

Directors' Report on point 4 of the agenda of the Shareholders' Meeting

Integration of the Board of Directors pursuant to art. 16 of the bylaws: inherent and consequent resolutions.

Dear Shareholders,

You have been summoned to the Shareholders' Meeting for the appointment of two Directors in addition to the current administrative body, whose term will expire with the approval of the financial statements for the year ended on December 31, 2019.

In this regard, it is recalled that the administrative body in office was appointed by the Ordinary Shareholders' Meeting of January 27, 2017 (by list vote, pursuant to Article 15 of the Bylaws) which determined seven components of the administrative body.

As of the date of this report, seven members are in office, four of whom are in possession of the independence requisites pursuant to the law and the Corporate Governance Code of Borsa Italiana S.p.A., and in particular Ing. Anna Francesca Cremascoli (Engineer), Avv. Valentina Dragoni (attorney), Avv. Patrizia Galvagni (Attorney), and Dr. Giovanni Raimondi.

During the year ended on December 31, 2017 and up to the date of the publication of this report, the following changes occurred:

- (i) On April 7, 2017, Dr. Anna Maria Tarantola (an independent member) resigned for professional reasons from the position held; to replace her, pursuant to art. 2386 of the Italian Civil Code, the Board of Directors, on April 11, 2017, appointed by cooptation the lawyer Valentina Dragoni, in office until the convening of the Shareholders' Meeting, also ascertaining her possession of the independence requisites;
- (ii) On June 26, 2017, Prof. Anna Gervasoni (an independent member) resigned for professional reasons from the position held; to replace her, pursuant to art. 2386 of the Italian Civil Code, the Board of Directors, on July 6, 2017, appointed by cooptation the lawyer Patrizia Galvagni, in office until the convening of the Shareholders' Meeting, also ascertaining that she met the independence requirements.

In both of the above-mentioned circumstances, in order to ensure compliance with the regulatory and statutory provisions in force on gender equality, it was not possible to assign the position to the only unelected candidate left on the majority list.

Therefore, as required by the aforementioned art. 16 of the Bylaws, in order to integrate the administration body, the ordinary Shareholders' Meeting will make a decision with the majorities required by law, without applying the list vote.

The Board of Directors proposes to confirm the appointment as administrator, respectively, to Avv. Valentina Dragoni (Attorney) and to Avv. Patrizia Galvagni (Attorney) expiring on the date of the next Shareholders' Meeting, pursuant to art. 2386 of the Italian Civil Code, whose curricula vitae are available for consultation on the Company's website: www.mittel.it, section "Corporate Governance / Board of Directors", without

prejudice to the possibility of Shareholders of redetermining the number of members of the Board of Directors or submitting proposal for applications that (i) comply with the aforementioned provisions on gender equality, and (ii) ensure that the composition of the Board of Directors includes a number of directors who meet at least the minimum independence requirements provided for by the law itself. In this last regard, it should be noted that the Board of Directors positively assessed its current composition made up of 7 directors, 4 of whom are independent; information is provided in the Report on Corporate Governance, published on the Company's website: www.mittel.it, section "Corporate Documents". It is recalled that art. 14.1 of the Bylaws provides that this collective body shall be composed of a minimum of 5 and a maximum of 13 members, even non-members.

Any proposals for candidacy for the position of Director, to be appropriately presented in advance, must be accompanied by declarations by which the individual candidates accept their candidacy and certify, under their own responsibility, the nonexistence of causes of ineligibility and incompatibility, and a curriculum vitae concerning the personal and professional characteristics of each candidate with the possible indication of the suitability of that candidate to qualify as independent.

The newly appointed directors will remain in office until the expiry of the current Board of Directors, and therefore until the approval of the financial statements for the year ending on December 31, 2019; the emolument for newly appointed directors will be considered included in the total amount determined by the Ordinary Shareholders' Meeting on January 27, 2017.

Milan, March 21, 2018

p. The Board of Directors

The President

(Ing. Rosario Bifulco)