, except in cases of urgency when such term may be reduced to a minimum of twenty-four hours. Notice of the meeting shall also be given to the Board of Statutory Auditors within the terms.

The meetings of the Board of Directors may be validly held in audio/video conference, or just audio conference, provided that the Chairman is able to establish the exact identification of the persons present and their legitimisation to attend, all the attendees are able to participate verbally, in real time, on all the topics, as well as view, receive and transmit the documentation. The meeting of the Board of Directors is deemed as being held in the place where both the Chairman and the Secretary of the meeting are in attendance together.

**Art. 13-bis Manager responsible for the drafting of the company accounts.**

The Board of Directors shall nominate, subject to the obligatory opinion of the Board of Statutory Auditors, a Manager responsible for the drafting of the company accounts and discharging of the duties provided by the provisions of law and regulations in force, choosing from among those persons who have at least three years qualified experience in accounting or administration of a listed company or large company.

**Art. 13-ter Exemption from the Non-Competition obligation**

The members of the Board of Directors are not subject to the non-competition obligation under Art. 2390 of the Italian Civil Code.

## **Title V The Board of Statutory Auditors**

**Art. 14 The Board of Statutory Auditors**

The Board of Statutory Auditors shall be composed of three standing auditors and two alternate auditors who possess the requisites provided by law and the regulations in force; to this end specialisation in the subject matters and areas of activity strictly related to those of the company indicated in the corporate purpose, with particular reference to companies or entities operating in the industrial, commercial, property, IT finance sectors and the services sector in general shall be taken into consideration. The composition of the Board of Statutory Auditors must be such that it ensures a balance between the male and female genders in compliance with the rules and regulations on gender equality in force at the time.

The General Shareholders' Meeting shall elect the Board of Statutory Auditors and establish their remuneration. Minority shareholders shall have the right to elect one standing auditor and one alternate auditor. The appointment of the Board of Statutory Auditors shall be carried out, except in the case provided by the penultimate paragraph of this article, based on the lists submitted by the shareholders in which the candidates are listed using sequential numbers. Each list contains a number of candidates which is not greater than the number of members to be elected. The lists containing a total number of three or more candidates must comprise candidates belonging to both genders, so that both genders are represented by at least one third (rounded up to the nearest whole number) of candidates for the position of Standing Statutory Auditor and by at least one third (rounded up to the nearest whole number) of candidates for the position of Alternate Auditor.

Shareholders possessing a holding equal to at least that determined by Consob shall have the faculty to present a list for the appointment of directors in accordance with the law and regulations.

The lists of candidates, signed by those shareholders submitting them, must be filed at the Company's registered office within the terms provided by the law and regulations in force at the time. Each list shall be accompanied by the information required in accordance with the

provisions of law and regulations in force at the time, including a description of the curriculum vitae of each candidate and the statements in which each candidate accepts candidacy and certifies, at their own responsibility, that there is no known impediment preventing election or incompatibility with the office and that the requisites required by the law and regulations in force and by these Articles of Association have been met.

Each candidate may only be indicated on one single list or shall be deemed ineligible. Candidates who do not possess the requisites required by the applicable laws or who do not observe the limits to the number of offices held as established by the applicable laws and the related implementation rules in force at the time may not be elected auditors.

A shareholder may not submit or vote for more than one list, even through a third party or trust company; shareholders belonging to the same group and shareholders who are party to a shareholder agreement concerning Company shares may not submit or vote for more than one list, even through a third party or trust company.

Lists which do not observe the provisions above shall be deemed as not submitted.

In the event that at the date the term referred to in paragraph three expires only one list has been filed, or lists have been submitted only by shareholders who are connected to each other as per the provisions of law and regulations in force, further lists may be submitted until the subsequent term provided by the rules and regulations in force at the time. In this case the thresholds provided in accordance with paragraph two are reduced by half.

Appointment of the members of the Board of Statutory Auditors shall be carried out as follows:

- two standing auditors and one alternate auditor are taken from the list which has obtained the greatest number of votes at the shareholders' meeting, respecting the sequential order of the candidates as they appear on the list itself, except as provided below to ensure a balance between the genders in compliance with the rules and regulations on gender equality in force at the time;
- the remaining standing auditor and second alternate auditor are taken from the list which obtained the second greatest number of votes from shareholders, who are not connected in any way, not even indirectly, with the shareholders who have submitted or voted for the list with the greatest number of votes, respecting the sequential order of the candidates as they appear on the list itself;

- in the event that more than one list has obtained the same number of votes, these lists must be put to a second ballot by the shareholders at the meeting, and the candidates on the list that obtains a simple majority of votes shall be elected.

If, as a result of the list voting, the composition of the standing members of the Board of Statutory Auditors, does not comply with the rules and regulations on gender equality in force at the time, the candidate of the most represented gender elected last in sequential order in the list which obtained the highest number of votes will be excluded and replaced by the next candidate of the least represented gender, from the same list and in sequential order.

The Chairman of the Board of Statutory Auditors shall be the statutory auditor taken from the list with the second greatest number of votes.

In the event of the death, resignation or forfeiture of a statutory auditor, the office shall be taken by the alternate on the same list of the member no longer in office, provided that this complies with the rules and regulations in force at the time, particularly with regard to gender equality. In the event that it is the Chairman of the Board of Statutory Auditors who should be replaced, the office of chairman is taken by the member substituting the chairman no longer in office.

Should it not be possible to proceed to the substitution according to the above criteria, a shareholders' meeting shall be called to elect the required number of members for the Board of Statutory Auditors which shall be carried by a relative majority vote.

When the Shareholders' Meeting must, pursuant to the provisions of the previous paragraph, appoint the standing and/or alternate auditors necessary to integrate the requisite number for the Board of Statutory Auditors, the following procedure shall be followed, subject to compliance

with the rules and regulations in force at the time, particularly with regard to gender equality:  
- when the substitution of auditors concerns those elected from the majority list, appointment is by relative majority vote without list restrictions;

- when, however, the substitution of auditors concerns those elected from the minority list, the shareholders' meeting substitutes them by relative majority vote, choosing, where possible, from among the candidates indicated on the list with the name of the auditor to be substituted, and in any case in such a way that the principle of minority representation is observed.

In the event that only one list is submitted, the shareholders' meeting shall vote on this list; in the event this list obtains a relative majority, the first three candidates indicated, respecting the sequential order, shall be elected standing auditors, and the fourth and fifth candidate shall be elected alternate auditors.

If, as a result of the list voting on the only list submitted, the composition of the standing members of the Board of Statutory Auditors, does not comply with the rules and regulations on gender equality in force at the time, the candidate of the most represented gender the third elected standing auditor in sequential order in the single list will be replaced by the next candidate, who is elected as alternate auditor and who is the opposite gender. The auditor replaced under this procedure will become alternate auditor in place of the auditor appointed standing member under this same procedure.

The Chairman is the candidate indicated in first place on the list submitted; in the event of the death, resignation or forfeiture of a statutory auditor, and in the event of substitution of the Chairman of the Board of Statutory Auditors, the offices shall be taken by the alternate auditor and the standing auditor, respectively, in the sequential order indicated in the list itself.

In the event no lists are submitted, the Board of Statutory Auditors and its Chairman are nominated by the Shareholders' Meeting by legal majority in compliance with the rules and regulations on gender equality in force at the time.

Auditors coming to the end of their office may be re-elected.

#### **Art. 14-bis**

The meetings of the Board of Statutory Auditors may be validly held in audio/video conference, or just audio conference, provided that the exact identification of the persons legitimated to attend is guaranteed, all the attendees are able to participate verbally, in real time, on all the topics, as well as view, receive and transmit the documentation. The meeting of the Board of Statutory Auditors is deemed as being held at the place the Chairman is in attendance.

### **Title VI Legal representation and the authority to sign on behalf of the Company**

#### **Art. 15 Legal representation**

Legal representation of the Company and the authority to sign on behalf of the company, with all the powers these functions entail, including those of acting before all levels of the courts and jurisdictions and the faculty to appoint legal counsel or attorneys, also with general powers of attorney, shall be the responsibility of the Chairman of the Board of Directors and, if nominated, by the Vice Chairman and the directors who have been vested with these specific powers, within the limits of the authority assigned to them by the Board of Directors.

Each of the representatives above shall have the power to act singly, and shall have the power to grant legal representation and signing on behalf of the company to legal counsel or attorneys for certain acts and operations or for categories of acts and operations.

### **Title VII Financial statements and profits**

#### **Art. 16 Company's financial year and financial statements**

The Company's financial year shall end on 31 December of each year.

**Art. 17 Allocation of profits**

After tax profits resulting from the balance sheet shall be allocated as follows:

- the legal reserve, for a share equal to 5% until the same reaches one fifth of the share capital;
- the remaining after tax profits shall be placed at the disposal of the Shareholders' Meeting which may allocate them to shareholders or to increasing company reserves, or both.

Dividends that are not claimed within five years from the day that they are collectable shall be reclaimed by the Company. Advances on dividends may be made in accordance with the law.

**Title VIII Final provisions**

**Art. 18 Winding up and liquidation**

At any time and for any reason whatsoever, the winding up of the Company shall be decided by the shareholders' meeting, which shall establish the liquidation procedures.

The shareholders' meeting shall also nominate one or more receivers and shall establish their functions and remuneration.

**Art. 18-bis Right of Withdrawal**

The right of withdrawal is expressly excluded for those shareholders who have not voted approval of the resolutions concerning:

- the extension of the Company's duration;
- the introduction, modification or removal of restrictions to the circulation of shares.

**Art. 19 Governing law**

For any provision not made in these Articles of Association, reference is made to the Italian Civil Code and the applicable laws governing the subject matter.

**Title IX Transitional provisions**

**Art. 20 Provisions concerning the board of directors and board of statutory auditors**

For the first full replacement of the Board of Directors and Board of Statutory Auditors after 12 August 2012, the proportion reserved for the least represented gender is equal to at least one fifth (rounded up to the nearest whole number) of the members of the board concerned.

Therefore, notwithstanding the provisions contained in articles 9 and 14, the lists with three or more candidates submitted at the first replacement must be composed so that at least one fifth (rounded up to the nearest whole number) belongs to the least represented gender.