

Report of the Board of Directors on the items on the agenda of the Ordinary Shareholders' Meeting

Appointment of the board of directors upon establishing the number of the Board's members and their fees

Dear Shareholders,

You are called to attend the Ordinary Shareholders' Meeting for the appointment of the Board of Directors whose mandate expires with the approval of the financial statements as at 30 September 2016.

Therefore, we invite you to appoint the new board of directors, after determining the number of its members, which will remain in office until the Shareholders' meeting for the approval of the financial statements for the year ending 31 December 2019, taking into account the postponement of the end of the reporting period to 31 December each year, in accordance with the shareholders' meeting resolutions of 18 November 2016.

In this regard, we remind you that, pursuant to Article 14.1 of the Articles of Association, the Board of Directors consists of no fewer than 5 and no more than 13 members who need not be shareholders. The Shareholders' meeting establishes, within the above limits and until other new resolution, the number of Board members.

The composition of the Board of Directors must ensure gender balance in compliance with the applicable law and regulatory provisions as well as articles of association in force pro tem. On this point it should be noted that, pursuant to Article 15 of the Articles of Association, the lists presenting a total number of candidates equal to or greater than three must include candidates belonging to both genders, in such a way that at least one third (rounded up to the nearest whole number) of the candidates for the position of Director belongs to the less represented gender.

In accordance with Article 15.4 of the Articles of Association, the shareholding percentage required to present lists for the appointment of the Board of Directors of the Company corresponds to the share capital percentage with voting right in the ordinary shareholders' meeting determined by Consob pursuant to the regulatory provisions in force pro tem, which, given Consob Resolution no. 19768 of 26 October 2016, is equal to 4,5%.

Each Shareholder, the shareholders adhering to a significant shareholders' agreement pursuant to Article 122 of Italian Legislative Decree 58/1998, the controlling party, the subsidiary companies and joint control parties pursuant to Article 93 of Italian Legislative Decree 58/1998, cannot present or participate in the presentation, not even by proxy or through a trust, of more than one list, nor can they vote for different lists, and each candidate may appear on one list only, under penalty of ineligibility. Subscriptions and votes cast in breach of this prohibition will not be assigned to any list. The Shareholders presenting a "minority list" are the recipients of the recommendations formulated by Consob with Communication no. DEM/9017893 of 26 February 2009, therefore, it should not be related in any way, directly or indirectly, to those who presented or voted the majority list.

The lists must be filed at the premises of the Company (Milan, Piazza Armando Diaz n. 7) no later than Monday **2 January 2017**. The lists can be filed within the same period also by notification via certified email to mittel@actaliscertymail.it, in which case a copy of a valid identity card of those presenting the lists must also be sent.

Each list must be filed, within the above-mentioned terms, together with:

- (i) declarations by which the individual candidate accepts his or her candidature and declares, under his/her own responsibility, that there are no reasons to exclude their eligibility, that there are no incompatibility issues, and that they comply with all the requirements prescribed by laws and regulations in force and by the Articles of Association, including the compliance with the limit to the number of offices that may be held by one person currently established by the Company with its regulations. In this regard, we inform you that the Company identified, with its regulations, the following limits, distinguishing them according to enforceability or otherwise of the candidate:

Executive Director. An Executive Director, in addition to the office held in Mittel, cannot hold the office of:

- (a) executive director in more than 2 other companies listed on regulated markets, Italian or foreign, or in non-listed, financial, banking or insurance companies of considerable size (as defined below);
- (b) non-executive director or active member of the control body in more than 4 other companies listed on regulated markets, Italian or foreign, or in non-listed, financial, banking or insurance companies of considerable size (as defined below)
- (c) executive or non-executive director or active member of the control body in companies belonging to the same group to which the above-mentioned companies refer, with the following weight: (i) up to a maximum of 4 positions within the same group count for 1, (ii) more than 4 positions within the same group count for 2.

Non-Executive Director. A non-Executive Director, in addition to the office held in Mittel, cannot hold the office of:

- (a) executive or non-executive director or active member of the control body in more than 4 other companies listed on regulated markets, Italian or foreign;
- (b) executive or non-executive director or active member of the control body in companies belonging to the same group to which the above-mentioned companies refer, with the following weight: (i) up to a maximum of 6 positions within the same group count for 1, (ii) more than 6 positions count for 2.

Companies of "Considerable Size" means companies; (i) with an amount of consolidated revenues greater than EUR 500 million; (ii) or a number of employees – at group level – greater than 500.

- (ii) curriculum vitae concerning the personal and professional characteristics of each candidate with the possible indication that he/she is capable of qualifying as independent, if in possession of the requirements mentioned below.

The lists presented without observing the above provisions are considered as not presented.

Finally, note that the lists will be made available to the public at the registered office and will also be published on the Company's website at least twenty one days before the date of the Shareholders' meeting in single call (i.e. **Friday 6 January 2017**).

The certification issued by an intermediary authorised pursuant to the law proving ownership, when the list is presented, of the number of shares required for presenting the list must also be filed within the period required by applicable laws for the publication of lists by the Company.

The Directors must have the requirements envisaged by the regulations in force pro tem; a minimum number of these directors corresponding to the minimum envisaged by the regulations themselves must have the independence requirements set forth in Article 148, paragraph 3, of Italian Legislative Decree 58/1998, as referred to by Article 147-ter, paragraph 4, as well as those envisaged by the Code of Conduct for listed companies. Note that among the independence requirements recommended by the Code of Conduct the Company has opted for, Mittel ceases to apply - justifying in this regard the reasons in the Corporate Governance Report - the requirement set forth in Article 3.C.1 letter e).

The composition of the Board of Directors must ensure gender balance in compliance with the applicable law and regulatory provisions in force pro tem.

The loss of the requirements determines the Director's fall from office. Should a Director no longer meet the independence requirements as defined above, said Director shall not fall from office if the requirements are still met by the minimum number of Directors who, in compliance with regulations in force, must be in possession of such a requirement.

Pursuant to Article 17.1 of the Articles of Association, the Directors remain in office for three financial years, they fall from office on the date the Shareholders' meeting is called to approve the financial statements for the last financial year of their office. They can be re-elected.

The Directors will be entitled, in addition to the reimbursement of expenses incurred in the performance of their duties, to a fee determined for the entire duration in office by the Shareholders' meeting at the time of their appointment. In the absence of proposals for changes, the cheque is the one determined by the previous Shareholders' meeting.

Finally, note that the Shareholders' Meeting of 10 March 2014:

- established the number of members of the Board of Directors at 11;
- established the fee due to the members of the Board of Directors at a gross total of EUR 220.000 for each year of the term of office.

Milan, 14 December 2016

on behalf of the Board of Directors

The Chairman

(Franco Dalla Sega)