

#### 4 Board of Directors.

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Shareholders,

With the approval of the financial statements as at 31 December 2016, the term of office of the Board of Directors of the Company, appointed for the financial years 2014-2015-2016 by the Ordinary Shareholders' Meeting of 18 April 2014, expires.

Consequently, in the next shareholders' meeting you will be called upon to deliberate: (4.1) determination of the number of members of the Board of Directors; (4.2) determination of the term of office of the Board of Directors; (4.3) appointment of the members of the Board of Directors; (4.4) appointment of the Chairman of the Board Of Directors and finally, (4.5) determination of the remuneration of the Board of Directors.

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#### 4.1 **Determination of the number of members of the Board of Directors**

Article 16, paragraph 1 of the Bylaws (available on the website [www.grupposias.it](http://www.grupposias.it), in the "governance" section), provides that "*the company is administered by a Board consisting of a variable number of members from seven to fifteen, depending on the determination of the Shareholders' Meeting, ensuring the presence of a number of independent directors and the balance between genders in accordance with the provisions of the law*".

The Board of Directors invites you, therefore, to determine the number of members of the Board of Directors within said limits based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting.

#### **4.2 Determination of the term of office of the Board of Directors**

Article 16 of the current Bylaws provides that "*Directors remain in office for the time established by the Shareholders' Meeting, in any case not exceeding three financial years*" and, therefore, we invite you to determine the term of office of the Board of Directors based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting.

#### **4.3 Appointment of the members of the Board of Directors**

The entire Board of Directors is appointed in the manner and with the terms provided by the abovementioned Article 16 of the Bylaws and of current legislation, based on lists submitted by shareholders who, alone or together with other shareholders, hold in total, having regard to the shares registered in the name of the shareholder on the date on which the lists are filed with the Company, shares representing at least 1% of the share capital, as required by Consob Resolution no. 19856 of 25 January 2017. The related certification, issued by an authorized intermediary, may, however, also be submitted subsequent to filing the lists, as long as by the twenty-first day prior to the date of the Shareholders' Meeting (and, therefore, by 6 April 2017).

Each shareholder may submit or contribute to submitting one list only.

The lists must be filed within twenty five days (i.e. by 2 April 2017) preceding the date set for the Shareholders' Meeting in single call, by filing at the Registered Office or by sending to the e-mail address [assembleasias@grupposias.it](mailto:assembleasias@grupposias.it).

Each list must contain a number of candidates not exceeding the maximum number of Directors provided for in the aforementioned paragraph 1 of Article 16 of the Bylaws and, upon filing at the registered office, must be accompanied by: i) informative note regarding the personal and professional characteristics of the candidates themselves, ii) written acceptance of the nomination and declaration of not being present in other lists, as well as iii) further documentation provided for by applicable legislation.

With regard to the candidates, in addition to the legal requisites, also required are the limits provided for in the "Procedure for identification of the maximum number of offices as director or statutory auditor in other companies" published on the website of the Issuer (in the "governance" section).

In addition, in compliance with the recommendations of the Corporate Governance Code of listed issuers promulgated by the Corporate Governance Committee, the Board of Directors has expressed to Shareholders its orientation concerning the size and composition of the Board to be elected.

Each list must include at least two candidates who meet the independence requirements provided for by law, clearly indicating them and entering one of them at the top of the list. Lists containing a number of candidates greater than or equal to three must also include, as specified in the meeting call, candidates of different gender, in order to ensure compliance with the requirements of regulations in force at any time concerning gender balance.

The lists, accompanied by the prescribed documentation, are made available at the Registered Office, on the Company's website (in the "governance" section) and on that of Borsa Italiana S.p.A. and on the authorised storage mechanism, at least 21 days before the date set for the Shareholder's Meeting in single call.

The election of the members of the Board of Directors shall proceed as follows:

- a) from the list obtaining the majority of votes cast by those entitled, four fifths of the Directors to be elected, with rounding down in the event of a fractional number, will be taken in the order in which they appear on the list;
- b) the remaining Directors will be elected from the other lists; to this end, the votes obtained by said lists will be divided by one, two or three, according to the number of Directors to be elected. The quotients thus obtained will be sequentially assigned to the candidates on each list, in the order in which they are listed. The quotients thus attributed to the candidates of the various lists will be arranged in a single decreasing order ranking: those having obtained the highest quotients will be elected.

If more than one candidate obtains the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors will be elected. In the case of an equal number of votes of the list and, therefore, with the same quotient, a new vote of the Shareholders' Meeting will take place, will the candidate obtaining the simple majority of votes being elected.

If the outcome of this procedure generates a composition of the Board of Directors that does not allow the gender balance to be complied with, the candidates elected in the various lists are arranged in a single decreasing order ranking, created according to the quotient system indicated in point b) above. The candidate of the most represented gender with the lowest quotient among the candidates taken from all lists is replaced, subject to compliance with the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.

In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of directors is taken will be replaced.

If the replacement of the candidate of the most represented gender with the lowest quotient in the ranking does not allow, however, the minimum threshold established by current legislation for gender balance to be achieved, the above-mentioned replacement operation is also performed with reference the candidate of the most represented gender having the second last quotient and so on going up from the bottom of the ranking. In all cases in which the above procedure is not applicable, the replacement is made by the Shareholders' Meeting with the legal majority, in compliance with the principle of proportional representation of minorities on the Board of Directors.

If no list is submitted or admitted or in any case, for any reason, the appointment of one or more Directors cannot be carried out according to the provisions of Article 16 of the Bylaws, the Shareholders' Meeting decides with the legal majorities so as to nevertheless ensure, pursuant to current legislation, the presence of the number of

Directors who meet the independence requirements and compliance with the requirements of legislation in force at any time concerning gender balance.

It is pointed out that, since this is the second renewal of the Board of Directors following the date of entry into force of legislation on gender balance, the share to be reserved for the less represented gender is equal to one third of the Directors elected, with rounding up in the event of a fractional number.

In light of the above, we therefore invite you to appoint the members of the Board of Directors based on the lists of candidates for the office of members of the Board of Directors to be presented and published in compliance with the provisions mentioned above.

#### **4.4 Appointment of the Chairman of the Board of Directors**

Given that pursuant to Article 17 of the Bylaws, the Ordinary Shareholders' Meeting is attributed the right to appoint the Chairman of the Board of Directors, we invite you to appoint the Chairman of the Board of Directors based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting itself.

#### **4.5 Determination of the remuneration of members of the Board of Directors**

Pursuant to Article 16 of the Bylaws *"the Shareholders' Meeting decides the remuneration of members of the Board of Directors: such remuneration shall remain valid for the years subsequent to that for which it was approved, until otherwise determined by the Shareholders' Meeting."*

The Board of Directors invites you, therefore, to determine the remuneration of members of the Board of Directors and of its Chairman based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting.

Tortona, 13 March 2017

for the Board of Directors

The Chairperson

(Stefania Bariatti)

Attachment: *Orientation of the Board of Directors of SIAS S.p.A. to Shareholders in relation to the size and composition of the Board of Directors to be elected*

## **Orientation of the Board of Directors of SIAS S.p.A. to Shareholders in relation to the size and composition of the Board of Directors to be elected**

In application of the provisions of Application Criterion 1.C.1 letter h) of the Corporate Governance Code for listed companies promulgated by the Corporate Governance Committee (the "Code"), in view of the renewal of the Board of Directors by the Ordinary Shareholders' Meeting (convened for 27 April 2017), the Directors, taking into account the outcome of the annual self-evaluation, have seen it fit to express - to Shareholders - their orientation concerning the size and composition of the Board of Directors to be elected.

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### **Size and structure of the Board of Directors**

The outgoing Board of Directors was appointed by the Shareholders' Meeting of 18 April 2014 which determined the number of its members to be 15, within the "range" provided for by Article 16 of the Bylaws which provides that *"the company is managed by a Board consisting of a variable number of members ranging from seven to fifteen, as determined by the Shareholders' Meeting, ensuring the presence of a number of independent directors and gender balance in accordance with legislation"*.

Of the 15 Directors, 8 had declared that they met the independence requirements provided for in Article 148, paragraph 3 of Legislative Decree 58/1998 and in Article 3 of the Code.

The numerical composition of the Board of Directors (15 members) was in line with the size, structure and articulation of the organisational structure of SIAS S.p.A. and of its Group, allowing the performance - within the scope of the Company's governance - of management duties.

The number of independent Directors and the relationship between the same and the non-independent Directors is considered to be balanced and appropriate in relation to the Board's size and need for Committees, established in compliance with the recommendations of the Code.

According to the above, the composition of the Board is aligned with legislation, regulations and the Bylaws, from both the independence as well as gender balance point of view; concerning this latter aspect, it is pointed out that, this being the second renewal after entry into force of the legislation governing the matter, the share to be reserved for the less represented gender must be one-third of the Directors elected, with rounding up in the case of a fractional number.

For the proper and effective functioning of the Board, it would also appear to be a priority to consider the profile and quality of its members, in the knowledge that an appropriate mix of experience and training is an essential prerequisite for the Board to have adequate collegiate skills.

In this context, in relation to the "industrial holding" activity performed by the Company, it is believed that the Board should include a plurality of professional profiles (acquired - respectively - in the legal, technical, economic and financial fields) through which, with the aid of specific skills and also bearing in mind the seniority in the position, the Board may be ensured the appropriate expertise to pursue the strategies and guidelines of SIAS S.p.A. and of its Group.

For such purposes, the Shareholders, in expressing their nominations, should also assess whether the persons proposed can ensure full availability to attend Board and Committee meetings, dedicating sufficient time to the diligent performance of their duties, taking into account the number and quality of positions (as directors and statutory auditors) held in other companies.

In this regard, the individual positions must meet and adhere to the *policy* adopted in this regard by SIAS S.p.A., in the "Procedure for identification of the maximum number of offices as director or statutory auditor in other companies" published on the website of the Issuer (in the "governance" section), containing the indication of the maximum number of positions (as director or statutory auditor in other companies listed on regulated - also foreign - markets, in financial, banking, insurance or large companies) that Directors must comply with to ensure the diligent performance of their duties, compatible with the



commitment required of each role, also in relation to the nature and size of the companies in which the positions are held.

Tortona, 13 March 2017

for the Board of Directors

The Chairperson

(Stefania Bariatti)