

Report of the Board of Directors on the proposals
concerning the items on the agenda of the Shareholders' meeting

SNAM S.p.A.

EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETING OF 24 APRIL

2018

SINGLE CALL

**Report by the Board of Directors on the proposals concerning the items on the agenda of
the Shareholders' Meeting**

EXTRAORDINARY SESSION

Item 2

**Proposal to supplement the slate voting regulations for the appointment of the Board of
Directors and the Board of Statutory Auditors. Consequent amendment of articles 13.5 and
20.3 of the Company Bylaws. Necessary and consequent resolutions**

Dear Shareholders,

you are convened to an extraordinary session to discuss and pass resolution on some proposals to amend Articles 13.5 and 20.3 of the Company Bylaws, concerning the procedures for electing members of the Board of Directors and Board of Statutory Auditors under the slate voting system (Articles 13.5 and 20.3).

With regard to the Board of Directors, the number of members is determined by the Shareholders' Meeting between five and nine members (Article 13.1 of the Bylaws) with the proposal voted on by majority.

Once the Shareholders' Meeting has determined the number of Directors, the appointment of the Board of Directors takes place according to the slate voting mechanism, regulated by Art. 13 of the Company Bylaws, to ensure a presence in the management body of members appointed by the minority shareholders amounting to three tenths of the Directors (to be elected by rounding up in the case of a decimal number).

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With regard to the operation of the slate voting mechanism, in summary the Snam S.p.A.'s Bylaws set out that:

- 7/10 of the Directors are extracted from the slate obtaining the greatest number of votes;
- the remaining 3/10 directors are selected from the other slates that are in no way, whether directly or indirectly, connected to shareholders who have submitted or voted for the slate that received the majority of votes; to this end, votes obtained by these slates will be subsequently divided by one or two or three, depending on the progressive number of the directors to be elected. The quotients thus obtained shall be progressively assigned to the candidates on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected.

There are also specific provisions to safeguard the presence of independent directors on the Board of Directors and compliance with the gender quotas.

The statutory clause in article 13 of the Company Bylaws was worded this way to ensure minority shareholders have the possibility of appointing their candidates to the Board, in compliance with the principles for protecting minorities established by Legislative Decree No. 58 of 24 February 1998.

This proposal is formulated following a trend analysis of the votes relating to the renewal of the corporate bodies held during the Shareholders' Meeting of 27 April 2016.

On this occasion it so happened that, also in consideration of the increase in capital shares held by institutional investors and their more active participation in the shareholders' meeting, the slate presented by a group of institutional investors – containing an insufficient number of candidates to cover the majority of the Board of Directors – obtained the majority of votes. On the other hand, the major shareholder, despite having a slate with a number of candidates corresponding to the majority of seats to be filled on the Board – did not obtain the majority of the votes at the time of voting in the meeting. Therefore, upon the outcome of the voting using the slate voting process, the Board of

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Directors had not been elected in full. It was therefore necessary to hold a further vote in the shareholders' meeting by legal majority, in order to appoint the remaining directors based on the proposals put forward directly by the shareholders at the meeting.

A similar situation also occurred with the appointment of the Board of Statutory Auditors in that, as not all the standing members of the Board had been elected with the slate voting procedure (although the slate of institutional investors received the most votes it only indicated one candidate to be appointed as a Standing Auditor) it was also necessary to proceed with a vote by legal majority on the proposal made by the shareholders directly at the shareholders' meeting.

This type of situation creates objective difficulties in conducting shareholders' meetings, in particular for shareholders who normally cast their vote on the basis of voting instructions given to their representatives in advance.

Therefore, to overcome such situation and ensure an easier process of appointing the Board of Directors and Board of Statutory Auditors, while also making voting operations faster – putting forward proposals by shareholders directly at the meeting only as a last option – a proposal to amend Articles 13.5 and 20.3 of the Company Bylaws shall be put forward. This proposal involves maintaining the existing provision of the Bylaws and adding some further provisions to quickly identify the candidates to be appointed and ensure a swift proclamation, without affecting the voting decisions made at shareholders' meetings.

Specifically, with regard to the appointment of the Board of Directors, it is proposed to establish that, if the slate that obtains the most votes – the “*Majority Slate*” – does not contain a sufficient number of candidates to cover seven/tenths of the seats to be assigned, pursuant to letter a) of Article 13.5, (i) all candidates listed in said slate are appointed; (ii) the other directors are appointed from the Minority Slates, pursuant to the letter b) above, for the number of positions established for these minority slates, which is three tenths of the total; (iii) the remaining directors are appointed for positions not covered by the Majority Slate, from the minority slate that obtains the greatest number of votes among the

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Minority Slates in relation to the capacity of said Slate; and (iv) in the event of insufficient capacity of said slate, the remaining directors are appointed, with the same procedures, from the following or subsequent slates, based on the number of votes and capacity of the slates themselves.

If, finally and hypothetically, the total number of candidates included in all the slates presented is in any case lower than the number of directors to be elected, votes should be cast at the Shareholders' Meeting by legal majority in accordance with the residual provision referred to in letter d) of Article 13.5 of the Company Bylaws mentioned above.

With regard to the appointment of the Board of Statutory Auditors, the proposal is made to introduce in Article 20.3 a clause whereby, in the event of a situation – with the differences of the individual case – similar to that set out in letter *b-bis*) of Article 13.5 of the Company Bylaws, the procedures pursuant to the same letter *b-bis*) shall apply both for the standing auditors and alternate auditors, insofar as compatible with current regulations and Bylaw provisions on the election of the Board of Statutory Auditors and the Alternate Auditors.

All amendments to the Bylaws are duly highlighted in the text as shown below for quick reference.

It should be noted that the proposed amendments to the Bylaws do not grant the right of withdrawal to shareholders who do not participate in the respective approval, not supplementing the details of any of the instances of withdrawal laid down in Article 2437 of the Italian Civil Code.

Dear Shareholders,

you are invited to:

- approve the proposed amendments to the Bylaws of Snam S.p.A. in relation to Articles 13.3, 13.5 and 20.3 of the Bylaws in the text set out below, together with the current regulations.

BYLAWS

SNAM S.p.A.

| Current text | Amended text |
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| BYLAWS OF SNAM | |
| <u>Title IV – BOARD OF DIRECTORS</u> | |
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| <p>13.1 The Company is administered by a Board of Directors numbering no fewer than five and no more than nine members, with their number and term of office being established by the Shareholders' Meeting at the time of appointment.</p> <p>13.2 The Directors can be appointed for a period not exceeding three fiscal years, their term in office expires on the date of the Shareholders' Meeting convened to approve the financial statements relating to the last fiscal year in which the Directors hold office, and can be re-elected.</p> <p>13.3 The Board of Directors is appointed by the Shareholders' Meeting in compliance with the regulations in force at the time on gender balance, on the basis of slates submitted by the shareholders, on which candidates must be listed by means of a progressive number.</p> <p>The slates are deposited at the Company's registered offices no later than the twenty-fifth day preceding the date in which the Shareholders' Meeting will convene to discuss the appointment of the members of the Board of Directors, and are made available to the public at least twenty-one days prior to the Shareholders' Meeting, in accordance with the terms and conditions provided for in the law and Consob's own regulations.</p> <p>Each shareholder can submit or participate in the submission of and vote a single slate in accordance with the terms set forth in the aforementioned legislative and regulatory provisions.</p> | <p>13.1 The Company is administered by a Board of Directors numbering no fewer than five and no more than nine members, with their number and term of office being established by the Shareholders' Meeting at the time of appointment.</p> <p>13.2 The Directors can be appointed for a period not exceeding three fiscal years, their term in office expires on the date of the Shareholders' Meeting convened to approve the financial statements relating to the last fiscal year in which the Directors hold office, and can be re-elected.</p> <p>13.3 The Board of Directors is appointed by the Shareholders' Meeting in compliance with the regulations in force at the time on gender balance, on the basis of slates submitted by the shareholders, on which candidates must be listed by means of a progressive number.</p> <p>The slates are deposited at the Company's registered offices no later than the twenty-fifth day preceding the date in which the Shareholders' Meeting will convene to discuss the appointment of the members of the Board of Directors, and are made available to the public at least twenty-one days prior to the Shareholders' Meeting, in accordance with the terms and conditions provided for in the law and Consob's own regulations.</p> <p>Each shareholder can submit or participate in the submission of and vote a single slate in accordance with the terms set forth in the aforementioned legislative and regulatory provisions.</p> |

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| <p>Each candidate must submit his/her candidacy on a single slate, under penalty of ineligibility.</p> <p>Slates may only be presented by Shareholders who, alone or together with other Shareholders, represent at least 2% or are together the owners of such other stake in the capital as Consob may set in its regulations. Ownership of the minimum share necessary to submit slates is defined by taking account of shares that are registered to the shareholder on the day on which the slates are deposited with the Company.</p> <p>In order to prove ownership of the number of shares necessary to submit slates, shareholders must produce the relevant certification issued in accordance with the law by qualified intermediaries within the deadline set for the publication of slates by the Company.</p> <p>At least one director, if the Board is made up of no more than seven members, or at least three directors, if the Board is made up of more than seven members, must meet the requirements of independence laid down for statutory auditors of listed companies.</p> <p>The slates must expressly bear the names of candidates who meet the aforementioned requirement of independence. Pursuant to the Decree of the President of the Council of Ministers of 25 May, 2012, containing the “Criteria, conditions and terms for the adoption of the model for the demerger of Snam S.p.A., in accordance with Article 15, of Law no. 27 of 24 March, 2012”, the directors cannot be appointed to offices in administrative or control bodies or in managerial positions at ENI S.p.A. and its subsidiaries, nor can they entertain any direct or indirect, professional or financial relationship with the aforementioned companies.</p> | <p>Each candidate must submit his/her candidacy on a single slate, under penalty of ineligibility.</p> <p>Slates may only be presented by Shareholders who, alone or together with other Shareholders, represent at least 2% or are together the owners of such other stake in the capital as Consob may set in its regulations. Ownership of the minimum share necessary to submit slates is defined by taking account of shares that are registered to the shareholder on the day on which the slates are deposited with the Company.</p> <p>In order to prove ownership of the number of shares necessary to submit slates, shareholders must produce the relevant certification issued in accordance with the law by qualified intermediaries within the deadline set for the publication of slates by the Company.</p> <p>At least one director, if the Board is made up of no more than seven members, or at least three directors, if the Board is made up of more than seven members, must meet the requirements of independence laid down for statutory auditors of listed companies.</p> <p>The slates must expressly bear the names of candidates who meet the aforementioned requirement of independence. Pursuant to the Decree of the President of the Council of Ministers of 25 May, 2012, containing the “Criteria, conditions and terms for the adoption of the model for the demerger of Snam S.p.A., in accordance with Article 15, of Law no. 27 of 24 March, 2012”, the directors cannot be appointed to offices in administrative or control bodies or in managerial positions at ENI S.p.A. and its subsidiaries, nor can they entertain any direct or indirect, professional or financial relationship with the aforementioned companies.</p> |
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| <p>Furthermore, all candidates must meet the requirements of integrity laid down in current legislation.</p> <p>The slates that present three or more candidates must include candidates of different gender, as specified in the call notice for the Shareholders' Meeting, in order to respect the legal provisions on gender equality. When the number of representatives of the least represented gender must be, by law, no less than three, the slates that compete for the appointment of the majority of the members of Board of Directors must include at least two candidates of the gender that is least represented on the slate.</p> <p>At the time of deposit, each slate, under penalty of its inadmissibility, must be accompanied by the professional CV of each candidate, along with the declarations by which candidates accept their candidacy and, under their own responsibility, declare the non-existence of reasons for ineligibility and incompatibility, in addition to their ownership of the aforementioned requirements of integrity and independence.</p> <p>The appointed directors must notify to the Company of their loss of the aforementioned requirements of independence and integrity, as well as the occurrence of causes for ineligibility and incompatibility, if any.</p> <p>13.4 The Board of Directors periodically evaluates the independence and integrity of directors, and verifies the non-existence of reasons for ineligibility and incompatibility. In the event that a director does not own or loses the declared and legally prescribed requirements of independence or integrity, or if reasons for ineligibility and incompatibility have materialized, the Board of Directors removes and replaces the director from office, or invites him/her to remedy the causes of incompatibility within a specified</p> | <p>Furthermore, all candidates must meet the requirements of integrity laid down in current legislation.</p> <p>The slates that present three or more candidates must include candidates of different gender, as specified in the call notice for the Shareholders' Meeting, in order to respect the legal provisions on gender equality. When the number of representatives of the least represented gender must be, by law, no less than three, the slates that compete for the appointment of the majority of the members of Board of Directors must include at least two candidates of the gender that is least represented on the slate.</p> <p>At the time of deposit, each slate, under penalty of its inadmissibility, must be accompanied by the professional CV of each candidate, along with the declarations by which candidates accept their candidacy and, under their own responsibility, declare the non-existence of reasons for ineligibility and incompatibility, in addition to their ownership of the aforementioned requirements of integrity and independence.</p> <p>The appointed directors must notify to the Company of their loss of the aforementioned requirements of independence and integrity, as well as the occurrence of causes for ineligibility and incompatibility, if any.</p> <p>13.4 The Board of Directors periodically evaluates the independence and integrity of directors, and verifies the non-existence of reasons for ineligibility and incompatibility. In the event that a director does not own or loses the declared and legally prescribed requirements of independence or integrity, or if reasons for ineligibility and incompatibility have materialized, the Board of Directors removes and replaces the director from office, or invites him/her to remedy the causes of incompatibility within a specified</p> |
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| <p>deadline, under penalty of removal from office.</p> <p>13.5 The directors will be elected as follows:</p> <p>a) seven tenths of the directors to be elected shall be selected from the slate that obtains the majority of votes expressed by the shareholders, in the order in which they are listed on the slate, rounding down in the case of decimal number;</p> <p>b) the remaining directors will be selected from the other slates that are in no way – directly or indirectly – connected to shareholders who have submitted or voted for the slate that received the majority of votes; to this end, votes obtained by the slates will be subsequently divided by one or two or three, depending on the progressive number of directors to be elected. The quotients thus obtained shall be progressively assigned to the candidates on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected;</p> <p>c) if, following the application of the procedure described above, it is not possible to appoint the minimum number of independent directors</p> | <p>deadline, under penalty of removal from office.</p> <p>13.5 The directors will be elected as follows:</p> <p>a) seven tenths of the directors to be elected shall be selected from the slate that obtains the majority of votes expressed by the shareholders (the "Majority Slate"), in the order in which they are listed on the slate, rounding down in the case of decimal number;</p> <p>b) the remaining directors will be selected from the other slates (the "Minority Slates") that are in no way – directly or indirectly – connected to shareholders who have submitted or voted for the slate that received the majority of votes; to this end, votes obtained by the slates will be subsequently divided by one or two or three, depending on the progressive number of directors to be elected. The quotients thus obtained shall be progressively assigned to the candidates on each slate in the order specified thereon. On the basis of the quotients assigned, the candidates on the various slates shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected. If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors shall be elected. If none of such slates has yet elected a director or all of them have elected the same number of directors, the candidate from the slate that obtained the largest number of votes shall be elected. If the different slates have received the same number of votes and their candidates have been assigned the same quotients, a new vote shall be held by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes shall be elected;</p> <p>b-bis) in the event that the Majority Slate does not contain a sufficient</p> |
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| <p>required by the Articles of Association, then the quotient of the votes to attribute to each candidate on the slates is calculated by dividing the number of votes obtained by each slate by the number of the order of each one of the aforementioned candidates; candidates who do not meet the requirements of independence and have the lowest quotients among candidates from all slates are replaced, starting with the last candidate, by independent candidates listed on the same slate of the replaced candidate (following the order in which they are listed), or, alternatively by individuals meeting the requirements of independence, who have been appointed in accordance with the procedure described under letter d). In cases in which candidates from different slates have obtained the same quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of directors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes from the Shareholders' Meeting in a specific voting round;</p> <p>c-bis) if the application of the procedure described under letters a) and b) does not permit compliance with the regulations on gender balance, the quotient of votes to be attributed to each candidate from the slates is calculated by dividing the number of votes obtained by each slate by the number of the order of each candidate; the candidate of the most represented gender who has the lowest quotient among the candidates from all the slates is replaced, without prejudice to the minimum number of independent directors, by the candidate representing the less represented gender (with the subsequent higher number of order)</p> | <p>number of candidates to reach the number of directors to be elected pursuant to letter a) above, all candidates listed in said slate are appointed, based on their progressive order in said slate; in turn, after appointing the other directors from the Minority Slates, pursuant to letter b) above, for the number of positions established for these minority slates, which is three tenths of the total, the remaining directors are appointed, for the positions not covered by the Majority Slate, from the minority list that obtains the greatest number of votes among the Minority Slates (the "First Minority Slate") in relation to the capacity of said slate. In the event of insufficient capacity of said slate, the remaining directors are appointed, with the same procedures, from the following slate ("Second Minority Slate") or any subsequent slates, based on the number of votes and capacity of the slates themselves. Lastly, if the total number of candidates on the slates presented – in both the Majority Slate and Minority Slates – is lower than the number of the directors to be elected, the remaining directors shall be elected by the shareholders' meeting with the resolution approved in accordance with letter d) below;</p> <p>c) if, following the application of the procedure described above, it is not possible to appoint the minimum number of independent directors required by the Articles of Association, then the quotient of the votes to attribute to each candidate on the slates is calculated by dividing the number of votes obtained by each slate by the number of the order of each one of the aforementioned candidates; candidates who do not meet the requirements of independence and have the lowest quotients among candidates from all slates are replaced, starting with the last candidate, by independent candidates listed on the same slate of</p> |
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| <p>on the same slate as the replaced candidates, or, alternatively, by the individual appointed in accordance with the procedure described under letter d). In cases in which candidates from different slates have obtained the same minimum quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of directors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes by the Shareholders' Meeting in a specific voting round;</p> <p>d) for the appointment of directors, who, for any reason, are not appointed in accordance with the procedures described above, the Shareholders' Meeting resolves by legal majority, in order to ensure that the composition of the Board of Directors is compliant with the law and the Articles of Association.</p> <p>Current preemptory legislative and regulatory provisions constitute, in any case, an exception to these policies.</p> <p>13.6 The slate voting procedure is applied only in case of renewal of the entire Board of Directors.</p> <p>13.7 The Shareholders' Meeting may change the number of Directors, including during its term, within the limitations laid down in subsection 1 of this Article, and shall make the respective appointments according to the procedures set out in Article 13.5(d) above. The term of office of Directors appointed in this way will expire with the term of those currently in office.</p> <p>13.8 If in the course of the financial year one or more vacancies occur on the Board, the procedure specified in Art. 2386 of the Italian Civil Code shall be followed. 2386 of the Italian Civil Code. In any case, it is necessary to appoint the minimum number of</p> | <p>the replaced candidate (following the order in which they are listed), or, alternatively by individuals meeting the requirements of independence, who have been appointed in accordance with the procedure described under letter d). In cases in which candidates from different slates have obtained the same quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of directors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes from the Shareholders' Meeting in a specific voting round;</p> <p>c-bis) if the application of the procedure described under letters a), b) and b)-bis does not permit compliance with the regulations on gender balance, the quotient of votes to be attributed to each candidate from the slates is calculated by dividing the number of votes obtained by each slate by the number of the order of each candidate; the candidate of the most represented gender who has the lowest quotient among the candidates from all the slates is replaced, without prejudice to the minimum number of independent directors, by the candidate representing the less represented gender (with the subsequent higher number of order) on the same slate as the replaced candidates, or, alternatively, by the individual appointed in accordance with the procedure described under letter d). In cases in which candidates from different slates have obtained the same minimum quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of directors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the</p> |
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| <p>independent directors and to comply with current regulations concerning gender balance. If there is no longer a majority of directors, the entire Board of Directors will resign, and a Shareholders' Meeting shall be convened in a timely manner by the Board of Directors for the reconstitution of the latter.</p> <p>13.9 The Board of Directors may set up Committees from among its members having advisory and proposal-making functions on specific issues.</p> | <p>candidate that has obtained less votes by the Shareholders' Meeting in a specific voting round;</p> <p>d) for the appointment of directors, who, for any reason, are not appointed in accordance with the procedures described above, the Shareholders' Meeting resolves by legal majority, in order to ensure that the composition of the Board of Directors is compliant with the law and the Articles of Association.</p> <p>Current preemptory legislative and regulatory provisions constitute, in any case, an exception to these policies.</p> <p>13.6 The slate voting procedure is applied only in case of renewal of the entire Board of Directors.</p> <p>13.7 The Shareholders' Meeting may change the number of Directors, including during its term, within the limitations laid down in subsection 1 of this Article, and shall make the respective appointments according to the procedures set out in Article 13.5(d) above. The term of office of Directors appointed in this way will expire with the term of those currently in office.</p> <p>13.8 If in the course of the financial year one or more vacancies occur on the Board, the procedure specified in Art. 2386 of the Italian Civil Code shall be followed. 2386 of the Italian Civil Code.</p> <p>In any case, it is necessary to appoint the minimum number of independent directors and to comply with current regulations concerning gender balance.</p> <p>If there is no longer a majority of directors, the entire Board of Directors will resign, and a Shareholders' Meeting shall be convened in a timely manner by the Board of Directors for the reconstitution of the latter.</p> <p>13.9 The Board of Directors may set up Committees from among its members having advisory and</p> |
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| | proposal-making functions on specific issues. |
| <u>Title V - BOARD OF STATUTORY AUDITORS</u> | |
| <p>20.1 The Board of Statutory Auditors comprises three standing auditors; in addition, two alternate auditors are appointed. The Shareholders' Meeting appoints the statutory auditors and determines their compensation. Statutory Auditors shall be chosen from those in possession of the requisites of integrity and professionalism laid down by applicable legislation, in particular by Decree no. 162 of 30 March 2000 of the Ministry of Justice. For the purposes of the aforementioned decree, topics strictly under the purview of the Company are: commercial law, business administration and corporate finance. For the same purpose, the engineering and geological sectors are under the direct purview of the Company.</p> <p>20.2 The statutory auditors can be appointed to administrative and control bodies of other companies within the parameters set by Consob through its own regulations, with the exclusion of the offices indicated in Article 13.3 of these Articles of Association.</p> <p>20.3 The Board of Statutory Auditors is appointed by the Shareholders' Meeting in compliance with the regulations in force at the time on gender balance, on the basis of slates submitted by the shareholders, on which candidates must be listed by means of a progressive number and in a number that shall not exceed the number of members of the body to be elected. For the deposit, submission and publication of slates, the procedures governed by the provisions of Article 13.3 of these Articles of Association are applied. Each shareholder can submit or participate in the submission of and</p> | <p>20.1 The Board of Statutory Auditors comprises three standing auditors; in addition, two alternate auditors are appointed. The Shareholders' Meeting appoints the statutory auditors and determines their compensation. Statutory Auditors shall be chosen from those in possession of the requisites of integrity and professionalism laid down by applicable legislation, in particular by Decree no. 162 of 30 March 2000 of the Ministry of Justice. For the purposes of the aforementioned decree, topics strictly under the purview of the Company are: commercial law, business administration and corporate finance. For the same purpose, the engineering and geological sectors are under the direct purview of the Company.</p> <p>20.2 The statutory auditors can be appointed to administrative and control bodies of other companies within the parameters set by Consob through its own regulations, with the exclusion of the offices indicated in Article 13.3 of these Articles of Association.</p> <p>20.3 The Board of Statutory Auditors is appointed by the Shareholders' Meeting in compliance with the regulations in force at the time on gender balance, on the basis of slates submitted by the shareholders, on which candidates must be listed by means of a progressive number and in a number that shall not exceed the number of members of the body to be elected. For the deposit, submission and publication of slates, the procedures governed by the provisions of Article 13.3 of these Articles of Association are applied. Each shareholder can submit or participate in the submission of and</p> |

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| <p>vote a single slate in accordance with the terms set forth in the aforementioned legislative and regulatory provisions.</p> <p>Slates may only be presented by Shareholders who, alone or together with other Shareholders, represent at least 2% or are together the owners of such other stake in the capital as Consob may set in its regulations.</p> <p>Each candidate must submit his/her candidacy on a single slate, under penalty of ineligibility.</p> <p>The slates are divided into two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor. At least the first candidate in each section must be enrolled in the register of external auditors and have worked on legal audits for a period of not less than three years.</p> <p>The slates that, considering both sections, contain a number of candidates equal to or greater than three and compete for appointment to the majority of the members of the Board of Statutory Auditors, must include, in the standing auditor section, candidates of different gender, in accordance with the provisions set forth in the call notice for the Shareholders' Meeting, in order to comply with current regulations concerning gender balance. If the alternate auditor section of the aforementioned slates lists two candidates, they must belong to different genders.</p> <p>Two standing auditors and an alternate auditor will be selected from the slate that receives the majority of votes. The other standing auditor and the other alternate auditor are appointed in accordance with provisions set forth in Article 13.5, letter b), to apply distinctly to each of the sections in which the other slates are articulated.</p> <p>The Shareholders' Meeting appoints as Chairman of the Board of Statutory</p> | <p>vote a single slate in accordance with the terms set forth in the aforementioned legislative and regulatory provisions.</p> <p>Slates may only be presented by Shareholders who, alone or together with other Shareholders, represent at least 2% or are together the owners of such other stake in the capital as Consob may set in its regulations.</p> <p>Each candidate must submit his/her candidacy on a single slate, under penalty of ineligibility.</p> <p>The slates are divided into two sections: one for candidates for the office of Standing Auditor and the other for candidates for the office of Alternate Auditor. At least the first candidate in each section must be enrolled in the register of external auditors and have worked on legal audits for a period of not less than three years.</p> <p>The slates that, considering both sections, contain a number of candidates equal to or greater than three and compete for appointment to the majority of the members of the Board of Statutory Auditors, must include, in the standing auditor section, candidates of different gender, in accordance with the provisions set forth in the call notice for the Shareholders' Meeting, in order to comply with current regulations concerning gender balance. If the alternate auditor section of the aforementioned slates lists two candidates, they must belong to different genders.</p> <p>Two standing auditors and an alternate auditor will be selected from the slate that receives the majority of votes. The other standing auditor and the other alternate auditor are appointed in accordance with provisions set forth in Article 13.5, letter b), to apply distinctly to each of the sections in which the other slates are articulated.</p> <p>In the event that, <i>mutatis mutandis</i>, a similar situation occurred to that laid</p> |
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| <p>Auditors the standing auditor elected in accordance with the provisions set forth in Article 13.5 letter b). If the application of the procedure described above does not allow, as regards standing auditors, compliance with the regulations on gender balance, the quotient of votes to be attributed to each candidate from the standing auditor sections of the different slates, is calculated by dividing the number of votes obtained in each slate by the number of the order of each of the aforementioned candidates; the candidate of the most represented gender who has the lowest quotient among candidates from all slates, is replaced by the candidate belonging to the least represented gender listed, with the subsequent highest order number, in the same standing auditor section of the slate of the replaced candidate, or, subordinately, in the alternate auditor section of the same slate of the replaced candidate (who, in this case, takes over the position of the alternate candidate he/she replaces); otherwise, if this operation does not allow compliance with regulations on gender balance, the candidate is replaced by the individual appointed by the Shareholders' Meeting with a legal majority, so that a Board of Statutory Auditors compliant with the law and the Articles of Association can be constituted. In cases in which candidates from different slates have obtained the same quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of auditors is selected, or, subordinately, the candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes by the Shareholders' Meeting in a specific voting round. For the appointment of standing auditors, who, for any reason, are not</p> | <p>down in Article 13.5(b-bis) above, the procedures pursuant to the same letter b-bis) shall apply both for the standing auditors and alternate auditors, insofar as compatible with current regulations and with this Article. The Shareholders' Meeting appoints as Chairman of the Board of Statutory Auditors the standing auditor elected in accordance with the provisions set forth in Article 13.5 letter b). If the application of the procedure described above does not allow, as regards standing auditors, compliance with the regulations on gender balance, the quotient of votes to be attributed to each candidate from the standing auditor sections of the different slates, is calculated by dividing the number of votes obtained in each slate by the number of the order of each of the aforementioned candidates; the candidate of the most represented gender who has the lowest quotient among candidates from all slates, is replaced by the candidate belonging to the least represented gender listed, with the subsequent highest order number, in the same standing auditor section of the slate of the replaced candidate, or, subordinately, in the alternate auditor section of the same slate of the replaced candidate (who, in this case, takes over the position of the alternate candidate he/she replaces); otherwise, if this operation does not allow compliance with regulations on gender balance, the candidate is replaced by the individual appointed by the Shareholders' Meeting with a legal majority, so that a Board of Statutory Auditors compliant with the law and the Articles of Association can be constituted. In cases in which candidates from different slates have obtained the same quotient, the candidate to be replaced is the candidate of the slate from which the greatest number of auditors is selected, or, subordinately, the</p> |
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| <p>appointed in accordance with the procedures described above, the Shareholders' Meeting resolves by legal majority, in order to ensure that the composition of the Board of Statutory Auditors is compliant with the law and the Articles of Association.</p> <p>In the case of replacement of a statutory auditor selected from the slate that obtained the majority of votes, the office will be held by the alternate auditor from the same slate; in the case of replacement of a statutory auditor selected from other slates, the office will be held by the alternate auditor selected from such slates. If the replacement does not allow compliance with the regulations on gender balance, the Shareholders' Meeting must be convened in a timely fashion to ensure compliance with the aforementioned regulations. The slate voting procedure is applied only in case of renewal of the entire Board of Statutory Auditors. Current preemptory legislative and regulatory provisions constitute, in any case, an exception to these policies.</p> <p>20.4 Outgoing statutory auditors can be re-elected.</p> <p>20.5 With prior notification to the Chairman of the Board of Directors, the Board of Statutory Auditors can convene a Shareholders' Meeting and meetings of the Board of Directors. The authority to convene meetings of the Board of Directors can be exercised individually by each member of the Board of Statutory Auditors; the authority to convene a Shareholders' Meeting must be exercised by at least two members of the Board of Statutory Auditors.</p> <p>20.6 The Board of Statutory Auditors' meetings may be held also via conference call or video conference on condition that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and</p> | <p>candidate from the slate that has received the least number of votes, or, in case of equal number of votes, the candidate that has obtained less votes by the Shareholders' Meeting in a specific voting round.</p> <p>For the appointment of standing auditors, who, for any reason, are not appointed in accordance with the procedures described above, the Shareholders' Meeting resolves by legal majority, in order to ensure that the composition of the Board of Statutory Auditors is compliant with the law and the Articles of Association.</p> <p>In the case of replacement of a statutory auditor selected from the slate that obtained the majority of votes, the office will be held by the alternate auditor from the same slate; in the case of replacement of a statutory auditor selected from other slates, the office will be held by the alternate auditor selected from such slates. If the replacement does not allow compliance with the regulations on gender balance, the Shareholders' Meeting must be convened in a timely fashion to ensure compliance with the aforementioned regulations.</p> <p>The slate voting procedure is applied only in case of renewal of the entire Board of Statutory Auditors. Current preemptory legislative and regulatory provisions constitute, in any case, an exception to these policies.</p> <p>20.4 Outgoing statutory auditors can be re-elected.</p> <p>20.5 With prior notification to the Chairman of the Board of Directors, the Board of Statutory Auditors can convene a Shareholders' Meeting and meetings of the Board of Directors. The authority to convene meetings of the Board of Directors can be exercised individually by each member of the Board of Statutory Auditors; the authority to convene a Shareholders' Meeting must be</p> |
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| <p>participate in real time in the discussions. The meeting is considered held where the Chairman of the Board of Statutory Auditors and Secretary, if appointed, are located.</p> | <p>exercised by at least two members of the Board of Statutory Auditors. 20.6 The Board of Statutory Auditors' meetings may be held also via conference call or video conference on condition that all participants are identifiable and can follow the discussion, examine, receive and transmit documents and participate in real time in the discussions. The meeting is considered held where the Chairman of the Board of Statutory Auditors and Secretary, if appointed, are located.</p> |
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- to grant the Chief Executive Officer, with sub-delegation powers, all of the broadest powers to implement this resolution, as well as to introduce – where appropriate or necessary – formal additions, amendments and deletions as may be required by the competent Authorities for registration in the Business Register.