

**EXPLANATORY REPORT, PURSUANT TO ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58/1998  
ON THE FOURTH AND FIFTH POINT ON THE AGENDA OF THE ORDINARY AND EXTRAORDINARY  
SHAREHOLDERS' MEETING TO BE HELD ON APRIL 23, 2020 ON FIRST CALL AND ON APRIL 24, 2020  
ON SECOND CALL**

***Item n. 4 on the agenda - Appointment of the Board of Directors: determination of the number of members of the Board of Directors; determination of the term of office; appointment of the members of the Board of Directors; determination of the remuneration of the members of the Board of Directors.***

***Appointment of the Board of Directors***

- ***Determination of the number of members of the Board of Directors;***
- ***Determination of the duration of the mandate granted to the Board of Directors;***
- ***Appointment of the members of the Board of Directors;***
- ***Determination of the remunerations for the members of the Board of Directors.***

Dear Shareholders:

This is to inform you that, with the approval of the financial statements at 31 December 2019, the term of office of the Board of Directors appointed with resolution issued by the Ordinary Shareholders' Meeting of 27 April 2017, for the years 2017-2018-2019, has ended.

We would like to remind you that the Board of Directors of the Company S.p.A. whose term is expiring, is composed as follows:

Enrico Falck	Executive Chairman
Guido Corbetta	Non-executive Deputy Chairman
Toni Volpe	CEO
Elisabetta Caldera	Independent Director
Barbara Poggiali	Independent Director

Elisabetta Falck	Non-executive Director
Federico Falck	Non-executive Director
Filippo Marchi	Non-executive Director
Libero Milone	Independent Director
Marta Dassù	Independent Director
Georgina Grenon	Independent Director
Paolo Pietrogrande	Independent Director

- **Determination of the number of members of the Board of Directors**

Pursuant to art. 17 of the Articles of Association, the Company is managed by a Board of Directors composed of 5 to 15 members, according to the number decided upon by the Shareholders' Meeting, which will remain unchanged until otherwise resolved on. Based on the decisions adopted by the Shareholders' Meeting at the time of appointment of the Board, 27 April 2017, and in compliance with the Articles of Association, the current Board of Directors is composed of 12 members. The Board of Directors believes that the number of its members should be maintained since it is deemed to be appropriate for a diversification of professional competences, with particular reference to the international and energy markets, to the internal controls and governance, while maintaining a plurality of experiences (also managerial), genders and seniorities of service. The Board of Directors wishes to remind you of the need to ensure the presence of an adequate number of independent members, as specified in detail hereinafter; it also proposes that the candidates have, as much as possible, a profile relating to the industrial sectors of energy, in general, and production of energy from renewable sources, more specifically, and preferably of an international origin.

It must be noted that, in compliance with the provisions of art. 1.C.1, letter h) of the Corporate Governance Code, adopted by the Company, the Board of Directors, whose term of office is expiring, has approved today – upon proposal from the Human Resources and Appointment Committee and taking into account the results of the self-assessment process of the Board and of its Committees - a document containing guidelines on the size and composition of the new Board of Directors, available for consultation on the web site of the Company.

- **Determination of the duration of the mandate**

We wish to remind you that, pursuant to art. 17 of the Articles of Association, in compliance with the provisions of art. 2383, paragraph 2 of the Italian Civil Code, the Directors are appointed for a period not exceeding three financial years and their mandate expires at the date when the Shareholders' Meeting is convened for the approval of the financial statements of the last year of their mandate, and they are re-electable.

To this end, the Board of Directors proposes to the Shareholders' Meeting to set the term of the mandate, consistent with that of the Board of Statutory Auditors, for the period 2020-2021-2022.

- **Appointment of the Directors**

The appointment of the members of the Board of Directors shall take place through the mechanism of the list voting, according to the procedure described in art. 17 of the Articles of Association.

It must be noted that the percentage of investment held, necessary to present lists for the appointment of the Board of Directors, has been decreased to 1% of the share capital, in compliance with Consob Executive resolution no. 28 of 30 January 2020.

It should also be noted that with resolution issued by the Board of Directors on 25 February 2020, a change to the Articles of Association for the increase of the gender quota was approved, with the introduction of a new distribution criterion. Consequently, at least two fifths of the Directors must belong to the least represented gender, in compliance with the provisions of art. 147-ter of Legislative Decree no. 58 of 24 February 1998, as amended by the Budget Law 2020 (Law no. 160 of 27 December 2019). To this end, we recommend a composition of the lists based also on a virtuous compliance with gender quotas, taking into consideration the criteria of professionalism and competence, as set forth in the Corporate Governance Code that the Company has adopted.

As regards the methods for the presentation of the lists for the appointment of new directors, it must be noted that the lists of candidates, supported by the documentation required by the applicable laws and by

the Articles of Association, must be filed by the Shareholders, by 29 March 2020, by hand delivery, to the registered office of the Company, Corso Venezia 16, Milan, during normal business hours, or through certified email to the address: [falckrenewables@legalmail.it](mailto:falckrenewables@legalmail.it) (Re: Filing of the lists for the Board of Directors). To this end, it should be noted in particular that, together with the lists, the following must be provided: (i) indication of the identities of the shareholders presenting them and percentage of total investment held; (ii) declarations with which the single candidates accept their candidature and state under their own responsibility the non-existence of any reasons for non-electability and incompatibility, as well as their fulfilment of the requirements set forth in the applicable laws, accompanied, for each candidate, by their curriculum vitae with their personal and professional characteristics along with an indication of their suitability to be qualified as independent. The certifications confirming the ownership of the minimum investment required for the presentation of the lists, to the extent indicated above, can be produced also subsequently to the filing of the lists, as long as it is at least 21 days prior to the date of the Shareholders' Meeting (i.e. by 2 April 2020) through a communication issued by an authorised intermediary, pursuant to the applicable laws.

It should also be noted that those who present a “minority list” are the recipients of the recommendations issued by Consob with Communication no. DEM/9017893 of 26 February 2009; therefore, they are required to also file a declaration stating the non-existence of associative relationships under art. 144-quinquies of the Consob Resolution no. 11971 of 14 May 1999, as integrated and amended (“**Issuers’ Regulations**”), as regards the shareholders who hold, also jointly, a controlling or a relative majority interest.

The Board of Directors invites therefore the Shareholders to present lists for the appointment of the Board of Directors in compliance with the afore-mentioned regulations.

The Board of Directors also reminds the Shareholders that pursuant to the Articles of Association, once the new Board of Directors is appointed, the Board itself will appoint the Chair from among its members.

Given the above, the Shareholders are invited to vote at the Shareholders' Meeting for one of the lists of candidates for the office of Directors of the Board, among all the lists that have been presented, filed and published in compliance with the provisions mentioned above.

- **Determination of the remuneration for the Directors**

Finally, we wish to remind you that the Shareholders' Meeting is convened also to resolve on the remuneration to be paid to the Board of Directors. It must be noted that the gross annual remuneration currently granted to the Directors, decided upon with a resolution issued by the Shareholders' Meeting of 27 April 2017, is EUR 850,000.00 (eight hundred and fifty thousand/00), including the remunerations for the Internal Committees.

Finally, it must be noted that pursuant to art. 21 of the Articles of Association, the remuneration for the Directors vested with special assignments, shall be determined by the Board of Directors, upon hearing the opinion of the Board of Statutory Auditors, based on the total amount set out by the Shareholders' Meeting.

The Board of Directors, whose mandate is expiring, abstains from formulating specific proposals on this matter and therefore invites the Shareholders' Meeting to resolve on the remuneration for the Directors of the Board, based on any proposals submitted by the Shareholders themselves.

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**RESOLUTION PROPOSAL**

(each item shall be individually voted on)

Dear Shareholders:

In light of the foregoing, the Board of Directors is proposing to resolve on the following:

*“the Ordinary Shareholders’ Meeting of Falck Renewables S.p.A.*

- *Upon acknowledging the Board of Directors' presentation:*

**RESOLVES**

- (a) *to set as [•] the number of members of the Board of Directors;*
- (b) *to set the term of the mandate to be three periods and therefore until the Shareholders' Meeting is convened for the approval of the financial statements at 31 December 2022;*

(c) [on the appointments of the Directors]

(d) [on the remunerations for the members of the Board of Directors].

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**Item n. 5 on the agenda - Appointment of the Board of Statutory Auditors: appointment of regular auditors and alternate auditors; determination of the term of office; appointment of the Chairman of the Board of Statutory Auditors; determination of the remuneration of the regular auditors.**

**Appointment of the Board of Statutory Auditors:**

- **Appointment of the Statutory Auditors and two Alternate Auditors for the period 2020-2021-2022;**
- **Appointment of the Chair of the Board of Statutory Auditors;**
- **Determination of the remuneration for the Statutory Auditors.**

Dear Shareholders:

This is to inform you that, with the approval of the financial statements at 31 December 2019, the term of office of the Board of Statutory Auditors appointed with resolution issued by the Ordinary Shareholders' Meeting of 27 April 2017, for the years 2017-2018-2019, has ended.

We would like to remind you that the Board of Statutory Auditors of the Company whose term is expiring, is composed as follows:

Gianluca Pezzati – Chair and Statutory Auditor

Alberto Giussani – Statutory Auditor

Giovanna Conca – Statutory Auditor

Mara Anna Rita – Alternate Auditor

Pursuant to art. 24 of the Articles of Association, the appointment of the Board of Statutory Auditors must be carried out in compliance with the applicable laws and regulations, and the applicable laws governing gender balance. The appointed members of the Board of Statutory Auditors shall remain in office for three periods and are re-electable.

- **Appointment of the Statutory Auditors and Alternate Auditors for the periods 2020-2021-2022**

The appointment of the members of the Board of Statutory Auditors shall take place through the mechanism of the list voting, according to the procedure described in art. 24 of the Articles of Association.

It must be noted that the percentage of investment held, necessary to present lists for the appointment of the Board of Directors, has been decreased to 1% of the share capital, in compliance with Consob Executive resolution no. 28 of 30 January 2020.

It should also be noted that with resolution issued by the Board of Directors on 25 February 2020, a change to the Articles of Association for the increase of the gender quota was approved with the introduction of a new distribution criterion. Consequently, at least two fifths of the Statutory Auditors must belong to the least represented gender, in compliance with the provisions of art. 148 of Legislative Decree no. 58 of 24 February 1998, as amended by the Budget Law 2020 (Law no. 160 of 27 December 2019). To this end, we recommend a composition of the lists based also on a virtuous compliance with gender quotas, taking into consideration the criteria of professionalism and competence, as set forth in the Corporate Governance Code that the Company has adopted.

As regards the methods for the presentation of the lists for the appointment of new auditors, it must be noted that the lists of candidates, supported by the documentation required by the applicable laws and by the Articles of Association, must be filed by the Shareholders, by 29 March 2020, by hand delivery, to the registered office of the Company, Corso Venezia 16, Milan, during normal business hours, or through certified email to the address: [falckrenewables@legalmail.it](mailto:falckrenewables@legalmail.it). To this end, it should be noted in particular that, together with the lists, the following must be provided: (i) indication of the identities of the shareholders presenting them and percentage of total investment held; (ii) declarations with which the single candidates accept their candidature and state under their own responsibility the non-existence of any reasons for non-electability and incompatibility, as well as their fulfilment of the requirements set forth in the applicable laws, accompanied, for each candidate, by their curriculum vitae that must include any management and control position held in other companies; (iii) a declaration by the shareholders other than those holding, also jointly, a controlling or relative majority interest, confirming the absence of associative relationships as set forth in article 144-quinquies of the Issuers' Regulations with the candidates themselves, taking also into account the

recommendations provided by Consob with Communication no. DEM/9017893 of 26 February 2009.

The certifications confirming the ownership of the minimum investment required for the presentation of the lists, to the extent indicated above, can be produced also subsequently to the filing of the lists, as long as it is at least 21 days prior to the date of the Shareholders' Meeting (i.e. by 2 April 2020) through a communication issued by an authorised intermediary, pursuant to the applicable laws.

If at the deadline for the filing of the lists, only one list has been filed, or the lists filed are from shareholders that are associated with each other pursuant to art. 144-quinquies of the Issuers' Regulations, other lists can be presented up to the third day subsequent to the afore-mentioned date (i.e. 1 April 2020); in this case, the threshold is decreased by half and therefore, it will be equal to 0.50%.

The Board of Directors invites therefore the Shareholders to present lists for the appointment of the Board of Statutory Auditors in compliance with the afore-mentioned regulations.

- **Appointment of the Chair of the Board of Statutory Auditors**

The Chair of the Board of Statutory Auditors is identified by the Shareholders' Meeting keeping into account that the chairmanship shall be granted to the person at the top of the minority list pursuant to art. 148 paragraph 2-bis of TUF.

Notwithstanding the above, if only one list or no lists have been presented, the Chair of the Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the legal majorities.

- **Determination of the remuneration for the Statutory Auditors**

Pursuant to art. 2402 of the Italian Civil Code, at the time of appointment of the Board of Statutory Auditors, the Shareholders' Meeting resolves on the annual remuneration for the Statutory Auditors for the entire duration of their office.

It must be noted that currently the gross annual remuneration for the Chair of the Board of Statutory Auditors and for the Statutory Auditors, for the entire duration of their office, in compliance with the Shareholders' Meeting resolution of 27 April 2017, is Euro 75,000 for the Chair of the Board of Statutory Auditors and Euro 50,000 for each statutory member of the Board.

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**RESOLUTION PROPOSAL**

(each item shall be individually voted on)

Dear Shareholders:

In light of the foregoing, the Board of Directors is proposing to resolve on the following:

*“the Ordinary Shareholders’ Meeting of Falck Renewables S.p.A.*

- *Upon acknowledging the Board of Directors’ presentation:*

**RESOLVES**

- (a) *[on the appointment of [•] as Statutory Auditors and [•] as Alternate Auditors for the periods 2020-2021-2022;*
- (b) *[on the appointment of the Chair of the Board of Statutory Auditors]*
- (c) *[on the remuneration for the Statutory Auditors].*

Milan, 11 March 2020

On behalf of the Board of Directors

The Chairman, Enrico Falck