



**SHAREHOLDERS' MEETING ON 17 AND 18 APRIL 2019
REPORT BY THE BOARD OF DIRECTORS ON ITEM 4.1
ON THE AGENDA**

"Appointment of the Board of Statutory Auditors"

Dear Shareholders,

With the approval by the Shareholders' Meeting of the financial statements for the year closed on 31.12.2018, the terms of office of the Board of Statutory Auditors appointed by resolution of the ordinary Shareholders' Meeting on 28 April 2016 for 2016, 2017 and 2018 has ended.

You are therefore called upon to appoint the Board of Statutory Auditors, comprising three standing auditors and two alternate auditors, for three years (2019, 2020 and 2021), in compliance with art. 22 of the Company Statutes.

The composition of the Board of Statutory Auditors must comply with the criteria described in the laws concerning gender equality.

The aforementioned article states that the renewal of the Board of Auditors must be in respect of the discipline of gender equality of which in Law 120 dated 12 July 2011. Given that this disposition is being applied for the third time, the less represented gender has the right, according to the above law, to a quota of at least one-third of the standing auditors. The Shareholders who intend to submit a list for the renewal of the Board of Auditors containing three or more candidates are therefore required to ensure that at least one-third of the candidates (rounded up to the nearest integer if necessary) are of the less represented gender. According to arts. 15 and 22 of the Company Statutes, the Board of Statutory Auditors will be appointed by voting from lists.

At the time of the appointment of the Auditors and before their acceptance of the position, the Shareholders' Meeting will be made aware of the management and auditing positions they have held with other companies.

The lists of candidates for the position of auditor may be submitted by Shareholders who, individually or together with other Shareholders, represent at least 1% of the share capital entitled to vote and must be deposited at least twenty-five days before the date of the Shareholders' Meeting on first call at the head office in Rome, Piazzale Ostiense, 2 – Legal and Corporate Affairs, no later than 16:00 on 23 March 2019, or can be sent by certified e-mail to the address adempimentsocietari.corporate@pec.aceaspa.it by the same deadline.



The lists will be made public by the Company by depositing them at the head office and publishing in at least three national daily newspapers, two of them economic, and on the company website www.gruppo.aceq.it (no later than 27 March 2019). Each Shareholder may submit or be involved in the submission of one list only and candidates can only be on one list, otherwise they shall be deemed ineligible. Each shareholder entitled to vote may submit one list only. According to the law and the Statutes, the shareholders submitting lists must also deposit the following together with their lists:

- information concerning the identity of the shareholders submitting the lists, stating the percentage holding owned in overall terms, and, on penalty of being declared null and void, a copy of the communication from the authorised intermediaries attesting the possession of such holding;
- the curriculum vitae of each candidate containing detailed information on their own personal and professional skills; a list of the management and auditing positions held in other companies; declarations by each candidate concerning the irrevocable acceptance of the position, attestation, under their own personal responsibility, that there are no causes for ineligibility, incompatibility and withdrawal and that they are in possession of the requirements laid down by the applicable laws and the Statutes for the position.

It must also be noted that the lists of candidates submitted by the “minority” shareholders must include, as per art. 144-*sexies* of the Issuer Regulations, a declaration by the shareholders other than those with a controlling interest attesting the absence of any direct links to the latter, laid down by article 144-*quinquies* of the Issuer Regulations.

According to article 144-*sexies*, paragraph 5 of the Issuer Regulations, if only one list of candidates for the Board of Auditors has been submitted by the end of the aforementioned deadline, or lists have only been submitted by shareholders who, on the basis of art. 144 *sexies*, paragraph 4 of the Issuer Regulations, are linked to each other according to article 144 *quinquies* of the same Regulations, lists may be submitted until three days after said deadline (until 26 March 2019) and the holding in the share capital required by the Statutes for submitting lists is reduced to 0.5%.



Shareholders who intend to submit lists for the appointment of the members of the Board of Auditors are requested to read the recommendations contained in Consob communication DEM/9017893 dated 26 February 2009.

According to art. 22 of the Statutes, it should be noted that the position of Auditor of the Company is incompatible:

- (i) with the performance of similar positions in more than three other floated companies, excluding the subsidiaries of the Company according to art. 2359 of the Civil Code; and in any event
- (ii) in the cases envisaged by the law.

To this end, each Auditor must submit to the Board of Directors and appropriate declaration, containing, if required, a mention of the forfeiting of the incompatible positions. The failure to produce the aforementioned declaration within 30 days of appointment or the subsequent taking on of incompatible positions implies stepping down from the position of Auditor.

Half plus one of the standing auditors and one alternate auditor to be elected shall be taken from the list that has obtained the majority of the votes, in the progressive order in which they are listed on the list itself, rounding down to the nearest integer in the event of fractions.

The other members of the Board of Statutory Auditors shall be elected as follows, always according to the methods described in the Statutes. Of those elected, those who have obtained the highest and second highest quotient in the minority lists will be designated as standing auditor and alternate auditor respectively. In the event of the same quotient being obtained, the individual on the minority list who has obtained the most votes shall be designated as the standing auditor. In any event, at least one standing auditor must be elected by the minority shareholders.

Should the methods described above not ensure the composition of the Board of Statutory Auditors, as regards its standing members, in compliance with the laws in force on gender equality, the necessary replacements will be made from the list which has obtained the highest number of votes, according to the progressive number in which the candidates are listed therein.



If there is not a sufficient number of candidates of the less represented gender on the majority list to ensure replacement, the Shareholders' Meeting will appoint the missing standing or alternate auditors on the basis of the legal majorities, ensuring that the requirement is satisfied.

The members of the Board of Statutory Auditors must be in possession of the requirements laid down by the law, applicable regulations and company Statutes

Dear Shareholders,

You are kindly requested to vote for one of the lists submitted and published in compliance with the Statutes.

For the Board of Directors
The Chairman
Michaela Castelli