



**All. D) al n. 67463/43583 di rep.**

## **ARTICLES OF ASSOCIATION**

### **COMPANY NAME - REGISTERED OFFICE - DURATION**

#### *ARTICLE 1 - COMPANY NAME*

A joint stock Company is hereby incorporated under the name of: "HERA S.p.A."

#### *ARTICLE 2- REGISTERED OFFICE*

2.1 The registered office of the company is in Bologna.

2.2 The company may, in compliance with the legislation in force, open or close branches, offices, agencies or representative offices within the national territory and overseas.

2.3 The legal domicile of shareholders, for all communications with the company, is that resulting from the shareholders' register.

#### *ARTICLE 3 - DURATION*

The duration of the company is fixed until 31 December 2100, except in the case of an extension approved at a shareholders' meeting.

### **PURPOSE OF THE COMPANY**

#### *ARTICLE 4 - PURPOSE OF THE COMPANY*

4.1 The purpose of the company is to carry out, in Italy or overseas, directly or indirectly, through participations in any kind of company, public body, consortium or enterprise, public services and public utility services in general and in particular:

(a) integrated management of water resources and therefore (i) abstraction of fresh water, transport, treatment, distribution and sale of water for whatever use and in whatever form, (ii) waste water collection, treatment and recovery (iii) construction and management of sewage waste treatment plants (iv) design, construction and management of artificial storage and dams;

(b) integrated management of energy resources and therefore (i) production, transport, transformation, distribution, purchase and sale of electricity, (ii) production, transport, manipulation, distribution, purchase and sale, exploitation and storage of gas, (iii) production, transport and sale of heat for industrial and domestic use and (iv) installation and running of thermal plants in buildings and possible supply of heat and/or fuel, (v) control on thermal plants in compliance with Presidential Decree 412/93, (vi) realisation and management of cogeneration energy/heat, (vii) realisation and management of thermal stations and conditioning plants; (viii) management and/or supply of integrated energy services;

(c) management of environmental services and therefore, for example, (i) collection, transport, intermediation and commercialisation of

urban waste, and special dangerous and non-dangerous waste, including differentiated waste, as well as the cleaning of public areas and (ii) construction and management, including on behalf of others, of plants for the collection, recycling, treatment and recovery of waste and (iii) reclamation of contaminated areas.

4.2 The company's purpose is, in compliance with the principles of economy and profitability, as well as confidentiality of corporate data, to promote competition, efficiency and suitable levels of quality in the provision of its services:

- a) ensuring neutrality in managing the infrastructure needed to develop a free energy market;
- b) preventing discrimination when accessing commercially sensitive information;
- c) preventing the transfer of resources between different segments.

4.3 The company operates in integrated or in any case connected sectors, with the objective of producing goods and activities with the aim of satisfying collective needs and requirements, co-operating to promote the economic and civil development of the people, their organisations and the local communities to which they belong.

For this purpose, for example purposes only, the company can operate, including through planning and construction, in the services destined to increase the quantity and quality of the infrastructures servicing the multitude of expressions of economic, social and private life of the citizens and in particular in the following sectors:

- (i) remote networks, information networks and telecommunication services;
- (ii) installation and provision of telecommunication networks on our own behalf and on behalf of third parties relating to those services;
- (iii) public lighting installations;
- (iv) traffic lights and other lighting signals;
- (v) management on our own behalf or on behalf of third parties of funeral and cemetery activity and related activity (transport, service, removal, cremations, maintenance and construction of cemetery sites, necropsy services);
- (vi) consulting, assistance, planning, realisation and management of services in the energy, water, environmental and energy efficiency fields;
- (vii) consulting, assistance and services in the laboratory analysis field;
- (viii) services for the protection of land and water, including through the elaboration, realisation and management of projects organised for this purpose;
- (ix) organisation of courses for the provision and application of scientific, technological, management and organisational resources in the fields of interest;
- (x) obtaining of construction licenses and the carrying out of public works;

(xi) transportation of materials on behalf of third parties, related to the activities of sewage and purification as well as goods and materials from production processes and/or industrial, commercial, craft and domestic activities;

(xii) plan, realise, and manage gardens, parks, fountains, recreational areas, roads, street furniture and road lighting and realisation of the ecological inspectorate in the territory;

(xiii) hygiene in the environment through anti-parasite, sanitary and hygiene activities in related matters and in food;

(xiv) bottling and retail or wholesale selling of drinking water, either directly or indirectly.

4.4 The company also has the purpose to exercise, directly and/or indirectly, through participations in companies of whatever kind, public body, consortium or enterprise, of any other economic activity connected by an instrumental link, as accessory or complementary to the previous activities indicated.

4.5 The company also has the objective of technical, operational and financial co-ordination of the participations held and the provision of services for them.

4.6 The company can perform all of the operations necessary or useful for the attainment of the corporate purpose; on an example basis this may be operations related to fixed and non-fixed assets, commercial, industrial or financial operations, or participating in public tenders for the management of local public services or other useful services for the achievement of the objectives, as well as any activity connected to the corporate purpose, with the exception of the collection of savings from the public and the provision of credit in compliance with Legislative Decree 385/1993 or subsequent integrations or modifications.

4.7 In any case, the company is expressly prohibited from the professional exercise of investment services to the public in compliance with Legislative Decree 58/1998 and subsequent integrations and modifications and any other activity reserved by the legislation in force to those registered with professional bodies or subject to specific legislation or qualifications by law.

4.8 The company can, finally, take participations and interests in other companies, consortia and enterprises, either Italian or foreign, having a purpose similar, related or complementary to our own or even having a different purpose as long as the participations or interests do not substantially modify the corporate purpose, and can provide guarantees and/or liens for obligations, including those related to third parties.

## **SHARE CAPITAL AND SHARES**

### **ARTICLE 5 - SHARE CAPITAL**

5.1 Share capital amounts to €1,489,538,745 (one billion four hundred eighty-nine million five hundred and thirty-eight thousand seven hundred and forty-five), represented by 1,489,538,745 shares with a nominal value of €1 (one) each. Shares are freely transferable.

5.2 This may be increased at any moment, including through conferment of receivables and consideration in kind, by resolution of the shareholders' meeting, and also through the issue of shares with rights different from those of the above-mentioned shares.

5.3 In the case of an increase in share capital, an option is reserved on the new shares to the holder of the shares at the time of the resolution in proportion to the shares held, except where otherwise permitted by law.

#### *ARTICLE 6 - SHARES AND INCREASED VOTING RIGHTS*

6.1 Every share is indivisible and grants the right to one vote, with the exception of the provisions found in paragraph 6.4 of the Articles of Association. In the case of the issuance of preferred shares as part of an increase in share capital, the shareholders' meeting deciding on this increase in share capital may limit the exercise of the right to vote by the holders of these shares.

6.2 In the case of co-ownership of shares the provisions of article 2347 of the Italian Civil Code are applicable.

6.3 The shares are nominative. If fully un-encumbered, they can also be bearer, on the choice of the shareholder, where not prohibited by law.

6.4 Notwithstanding the provisions of the preceding paragraph 6.1, each share gives the right to two votes in shareholders' meeting resolutions concerning ("Shareholders' Meeting Resolutions with Increased Voting Rights") (i) the amendment of the present article 6.4 and/or of article 8 of the Articles of Association, as well as (ii) the appointment and/or revocation of the Board of Directors or its members in compliance with article 17 of the Articles of Association, and (iii) the appointment and/or revocation of the Board of Statutory Auditors or its members in compliance with article 26 of the Articles of Association if both of the following criteria are met:

a) the right to vote has belonged to the same party, included in the special list outlined in the present article, under a qualifying in rem right (full owner of a share with the attached voting right, bare owner of a share being entitled to the attached voting right, or usufructuary of a share being entitled to the attached voting right) for a continuous period of at least twenty four months from the effective date of inclusion in said list; and

b) the fulfilment of the criteria outlined in a) above is confirmed by appropriate certification and/or communication from the intermediary pursuant to applicable regulations and therefore having been included in the special list continuously for the specified period.

If the criteria set out in the previous subsection are met, the holder shall be entitled to exercise two votes for each share in relation to Shareholders' Meeting Resolutions with Increased Voting Rights, by displaying the appropriate certification issued by the intermediary with whom the shares are deposited, in the form provided by the applicable legislation.

The special list for entitlement to increased voting rights has been established.

The Board of Directors is authorized to appoint the officer responsible for keeping this list and to fix the list-keeping rules and procedures in accordance with the applicable laws and regulations and approve detailed regulations, which will be published on the Company's website.

Updates and additions to the list are conducted on a three-monthly basis, as indicated in the regulations. Even if they had been received previously, requests for inclusion in the list and updating, taking into account the inclusions and updates of the special list, will be effective only as of the first day of the quarter following the one in which they are received.

Any party who intends to access the benefit of increased voting rights may ask to be entered in the special list, communicating the number of shares for which entry has been requested. Eligibility for registration in the special list must be demonstrated by appropriate certification and/or communication on the part of the intermediary, in accordance with applicable regulations. Every shareholder may, at any time, by means of a specific request, indicate further shares and ask that they be included in the special list.

In order to be valid, the request for inclusion in the special list must be accompanied by the certification required by applicable regulations and a statement signed by the applicant, in which,

a) in the case of a natural person: the applicant declares (i) that he/she has full ownership, formally and substantively, of the right to vote by virtue of a qualifying in rem right, and (ii) that he/she will notify the company of the loss, for any reason, of that qualifying in rem right and/or of the associated voting right, within 5 (five) business days from the date of that loss and, in any case, by the record date if earlier; and

b) in the case of a legal entity or any other entity even without legal personality: the applicant declares (i) that it has full ownership, formally and substantively, of the right to vote by virtue of a qualifying in rem right, (ii) that it is subject to, where appropriate, (direct or indirect) control by another entity accompanied by full details of the controlling entity, and (iii) that it shall notify the Company of any loss, for any reason, of the qualifying in rem right and/or the corresponding voting right, or the fact that it has undergone a change in control, within 5 (five) business days from the date of that loss or change in control and, in any case, by the record date if earlier.

Any shareholder included in the special list allows the intermediary to take note of any circumstance or event that, under the present Articles of Association, invalidates the conditions for the increase of voting rights or affects ownership of the same.

Any party included in the special list may ask to be removed (in full or in part) at any time, with the consequent automatic loss (in full or in part) of the benefit of increased voting rights. Any party with increased voting rights may also irrevocably waive all or part of these rights by sending a written communication to the Company,

without prejudice to any disclosure requirements laid down by law. Removal (in full or in part) from the list and/or waiver (in full or in part) of increased voting rights will become effective as of the date when the Company receives said written communication, to be sent to the Board of Directors at its registered office. In this case, the increase in voting rights can be once again granted through a new registration in the special list when the entire period of uninterrupted ownership has elapsed.

Transfer of shares or of the respective qualifying in rem rights, for consideration or free of charge, or direct or indirect transfer of the majority interest of companies or organizations whose voting rights have risen above the threshold set forth by Article 120, section 2, of D.Lgs. 58/1998, cause the loss of increased voting rights. Direct or indirect transfers of shares or of the respective qualifying in rem right are not relevant for the purposes of loss of increased voting rights (or the order of registration in the special list) in the absence of a change in control and therefore have no effect in any occasion in which the transfer is carried out in favour of a legal person or any other entity, including those without legal personality, subject to direct or indirect control by the same entity controlling the assigner.

In the event that the shares or the qualifying in rem right is transferred as a result of a merger or spin-off of an entity already on the special list, the transferee concerned may request to be included in the special list in the same order of registration as the original transferor (and, consequently, any increased voting rights already accrued shall be maintained) provided the merger or spin-off has not resulted in a change in control, including a transfer of control.

Any pledge granted on a share with maintenance of the qualifying in rem voting rights will not result in the loss of the increased voting right.

Except as per the above provisions, the transfer of the qualifying in rem right (either for consideration or free of charge) shall result in exclusion from the special list, and, consequently, the loss of any increased voting rights if already accrued, or of the period of ownership necessary for the accrual of increased voting rights, if not yet accrued.

Increased voting rights are extended to the shares ("Entitled Shares") (i) of the Company issued in implementing a share capital increase with options of purchase or conversion of a capital increase pursuant to article 2442 of the Italian Civil Code, as due to those holding shares for which increased voting rights have already accrued ("Registered Shares"); and

(ii) entitled to the owner in lieu of Registered Shares, in the event of a Company merger or spin-off, where contemplated by the merger or spin-off project.

In cases described in the preceding points (i) and (ii), (A) Entitled Shares acquire increased voting rights at the moment in which they are included in the special list, with no need for a further period of uninterrupted ownership; and (B) if the increase in voting rights

for the Registered Shares has not yet accrued, but is in the process of accruing, the increase in voting rights shall apply to those Entitled Shares that have been included in the special list as of the completion of the period of ownership calculated starting from their inclusion in the special list of Registered Shares.

The constitutive and deliberative quorums - pertaining to Shareholders' Meeting Resolutions with Increased Voting Rights - that refer to share capital quotas are always calculated with (potentially) entitled increased voting rights.

The increase has no effect whatsoever on rights, other than voting rights, held and exercised due to the possession of certain capital quotas.

Any (positive or adverse) change to the rules governing increased voting rights referred to under this article or its elimination are approved by the Extraordinary shareholders' meeting pursuant to applicable legal provisions with the majority described in article 14.2 of the Articles of Association. In any event, any right of withdrawal is excluded to the fullest extent permitted by law.

In this article the relevant definition of the terms "control", "to control", "controller" and/or "controlled" and similar phrases used in reference to a legal person or entity, even without legal personality, have the meaning laid down in article 2359, sections 1 and 2, of the Italian Civil Code.

## **OWNERSHIP AND LIMITATION TO POSSESSION OF SHARES**

### **ARTICLE 7 - PUBLIC MAJORITY HOLDING**

7.1 The predominance of voting rights of the Company, understood as a relative majority of voting rights with respect to those of each single other shareholder ("company with predominantly public share capital") must be held by municipalities, provinces and consortia incorporated in accordance with article 31 of Legislative Decree 267/2000 or other Bodies or Public Authorities, in other words consortia or companies in which the municipalities, provinces and consortia incorporated in accordance with article 31 of Legislative Decree 267/2000 or other Bodies or Public Authorities hold the majority of the share capital, even indirectly.

7.2 Except for sales transactions carried out on the Electronic Stock Market, any transfer made that would reduce the local public capital below a majority holding is to be considered ineffective and it is prohibited to register any transfer of shares in the shareholders' register in violation of the provisions of article 7.1.

### **ARTICLE 8 - LIMITATION TO POSSESSION OF SHARES**

8.1 It is prohibited by all of the shareholders other than those mentioned in article 7 above to have a shareholding greater than 5% in the share capital of the company. The limit of the present article is no longer applicable where the majority of the share capital is no longer held by public entity shareholders.

8.2 The provision relating to the above-mentioned limit refers exclusively to shares that have a voting right at shareholder meetings.

8.3 In the respecting of the maximum threshold referred to in article 8.1 the following are considered together:

(i) with reference to individual persons, the shares held by the relative family nucleus, including the shareholder, spouse not legally separated and minor children;

(ii) with reference to physical and/or legal persons, the shares held by subsidiary companies or trust companies or interposed persons, as well as the shares held directly or indirectly as lien or usufruct, where the related voting rights are assigned to the creditor, shares held directly or indirectly as a deposit, where the depositary holder can discretionarily exercise the related voting rights, the shares subject to carryover contracts where account is taken of both parties;

(iii) the shares held by the group that the single shareholder belongs to, group meaning one where the holder, even under a non-corporate form, exercises control, the subsidiary companies, and those controlled by a single parent company, as well as related parties, including of a non-corporate form,; the control occurs, including with reference to parties other than the company, as per the provisions of article 2359, paragraph 1 and 2 of the civil code. The connection occurs under the provisions of article 2359, paragraph 3 of the Italian Civil Code.

The connection also occurs between parties that, directly or indirectly, adhere to agreements relating to the exercise of their voting rights or transfer of shares, including of third-party companies, and in any case agreements as per article 122 of the Legislative Decree of 24 February 1998 no.58, independently of the validity of the agreements made. In relation to the agreements on the exercise of the voting right or transfer of shares of third-party companies, the connection is considered to exist when the agreements relate to at least 10% (ten percent) of the share capital with voting rights if this relates to a quoted company, or 20% (twenty percent) if it relates to a non-quoted company.

It is an obligation to communicate in writing to the Company, within 10 (ten) days of the stipulation and in any case within the date of the shareholders' meeting if convened for a date prior to ten days, any agreement that results, for those adhering, in limitations or regulation of the right to vote, obligations or faculty of prior consultation for their exercise, obligations on the transfer of the shares, or any agreement for the concerted purchase of the shares. For the purposes of the surpassing of the maximum limit of shares held referred to in the previous paragraph, no consideration will be made of the shares held by the group that the individual shareholder belongs to of the shares held by Collective Saving Investment Organisations, managed by companies belonging to the group of the shareholder.

8.4 The limit of shareholdings held referred to in paragraph 8.1 is not applicable, for a period of three years from the date of purchase



or subscription, to the shares acquired, in relation to placing consortia and/or guarantees for the positive outcome of the share offer of the Company, to the participants of the aforesaid consortia.

8.5 In no case may the voting rights for the participations exceeding the above limits be exercised.

8.6 The right to vote, which would relate to each of the parties to which the shareholding limit applies as per article 8.1, is reduced - to the overall maximum limit of 5% - in proportion to the participation held at the moment of the shareholders' meeting, except where prior indications are received from the parties.

8.7 In the case of inobservance of article 8.5, the shareholders' resolution is invalid as per article 2377 of the Italian Civil Code if the majority required is not reached without the votes exceeding the maximum limit indicated at article 8.1.

8.8 Holders of voting rights who take part in the Company's shareholders' meeting, including through delegation of their vote, are obliged, at the opening of any meeting, to inform the person chairing that meeting of the existence of any relationships, agreements, pacts or other situations which, under the provisions of these by-laws, might result in limitations on the exercise of the voting right.

8.9 Shares for which the voting right cannot be exercised are counted for the purpose of due constitution of the shareholders' meeting.

## **SHAREHOLDERS' MEETINGS**

### *ARTICLE 9 - CONVOCATION OF SHAREHOLDERS' MEETINGS*

9.1 The ordinary and extraordinary shareholders' meetings are convened in accordance with law; the meetings may be held at the registered offices of the company or elsewhere, as long as this is in Italy.

9.2 The shareholders' meeting is held at least once per year within 120 (one hundred and twenty) days from the financial year-end.

9.3 In accordance with article 2364, last paragraph, of the Italian Civil Code, the shareholders' meeting may be convened within 180 (one hundred and eighty) days from the financial year-end.

9.4 The ordinary shareholders' meeting is convened in the other cases provided for by law within the terms established therein.

### *ARTICLE 10 - METHOD OF CONVOCATION*

10.1 The convocation of the shareholders' meeting is made within the terms prescribed by law, with publication of the notice containing, among other things, the agenda, on the Company's website and by the other means provided for by legislation.

### *ARTICLE 11 - INTERVENTION AT SHAREHOLDERS' MEETINGS*

The shareholders entitled to intervene at shareholders' meetings are those who hold voting rights in accordance with the legislation applicable at the time.

## *ARTICLE 12 - REPRESENTATION*

Any shareholder who holds a voting right and is entitled to intervene at the shareholders' meeting may be represented, in accordance with the law, by means of a delegation, which may also be conferred by electronic means if provided for by specific legislative rules and if done in accordance with the procedures indicated therein. The Company may designate, for each shareholders' meeting, a person to whom the holders of voting rights may confer a delegation, with voting instructions, for all or some of the items on the agenda. The notice of convocation of the meeting must indicate the designated person, as well as the procedures and timescales for the conferral and electronic notification of the delegation that the holders of voting rights will be entitled to use.

## *ARTICLE 13 - CHAIRMAN*

13.1 The shareholders' meeting is presided over by the Chairman of the Board of Directors or in his absence, by the person elected by the shareholders' meeting with a majority of votes from those present.

13.2 The Chairman of the shareholders' meeting nominates a secretary, even if not a shareholder, and if appropriate, two scrutinizers among the shareholders or the statutory auditors.

13.3 The Chairman of the shareholders' meeting shall verify the reaching of a quorum, ascertain the identity and rights of those present, preside over the running of the meeting, in compliance with the regulations of the shareholders' meetings, and ascertain the results of votes.

## *ARTICLE 14 - VALIDITY OF THE SHAREHOLDERS' MEETING AND RIGHT TO VETO*

14.1 Ordinary and extraordinary shareholders' meetings are conducted in a single session, and the related resolutions are valid if adopted on the basis of the attendance and majority requirements established by law, without prejudice to what is stipulated by paragraph 6.4 of the Articles of Association.

14.2 The resolutions of the extraordinary shareholders' meetings having the purpose of modifying articles 6.4, 7, 8, 14 and 17 of the Articles of Association will be valid with the vote of at least 3 / 4 of the voting rights present at the shareholders' meeting, rounded down if necessary.

14.3 In conformity with the law of 30 July 1994 no. 474 at least ten public entities representing at least 35% (thirty-five percent) of the share capital can exercise the right of veto to the adoption of the shareholders' resolution having as its purpose the winding up, spin-off or merger of the company, the transfer of the company, or the changes to the Articles of Association that cancel or modify the powers of the present paragraph 14.3, in respecting the scope and method for the application of legislation D.P.C.M. 10 June 2004.

14.4 The resolutions of the shareholders' meeting, taken in conformity with the law and the present Articles of Association, bind all the shareholders who have not intervened or dissented"

#### *ARTICLE 15 - MINUTES OF SHAREHOLDERS' MEETINGS*

The resolutions of the shareholders' meetings are recorded in minutes pursuant to article 2375 of the Italian Civil Code, signed by the Chairman, the Secretary and if present, the scrutinizers. In the cases required by law and where the Chairman considers it appropriate, the minutes are prepared by a Notary, chosen by the Chairman.

### **ADMINISTRATION**

#### *ARTICLE 16 - BOARD OF DIRECTORS*

16.1 The company is administered by a Board of Directors comprising 15 (fifteen) members, including non-Shareholders, with a term of office of three financial years expiring on the date of the Shareholders' Meeting called to approve the financial statements for the final year of office. The Board of Directors can be re-elected and lapse in accordance with law. The composition of the Board of Directors must ensure compliance with legislation, including regulations, in force regarding gender balance.

#### *ARTICLE 17 - APPOINTMENT OF THE BOARD OF DIRECTORS*

17.1 Election of members of the board of directors shall be based on lists in which candidates are listed by consecutive numbering and in any event in a number not exceeding the members to be elected. Each list must contain a number of candidates, belonging to the least represented gender, which ensures, within the composition of the board of directors, that the balance between genders is respected at least to the minimum extent required by current legislation, including regulations, as well as by the Articles of Association.

17.2 The appointment of members of the board of directors shall be as follows:

(i) 11 (eleven) members of the board of directors shall be appointed from the list obtaining most votes, in consecutive order as listed, of whom at least (4) four of the least represented gender;

(ii) for appointment of the remaining 4 (four) members, the votes obtained by each list other than that referred to in paragraph (i) and which were neither filed nor voted upon by Shareholders associated pursuant to pro tempore current regulations with Shareholders that filed or voted upon the list referred to in paragraph (i), shall be consecutively divided by one, two, three and four. The quotients obtained in this manner shall be assigned progressively to candidates on each list, in the order in which they appear. These candidates are placed on a single list in decreasing order in accordance with the quotient assigned to each. Candidates with the highest quotients shall be elected up to the remaining number of members required, of which at least (2) two of the least represented gender. In the event of equal quotients among candidates on different lists, the last member to be elected

shall preferably be from the list obtaining most votes or, if quotients remain equal, of the most senior candidate, in compliance with the gender balance provided for in current legislation, including regulations in force.

If the minimum number of directors belonging to the least represented gender is not elected, the candidate of the most represented gender ranking last in the list of candidates elected from the most voted list shall be replaced by the candidate of the least represented gender ranking first among the non-elected candidates of the same list and so on until the minimum number of directors belonging to the least represented gender is reached. If, albeit applying this criterion, the minimum number of directors of the least represented gender has not been reached, the aforesaid replacement criterion will be applied to minority lists, starting from the most voted one.

17.3 The lists must include at least two candidates with the independence requirements indicated for the Statutory Auditors by article 148, subsection 3 of Italian Legislative Decree no. 58/1998 and those set forth in the Code of Conduct drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A.

17.4 The lists may be presented by shareholders that represent at least 1% of the share capital in an ordinary shareholders' meeting, or a different percentage established by current regulations and indicated in the notice of convocation.

17.5 The lists must be filed at the registered office, under penalty of cancellation, at least twenty-five days before the meeting and shall be made available to the public at the registered office, on the Company's website and by the other means provided for by legislation at least twenty-one days before the meeting.

17.6 Each shareholder may present or take part in presenting and voting on one list only. The agreements and votes expressed in violation of said prohibition will not be attributed to any list whatsoever.

17.7 The parties presenting the lists must ensure that they file, together with the lists, a description of the candidates' professional curriculum, the irrevocable acceptance of the office on the part of the candidates (on condition of their appointment) and certification that there are no grounds for ineligibility and/or forfeiture, and, if necessary, a declaration stating they have the independence requisites established for Statutory Auditors by art. 148, section 3, of Italian Legislative Decree no. 58/1998 and those provided for by the Code of Conduct drawn up by the Corporate Governance Committee of Borsa Italiana S.p.A. Any lists for which the above provisions are not observed or which do not include candidates of different genders in conformity with the provisions of article 17.1 of the Articles of Association shall be considered as not presented.

17.8 No candidate may be included on more than one list. The acceptance of candidacies on more than one list is cause for ineligibility.

17.9 If the elected candidate cannot or does not intend to assume the office, the first non-elected person on the list to which that

candidate belonged shall take his or her place, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations. In the case only one list of candidates is presented, the members of the Board of Directors will be elected from that list, again in compliance with the principles of balance between the sexes as provided for by current legislation and regulations. For the election of the directors that, for any reason, are not appointed in accordance with the above methods, the shareholders' meeting shall resolve with the legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.

17.10 If during the course of the year one or more directors appointed on the basis of list voting resigns, the first non-elected candidates on the lists to which the resigning directors belonged, who have not yet joined the Board of Directors, shall be co-opted pursuant to article 2386 of the Italian Civil Code, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations. If, for any reason, there are no available candidates, the Board, in compliance with article 2386 of the Italian Civil Code, will co-opt the directors, in keeping with the principles of balance between the sexes as provided for by current legislation and regulations. The directors thus appointed remain in office until the following shareholders' meeting that will resolve according to the specified methods.

#### *ARTICLE 18 - FURTHER AGREEMENTS FOR THE NOMINATION OF THE BOARD OF DIRECTORS*

18.1 When, due to resignations or for any other reason, the majority of directors are no longer in office, the entire Board of Directors is considered as expired.

18.2 The Board, though it has expired, remains in office for the sole carrying out of ordinary administration duties until the new directors accept office.

#### *ARTICLE 19 - CHAIRMAN AND DEPUTY CHAIRMAN*

19.1 The Board elects from its members a Chairman, where this has not been done by the shareholders' meeting.

19.2 In accordance with Italian Civil Code article 2381 the Chairman summons the Board of Directors' meetings, establishes the agenda, coordinates the work necessary and ensures that all directors receive adequate information concerning the agenda.

19.3 The Board may elect just one Deputy Chairman from amongst its members; the Board may also appoint a Secretary, who need not be a member of the Board.

19.4 In absence and/or inability of the Chairman, the Deputy Chairman will perform the duties normally carried out by the Chairman.

#### *ARTICLE 20 - CONVOCAION OF THE BOARD OF DIRECTORS*

20.1 The Board meets, at the registered office of the company or at any other location, even outside Italy as long as this in the European Union, at least once every three months and every time that

the Chairman considers it necessary and where it is requested by at least one third of the members or by the Board of Statutory Auditors. 20.2 The Board is convened by the Chairman with registered letter sent to all directors and statutory auditors at least 5 (five) days before the date fixed for the meeting or, in the case of urgency, by telegram or fax to be sent at least 24 (twenty-four) hours before the meeting.

20.3 In the case of absence or inability of the Chairman the summons shall be made by the Deputy Chairman in accordance with the provisions of article 19.

#### *ARTICLE 21 - VALIDITY OF THE RESOLUTIONS*

21.1 For the validity of the resolutions of the Board it is necessary to have a majority of its members.

21.2 The resolutions are passed on the majority of the votes of those present.

21.3. the Board of Directors, with the votes in favour of (a) at least 2/3 (two thirds), rounding down if necessary, of the members in office and (b) an additional member of the Board, to be added to the 2/3 calculated according to the previous letter (a), resolves as to:

(i) appointment and/or revocation of the Chairman and Deputy Chairman, except where the Chairman is appointed by the shareholders' meeting;

(ii) appointment and/or revocation of the Managing Director and/or General Manager;

(iii) constitution and composition of the executive committee, appointment and/or revocation of the members of the executive committee;

(iv) determination of the delegated powers of the Managing Director and/or General Manager and/or executive committee and their modifications;

(v) approval and modification of long-term plans and the business plan;

(vi) approval and modification of group regulations, if adopted;

(vii) assumption and/or appointment, on the proposal of the managing director, of the management responsible for each of the divisional areas.

21.4 The Board of Directors with the favourable vote of at least 4/5 (four fifths), rounded down if necessary, of the members appointed resolves on the proposal to put to the extraordinary shareholders' meeting the modification of articles 6.4,7,8,14 and 17 of the by-laws.

21.5 The meeting may be carried out by teleconference or videoconference on the condition that each participant may be identified by all the others and that each participant is able to follow the discussions and to intervene in real time on the matters under consideration. Where these conditions exist, the meeting is considered to take place where the Chairman and Secretary are located.

## *ARTICLE 22 - MINUTES OF THE MEETINGS*

The resolutions of the Board are those as in the minutes signed by the Chairman and the Secretary.

## *ARTICLE 23 - POWERS*

23.1 The Board has the widest powers for the ordinary and extraordinary management of the company, without limitation, with the faculty to carry out all of the acts considered necessary for the attainment of the business purpose of the company, excluding those obligatorily, by law or the present by-laws, reserved for the shareholders' meetings.

23.2 The Board can delegate part of its duties and powers, including the power of signature, to one or more members, with the qualification of a delegated director; special tasks and functions of a technical-administrative nature may be attributed to one or more members, and the Board may consult them. In this case the Board of Directors may resolve on special compensation and specific remuneration, both on the conferment of the appointment or subsequently, having first heard the opinion of the Statutory Auditors; this should be carried out in accordance with article 2389 of the Italian Civil Code. The Board of Directors can nominate the general manager, attorneys and mandate holders in general for specific acts or categories of acts, determining their powers and remuneration.

23.3 The Board of Directors can also appoint an executive committee, establishing its composition and powers.

The executive committee will be convened and shall resolve in the same manner as for the Board of Directors, where applicable.

23.4 In each case it will be the exclusive responsibility of the Board of Directors, in addition to the resolutions as per article 2381, paragraph 4 of the Italian Civil Code and those set forth in art. 21 where a qualified majority is required, to pass resolutions on the following matters:

- (i) assumption and dismissal of participations above Euro 500,000 (five hundred thousand);
- (ii) the acquisition and/or sale of fixed assets above Euro 500,000 (five hundred thousand);
- (iii) the provision of guarantees, liens and/or other real guarantees above Euro 500,000 (five hundred thousand);
- (iv) the acquisition and/or sale of companies and/or businesses;
- (v) designation of the directors of subsidiary companies and/or participations held in Companies;
- (vi) participation in tenders and/or public offers that result in contractual obligations exceeding Euro 25,000,000 (twenty-five million).

23.5 On urgent matters the Chairman of the Board of Directors and the Managing Director can jointly make all the resolutions reserved for the Board of Directors, providing timely communication to the Board.

23.6 The directors report to the statutory auditors in a timely manner and, in any case, at least quarterly, normally at the meeting



of the Board of Directors or even directly through a written note sent to the Chairman of the Board of Statutory Auditors on the activities performed and on the most important economic and financial transactions made by the Company or its subsidiaries. The directors report in particular on the transactions in which they have an interest, on their own behalf or for third parties, or which are influenced by persons that perform management or control activities. 23.7 In compliance with art. 2391 of the Italian Civil Code, directors must notify the other directors and the Board of Statutory Auditors regarding any interest which, on their own behalf or for third parties, they should have in a specific company operation, specifying its nature, terms, origin and size; if this regards the Managing Director, he must abstain from carrying out the operation, and appoint the board to carry out the same.

#### *ARTICLE 24 - REPRESENTATION*

24.1 The Chairman represents the company in dealings with third parties and in judicial matters. The Board of Directors can also attribute the legal representation of the company to the Deputy Chairman and/or the delegated directors.

### **STATUTORY AUDITORS**

#### *ARTICLE 25 - THE BOARD OF STATUTORY AUDITORS*

The shareholders' meeting nominates, in accordance with law, the Board of Statutory Auditors, composed of three standing members and two alternative members, and designates a chairman, in accordance with the provisions of paragraph 26.6.

The statutory auditors remain in office for three years, and their term expires at the date of the shareholders' meeting called for the approval of the financial statements regarding the last financial year of their term.

The statutory auditors must have the requisites of honour and professionalism as established by the law in force.

For the purposes of ascertaining the existence of the professional requisites of members of the board of statutory auditors of quoted companies, 'the subject matter and sectors of activity strictly related to those exercised by the company' refers to the subject matter and sectors of activity connected or relating to activities exercised by the company and as per article 4 of the by-laws.

The appointment of statutory auditor is not compatible with the appointment of counsellor or assessor in territorial public bodies, nor as statutory auditor in more than three quoted companies with exclusion of companies controlled by the Company in accordance with article 2359 of the Italian Civil Code and 93 of the Legislative Decree 24/2/1998 no. 58. In this latter case the statutory auditor that subsequently passes this limit is automatically dismissed as statutory auditor of the company.

#### *ARTICLE 26 - APPOINTMENT OF THE STATUTORY AUDITORS*



26.1 Appointment of the Board of Statutory Auditors shall be based on lists filed by Shareholders, by the same procedure as described above to guarantee minority Shareholders the appointment of one Standing Auditor and one Alternate Auditor. Municipal and Provincial Authorities or Consortiums established pursuant to art. 31, of Italian Legislative Decree no. 267/2000 or other Entities and Public Authorities and consortiums or joint stock companies, directly or indirectly controlled by such entities, shall act in concert to file a single list until such a time as qualification as an entity with a predominantly public capital pursuant to art. 7 no longer applies. The composition of the Board of Statutory Auditors must ensure compliance with legislation, including regulations, in force regarding gender balance.

The lists shall contain a number of candidates not exceeding the number of members to be elected, listed by consecutive numbering. Each candidate may be included on one list only, on penalty of disqualification. Each list must contain a number of candidates, belonging to the least represented gender, which ensures that the balance between genders is respected at least to the minimum extent required by current legislation, including regulations, as well as by the Articles of Association.

26.2 The shareholders who, alone or together with other shareholders, represent at least 1% (one percent) of the shares with voting rights at ordinary shareholders' meetings have the right to present lists.

26.3 Each shareholder may present, or take part in presenting, one list only. In case of violation of this rule, no account is taken of the vote of the shareholder for any of the lists presented.

26.4 The lists, signed by the Board of Directors and the shareholders who presented them, must be filed, under penalty of cancellation, together with a declaration stating there are no agreements or connections of any kind with other shareholders who have presented other lists, at the registered office at least twenty-five days prior to the date set for the shareholders' meeting. The lists must be made public within the times and methods set forth in article 17.5. Within the period for the filing of the lists, declarations must be filed, in which the individual candidates accept their candidacies and, under their own responsibility, declare that causes of ineligibility or incompatibility provided by the law do not exist, and that they meet the requisites of integrity and professionalism required by law for the members of the Board of Statutory Auditors, and provide a list of their administration and control offices held in other companies. Any lists for which the above provisions are not observed or which do not include candidates of different genders in conformity with the provisions of article 26.1 of the by-laws shall be considered as not presented.

Everyone entitled to vote may vote for one list only.

26.5 Two Standing Auditors and one Alternate Auditor shall be taken from the list obtaining the highest number of shareholders' votes, in the sequential order with which they are listed on the list. Of

these, at least one (1) must be a Standing Auditor of the least represented gender.

The third Standing Auditor and the other Alternate Auditor will be taken from the other lists, electing the first and second candidate, respectively, of the list that has the second-highest number of votes. Of these, at least one (1) must be an Alternate Auditor of the least represented gender.

In case of an equal number of votes between two or more lists, the oldest candidate will be elected, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations. If the minimum number of Standing and Alternate Auditors of the least represented gender are not elected, the candidate of the best represented gender appearing in last place on the list obtaining the highest number of votes will be substituted by the candidate of the least represented gender from among the unelected candidates on that list, and so on until the minimum number of Statutory Auditors of the least represented gender is reached. If, despite the application of this criterion, the minimum number of Statutory Auditors of the least represented gender is not reached, the indicated substitution criterion will be applied to the minority lists, starting with the one obtaining the highest number of votes.

26.6 The Chairman of the Board of Statutory Auditors will be the first candidate of the list obtaining the second-highest number of votes.

In case of an equal number of votes between two or more lists, the oldest candidate will be appointed Chairman, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.

For the appointment of the Statutory Auditors that, for any reason, are not appointed in accordance with the above methods, the shareholders' meeting shall resolve with the legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.

26.7 In the case of substitution of a Standing Auditor, the Alternate Auditor belonging to the same list as the Statutory Auditor to be substituted takes his/her place, in compliance with the principles of essential representation of minorities and balance between the sexes.

The appointment of the Statutory Auditors in order to complete the Board of Statutory Auditors, in accordance with article 2401 of the Italian Civil Code, shall be performed by the Shareholders' Meeting with the majority envisaged by legal provisions, by selecting from the names indicated by the shareholders presenting the list to which the resigning Statutory Auditor belonged. Where this is not possible, the Shareholders' Meeting must make the substitution by way of legal majority, in compliance with the principles of balance between the sexes as provided for by current legislation and regulations.

26.8 The Shareholders' Meeting determines the remuneration of the Statutory Auditors, in addition to the reimbursement of expenses incurred in carrying out their duties.

The powers, duties and term of office of Statutory Auditors will be those established by law.

#### *ARTICLE 27 - ACCOUNTING AUDIT*

27.1 The accounting audit is carried out by an external firm of auditors satisfying the legal requirements.

27.2 The shareholders' meeting assigns the Statutory Auditors shortlisted among registered and authorised candidates by the Board of Statutory Auditors and determines their compensation.

The terms of the mandate to the external auditors shall be consistent with applicable law requirements and shall expire on the call of the shareholders' meeting for the approval of the financial statements for the last year covered by the mandate period.

### **FINANCIAL STATEMENTS AND PROFITS**

#### *ARTICLE 28 - ANNUAL FINANCIAL STATEMENTS*

28.1 The financial year ends on 31 (thirty-one) December of each year.

28.2 The Board of Directors, at the end of each year, will draw up the annual financial statements in accordance with law. The Board of Directors can resolve on the distribution of dividend payments on account within the terms and manner established by law.

#### *ARTICLE 29 - MANAGER RESPONSIBLE FOR DRAFTING OF ACCOUNTING DOCUMENTS*

The Board of Directors, after obtaining the obligatory, but not binding, opinion of the supervisory body, shall appoint the manager responsible for drafting of company accounting documents.

The manager shall have an experience of at least three years in administration or controlling or finance in companies with an equity value not lower than two million Euro.

#### *ARTICLE 30 PROFITS*

30.1 The net profits, after the allocation of 5% (five percent) to the legal reserve, up to the limit as per article 2430 of the Italian Civil Code, will be distributed to the shareholders, except where the shareholders' meeting resolves the total or partial allocation to the extraordinary reserve or carries forward the amount to future years.

30.2 The shareholders' meeting can resolve the extraordinary assignment of profits to employees of the company to be made through the issue of special category shares to be assigned individually to employees and subject to specific provisions for the manner of transfer and the rights assigned.

#### *ARTICLE 31 - EXPIRATION OF DIVIDENDS*

Dividends not withdrawn within a five-year period from the day in which they are available shall expire in favour of the company.

### **LIQUIDATION OF THE COMPANY**

*ARTICLE 32 - LIQUIDATION*

On the liquidation of the Company for whatever reason and at any time, the shareholders' meeting determines the method of the liquidation, appoints one or more liquidators and indicates their powers.

**GENERAL PROVISIONS**

*ARTICLE 33 - GENERAL PROVISIONS*

Where not specified in the present by-laws the provisions of law are applicable.