

**ARTICLES OF ASSOCIATION OF SAFILO GROUP S.P.A.**

**ESTABLISHMENT - REGISTERED OFFICE - DURATION**

**Article 1)**

A joint stock company is hereby established under the name of "SAFILO GROUP S.p.A."

**Article 2)**

The Company's registered office is in Pieve di Cadore (Belluno-Italy) and its secondary headquarters are in Padua. Under the terms of law the Company may:

- (a) Establish and close down secondary offices, branches and agencies both in Italy and abroad;
- (b) Move the operating headquarters elsewhere and change the address of the registered office.

**Article 3)**

The duration of the Company is established up to 31 (thirty first) December 2100 (twenty one hundred) and can be amended by resolution of the Extraordinary Shareholders' Meeting.

**BUSINESS PURPOSE**

**Article 4)**

The Company's business purpose is:

- a) The direct and indirect management, through shareholdings in companies and entities, of activities in Italy and abroad for the creation, realization, production and marketing of prescription frames and sunglasses, sports eyewear, lenses, machinery and equipment for the eyewear trade and any other accessories for optical use, equipment and items for sport and leisure;
- (b) The assumption, negotiation and management of shareholdings in companies which operate directly or through subsidiary companies, in the sectors specified in a) above, or connected or complementary thereto; the Company may perform financial transactions, finance companies in which it has directly or indirectly invested and make financial agreements for the technical and financial coordination of the same; all activities defined in law as being financial ones shall be conducted solely in respect of group companies and not in respect of the general public;
- (c) The provision of assistance in developing economic, administrative, organizational and commercial planning of entire

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market segments or restructuring of individual companies, feasibility studies for company acquisitions, and in managing programmes for developing economic and commercial relationships abroad and in managing industrial and commercial companies in the sectors listed in a) above, or connected or complementary thereto.

The Company may perform all commercial, industrial, real estate and securities transactions that its governing body considers fit or necessary for achieving its business purpose and for improving management of its resources, particularly financial ones; the Company may receive loans from shareholders and make and receive intragroup loans; the Company may grant endorsements, sureties and any other type of guarantee, including to third parties; the Company may become an agent for Italian or foreign companies; the Company may directly or indirectly undertake shareholdings and interests in other companies, consortia, associations and enterprises whose business purpose is similar, related or nonetheless associated with the Company's own.

The Company may not conduct any activities defined in law as financial ones with the general public.

The Company may not perform any deposit-taking activities or any other legally controlled activities. Restricted professional activities are likewise excluded.

**SHARE CAPITAL - SHARES - BONDS - SHAREHOLDERS**

**Article 5)**

Share capital amounts to Euro ~~284,109,827.50 (two hundred eighty-four million one hundred and nine thousand eight hundred and twenty seven point five)~~ 284,109,825.00 (two hundred eighty-four million one hundred nine thousand eight hundred twenty-five) divided into no. ~~1,136,439,310 (one billion one hundred and thirty six million four hundred and thirty nine thousand three hundred and ten)~~ 56,821,965 (fifty-six million eight hundred twenty-one thousand nine hundred sixty-five) ordinary shares of a par value of Euro ~~0.25 (zero/25)~~ 5.00 (five/00) each.

~~Under the authority granted to it by the Extraordinary Shareholders' Meeting held on 24 October 2005, the Board of Directors resolved on 31 May 2006 to increase share capital for cash payment, excluding option rights pursuant to para. 5, article 2441 of the Italian Civil Code, by up to a maximum amount of Euro 2,125,296.25 (two million one hundred and twenty five thousand, two hundred and ninety six/25) at par, by issuing up to a maximum of 8,501,185 (eight million five hundred and one~~

~~thousand, one hundred and eighty five) ordinary redeemable shares, with a par value of Euro 0.25 (twenty five cents) each and a share premium. The aforesaid shares will be offered for subscription to the beneficiaries specified in the Rules of the "Safilo Group S.p.A. Stock Option Plan 2006 — 2010" (the "2006 Stock Option Plan") approved by the aforementioned Board meeting, which established, amongst others, that such shares could be subscribed, within the terms prescribed in the aforesaid Rules, at a price corresponding to their par value plus a premium of Euro 4.16 (four point one six) per share, or, in the event of subsequent reassignments of options, with a share premium that will be determined in accordance with the Rules, and in any case not less than Euro 4.16 (four point one six). It was also established that such capital increase could be carried out in several instalments and was divisible, meaning that share capital would be automatically increased on each occasion by an amount corresponding to the par value of the ordinary shares effectively subscribed each time.~~

Option rights may be excluded, in respect of the capital increase, up to the limit of ten per cent of existing capital, on the condition that the issue price corresponds to the market value and this is confirmed in a report by the Company's auditors, pursuant to article 2441, paragraph 4, point 2, of the Italian Civil Code.

~~The Extraordinary Shareholders' Meeting approved a further, divisible, paid share increase for a maximum of EUR 250,041,754 (including premium), to be offered as an option to all shareholders of the Company, pursuant to article 2441, paragraph 1, of the Italian Civil Code, via the issue of 822,505,770 ordinary shares, at a subscription price of EUR 0.304 per share, of which EUR 0.25 shall be the nominal value and EUR 0.054 the premium, which shall have standard dividend rights, and identical characteristics to those of the other outstanding shares at the time of their issue. Such increase to be offered as an option by 31 December 2010.~~

**Article 6)**

Shares are registered and indivisible and can be freely transferred. Likewise convertible bonds issued by the Company are registered and indivisible and may be converted into its shares.

Ordinary shares that are issued for the purpose of the 2006 Stock Option Plan are redeemable shares, in accordance with and for the purposes of article 2437-sexies of the Italian Civil Code.

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The Company will exercise its right of redemption upon the occurrence of certain specific events envisaged in the Rules of the 2006 Stock Option Plan, at the unit redemption value and in accordance with the other terms and conditions indicated therein. Following their redemption, the Board of Directors must cancel the shares redeemed and reduce share capital accordingly, through a resolution to reduce share capital in accordance with and for the purposes of para. 2, article 2365 of the Italian Civil Code.

**Article 7)**

The right to withdrawal may be exercised in those cases established by binding legal provisions and in the manner set out in law.

The right of withdrawal may not be exercised for resolutions to prolong the Company's duration or to introduce, amend or remove constraints on the circulation of shares.

**SHAREHOLDERS' MEETINGS**

**Article 8)**

Shareholders' Meetings are called pursuant to law by the Company's Board of Directors at the Company's registered office or elsewhere, provided in Italy, in the place indicated in the meeting's notice.

Shareholders' Meetings are convened by a notice containing their date, time, place and agenda. This notice must be published within the legally required term in the "Gazzetta Ufficiale della Repubblica Italiana" (Italy's Official Gazette) or, alternatively, in at least one of the following daily newspapers: "Il Corriere della Sera", "Il Sole 24 Ore", or "MF/Milano Finanza".

**Article 9)**

Shareholders' Meetings can be held in either ordinary or extraordinary session.

An Ordinary Shareholders' Meeting must be called at least once a year within 120 days of the end of the Company's financial year. Shareholders' Meetings may also be convened in third call, in the manner and terms established for the second call.

Shareholders who, alone or jointly with others, represent at least 2.5% (two point five percent) of share capital may request, within 5 (five) days of publication of the notice convening the Shareholders' Meeting that additional items be placed on the agenda, specifying in such request the additional proposed topics

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for discussion. Any additions to the meeting's agenda following requests of this kind shall be published in the manner and terms established by the applicable law.

No additions to the meeting's agenda are permitted in the case of matters on the which the Shareholders' Meeting votes, pursuant to law, at the proposal of the Board of Directors or on the basis of a plan or report presented by the same.

**Article 10)**

Each share carries the right to one vote.

Shareholders are entitled to take part in Shareholders' Meetings if they have deposited their shares or certificate issued by their broker at the Company's registered office or at the banks named in the notice of call at least two business days before the date set for the meeting. Every shareholder may be represented in the meeting by written proxy, in the cases and to the extent allowed by law. More specifically, legal entities and companies may be represented by their legal representative or by a special proxy holding a written mandate, which may be a simple letter signed by the legal representative.

**Article 11)**

Shareholders' Meetings shall be chaired by the Chairman of the Board of Directors or, if absent or unable, by another individual selected by majority vote of those attending the Shareholders' Meeting.

The Chairman is assisted by a secretary, who need not be a shareholder, designated by the Meeting or by a notary in the cases established by law or when so decided by the meeting's Chairman. A secretary is not necessary when the minutes of the meeting are prepared by a notary.

The Chairman confirms that the meeting has been properly called and that the shareholders in attendance are entitled to take part; he directs and controls the debate and establishes the methods of voting.

**Article 12)**

The provisions of law apply to both ordinary and extraordinary Shareholders' Meetings, both as regards their proper formation and the validity of the resolutions adopted.

**Article 13)**

Shareholders' Meetings are conducted in accordance with a specific set of procedures, approved by resolution of the Ordinary Shareholders' Meeting.

**BOARD OF DIRECTORS**

**Article 14)**

The Company shall be managed by a Board of Directors consisting of between six and fifteen members, who need not be shareholders. The size of the Board of Directors shall be determined by the Shareholders' Meeting.

The directors must satisfy the requirements of eligibility, experience and integrity established by law and other applicable regulations. At least one of the members of the Board of Directors, or two if the Board has more than seven members, must satisfy the independence requirements applying to statutory auditors under current legislation.

Members of the Board of Directors shall remain in office for three financial years and are eligible for re-election.

In accordance with the provisions of article 147-ter of Decree 58 dated 24 February 1998 (Decree 58/1998) and for the purposes of ensuring that minority shareholders are represented by one member on the Board of Directors, the Board of Directors is appointed on the basis of lists presented by shareholders containing a maximum of 15 candidates, all listed with a sequential number.

**A) Presentation of lists**

Lists may be presented only by those shareholders who own, alone or together with others, at the time of presenting the list and through until the date of the meeting, at least a percentage 2% (two percent) of share capital, consisting of shares with voting rights at Ordinary Shareholders' Meetings, ~~or such other percentage envisaged by laws or set forth by applicable regulations~~ or, in the absence, by applicable law governing the directors' appointments, as such regulation/laws are ~~and~~ in force and effect at the expiry of the term for the presentation of the lists time of the appointment. This percentage shall be specified in the notice convening the Shareholders' Meeting called to resolve on the appointment of the Board of Directors. The outgoing Board of Directors can also present a list of its own.

No individual shareholder, no shareholders belonging to a shareholder syndicate relating to the Company's shares as defined by article 122 of Decree 58/1998, nor the parent company,

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subsidiaries or companies under common control pursuant to article 93 of Decree 58/1998, may present or vote for more than one list, including through a third party or trust companies. No candidate may appear in more than one list, otherwise they will be disqualified.

If these rules are not observed, the shareholder's vote for any of the lists presented is discounted.

The lists presented must be filed at the Company's registered office at least 15 (fifteen) days in advance of the date set for the first calling of the Shareholders' Meeting. This requirement must be mentioned in the notice convening the meeting, or in any other form of publicity established by current legislation.

Each list must be signed by those presenting it and filed within the term specified above at the Company's registered office, accompanied by (i) the professional curricula of the candidates, and (ii) statements by each individual candidate accepting their candidacy and confirming, under their own responsibility, that they are in possession of the requirements envisaged by prevailing statutory and regulatory provisions for members of the Board of Directors and the absence of any reasons for incompatibility and/or ineligibility contained in law.

Candidates for whom the above rules are not observed are disqualified.

Shareholders presenting a candidate list must also provide the Company within the same list presentation deadline information as to their own identity and percentage of shares held, accompanied by a certificate, issued by a legally registered intermediary, attesting their ownership of the number of shares required for list presentation.

Each list shall contain one or more candidates - in compliance with the provisions of current legislation - who satisfy the independence requirements for statutory auditors established in para. 3, article 148 of Decree 58/1998, and nonetheless in prevailing statutory and regulatory provisions, as well as in the latest version of the Corporate Governance Code issued by the Corporate Governance Committee, specifying such candidates clearly.

Lists for which the above provisions are not observed shall be treated as if they had not been presented.

**B) Voting**

Each shareholder's vote shall refer to the list and hence all the candidates appearing therein, without the possibility of making any changes, additions or exclusions.

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Once the Shareholders' Meeting has decided the number of directors to be elected, the procedures are as follows:

1) all the directors requiring election, bar one, shall be elected from the list obtaining the highest number of shareholder votes ("Majority List"), in the sequential order in which they appear on that list;

2) one director shall be elected, in compliance with statutory provisions, from the list obtaining the second highest number of votes ("Minority List"), which shall not be associated in any way, even indirectly, with the shareholders who presented or voted for the Majority List; the director elected in this case shall be the candidate at the head of this list. If not even one independent director is elected from the Majority List, then the first independent director appearing on the Minority List shall be elected in place of the candidate at the head of this list.

In the event of a tie, the entire Shareholders' Meeting will vote again until an unequivocal result is achieved.

The Chairman of the Board of Directors shall be the first candidate appearing on the Majority List.

No account is taken of lists that obtain a percentage of votes corresponding to less than half of that required by this article for their presentation.

If only one list is presented, or admitted to voting, the Shareholders' Meeting shall vote on this. If this list obtains the required majority vote, the number of directors established by the Shareholders' Meeting shall be elected from it in the sequential order in which the candidates appear therein.

If no list is presented at all, the Shareholders' Meeting shall appoint the Board of Directors, voting with the majorities required by law.

**Article 15)**

If one or more directors should vacate office during the year, the following procedures shall be adopted for their replacement in accordance with article 2386 of the Italian Civil Code:

a) the Board of Directors shall appoint replacements from the same list as that of the outgoing directors; the next Shareholders' Meeting shall vote with the legally required majorities, in compliance with the same principle and nonetheless ensuring that the Board of Directors contains the correct number of directors qualifying as independent required by current statutory and regulatory provisions;

b) if the list no longer contains previously unelected candidates, the Board of Directors shall make the replacement



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without observing the procedure set out in point (a) above. Similarly, the related vote by the next Shareholders' Meeting, again with the legally required majorities, shall nonetheless ensure that the Board of Directors contains the correct number of directors qualifying as independent required by current statutory and regulatory provisions.

If threetwo or more Directors resign or leave the Board of Directors for any other reason, the entire Board will be considered replaced from the date on which the new Board takes office.

**Article 16)**

If no list has been presented and if the Shareholders' Meeting has not already done so, the Board of Directors shall appoint its own Chairman.

The Board can appoint one or more Vice Chairmen, and one or more Chief Executive Officers, who also have deputizing functions to the Chairman.

The Board shall appoint a Secretary, who does not have to be one of its members.

**Article 17)**

The Board of Directors shall meet whenever the Chairman considers it appropriate, or at the request of at least two directors, or one of the Chief Executive Officers, or at least one member of the Board of Statutory Auditors.

The Chairman or whoever is deputizing for him shall convene the Board of Directors at the registered office or elsewhere in Italy or abroad in any Country (even if it is not a member of the European Union), by sending a notice containing the meeting's date, time, place and agenda; such notice shall be sent at least seven days before the date of the meeting via letter, fax, e-mail or any other method that guarantees proof of receipt, to the domicile of each director and standing statutory auditor. In the event of having to convene the Board urgently, the notice may be sent in the same manner at least two days before the date of the meeting.

Board meetings are valid even when they are held by teleconference or videoconference, provided that all participants can be identified by the Chairman and all the others attending, and they are able to follow the discussion or intervene in real time, and that all the proceedings are recorded in the minutes. If these conditions are met, the meeting is considered as being

held in the place where the Chairman and Secretary are both located for the purposes of preparing the minutes.

Board meetings are valid even when not duly convened provided all the directors and statutory auditors in office are present, including in teleconference or videoconference.

**Article 18)**

Board meetings are chaired by the Chairman or, if absent, by a Vice Chairman or Chief Executive Officer or, if absent, by another director as appointed by the Board.

**Article 19)**

The majority of directors in office must be present for Board resolutions to be valid.

Board resolutions are adopted by majority vote of the directors in attendance. Should the Board of Directors consist of an even number of members, the Chairman shall have the casting vote in the event of a tie.

**Article 20)**

The Board of Directors is invested with the widest possible powers for the ordinary and extraordinary administration of the Company, excluding only those powers that by law are the prerogative of the Shareholders' Meeting.

The Board of Directors is also assigned responsibility for decisions concerning mergers in the cases envisaged by articles 2505 and 2505-*bis* of the Italian Civil Code, demergers in the case of article 2505-*bis* mentioned in article 2506-*ter* of the Italian Civil Code, the opening or closure of secondary headquarters, the reduction of share capital in the event of shareholder withdrawal, amendments to the Articles of Association to update them for statutory and regulatory requirements and the transfer of the Company's registered office within Italy.

The Board of Directors, or its members invested with specific powers, shall comply with all legal reporting requirements, informing the Board of Statutory Auditors of its activities and of the more important economic, financial and equity operations carried out by the Company or its subsidiaries; they specifically report on transactions in which they have an interest, on their own account or that of third parties, or which are influenced by any body exercising direction and coordination of the Company; this report is made at least every three months during meetings of the Board of Directors.

**Article 21)**

In compliance with article 2381 of the Italian Civil Code, the Board of Directors can delegate its powers to an executive committee, and to one or more of the directors.

The notice of call, the meetings and resolutions of the executive committee, when appointed, are governed by the same provisions as in articles 17, 18 and 19 above.

The Board of Directors shall be responsible for making and annulling the appointment of the Company's Financial Reporting Officer, in compliance with the provisions of article 154-bis of Decree 58/1998. Such appointment and annulment shall be made ~~at the proposal of the~~ by the Chief Executive Officer ~~Board of Directors,~~ and after having sought the compulsory but not binding opinion of the Board of Statutory Auditors on this matter. The Board of Directors shall ensure that the Financial Reporting Officer has suitable powers and resources for carrying out the duties entrusted under current legislation and shall establish the term in office and related remuneration. The Financial Reporting Officer shall be chosen from persons in possession of professional qualifications involving specific expertise and long experience in the accounting and financial field and any other requirements established by the Board of Directors and/or current legislation.

The Board of Directors also has the right to appoint proxies, who may be permanent or temporary, for individual deeds or transactions or for categories of deed or transaction.

**Article 22)**

Except for authority otherwise granted, the Chairman of the Board of Directors and each of the Chief Executive Officers, if appointed, shall be entitled to sign jointly or severally on the Company's behalf, as decided by the Board of Directors which appointed them and established their powers and duties.

~~Signature by the Chief Executive Officer signifies that the Chairman is absent or unable to sign.~~

**Article 23)**

The directors and the members of the executive committee shall receive such remuneration as determined by the Shareholders' Meeting.

Directors invested with special office will also receive the remuneration established by the Board of Directors, with the approval of the Board of Statutory Auditors.

**BOARD OF STATUTORY AUDITORS - AUDIT OF ACCOUNTS**

**Article 24)**

The Board of Statutory Auditors shall consist of three standing members and two alternate members, who remain in office for three financial years and are eligible for re-election. Current laws shall apply to statutory auditors' requirements for eligibility, integrity, experience and independence, to their duties, the determination of their remuneration and their term in office; more specifically, with regard to the experience requirements under article 1 of Ministry of Justice Decree 162 dated 30 March 2000, activities that are considered strictly pertinent to those of the Company are those matters concerning commercial or tax law, economics or corporate finance and the sectors of activity listed in article 4 above and the sectors of fashion, luxury goods, manufacturing industry, finance, banking and insurance.

The Board of Statutory Auditors shall be appointed by the Shareholders' Meeting on the basis of lists presented by shareholders, with the procedures described below, so as to allow the minority to appoint one standing member and one alternate member.

The number of candidates appearing in the lists may not exceed the number of members up for election. Each candidate shall be listed with a sequential number.

No candidate may appear in more than one list, otherwise they will be disqualified.

**A) Presentation of lists**

Lists may be presented only by those shareholders who own, alone or together with others, at the time of presentation of the list and until the date of the related Shareholders' Meeting, at least 2 the percentage ~~2%~~ ~~(two percent)~~ of share capital consisting of shares with voting rights at Ordinary Shareholders' Meetings, ~~or such other percentage envisaged set forth by laws or applicable regulations, or in the absence, by applicable law~~ governing the appointment of the Board of Statutory Auditors, as such regulations/law are in force and effect at the expiry of the term for the presentation of list ~~and who are registered shareholders at the time of presenting the list through until the date of the related Shareholders' Meeting~~. Details of this percentage and of the appointment procedures shall be provided in the notice convening the Shareholders' Meeting.

No individual shareholder, no shareholders belonging to a shareholder syndicate as defined by article 122 of Decree 58/1998, nor the parent company, subsidiaries and companies under

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common control pursuant to article 93 of Decree 58/1998, may present or vote for more than one list, either directly or through a third party or trust company.

If this rule is not observed, the shareholder's vote for any of the lists presented is discounted.

The lists, containing the names of the candidates for the office of standing statutory auditor and alternate statutory auditor, shall be signed by the shareholders presenting them and filed at the Company's registered offices at least 15 (fifteen) days in advance of the date set for the first calling of the related Shareholders' Meeting, except for any other form of publicity established by prevailing legislation. The lists must be accompanied by:

(i) information on the identity of the shareholders who have presented the lists, specifying their overall percentage interest in share capital, and a certificate confirming them as the owners of such interest;

(ii) a statement by the shareholders, other than those who individually or jointly own a controlling or majority interest, confirming the absence of relationships connecting them to the latter, as defined by article 144-*quinquies* of the regulations implementing Decree 58/1998;

(iii) comprehensive details on the personal characteristics and experience of the candidates;

(iv) a statement by the candidates themselves confirming that they are in possession of the requirements envisaged by law, that there are no reasons of ineligibility and incompatibility against them holding office and that they meet the requirements of integrity and experience established by law for members of the Board of Statutory Auditors;

(v) statements by the candidates in which they accept their candidacy and provide details of the number of their appointments as directors or statutory auditors in other companies, with the undertaking to update this list at the date of the Shareholders' Meeting.

(vi) any other information required by current statutory and regulatory provisions.

Lists for which the above provisions are not observed shall be treated as if they had not been presented.

### **B) Voting**

Every shareholder entitled to vote may vote for only one list, including through a third party or trust company.

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Two standing members and one alternate member shall be elected from the list that obtains the highest number of votes ("Majority List") in the sequential order in which they appear on this list. The third standing member and other alternate member shall be taken from the list obtaining the second highest number of votes and presented and voted by shareholders who are not associated with the majority shareholders as defined by para. 2, article 148 of Decree 58/1998 ("Minority List"). The first and second candidates appearing on this list shall be elected in the sequential order in which they appear therein.

In the event of a tied vote, further ballots shall be taken involving the entire Shareholders' Meeting in order to obtain an unequivocal result.

The Shareholders' Meeting shall appoint the standing member elected on the Minority List as the Chairman of the Board of Statutory Auditors.

If, at the end of the aforementioned 15-day term for presenting lists, only one list is presented, or those presented are by shareholders associated with one another as defined by para. 2, article 148 of Decree 58/1998, other lists may be presented during the five-day period after the initial term. In this case, the share ownership requirement for list presentation is halved. In any event, even if at the end of this additional 5-day term only one list has been presented or admitted to voting, the candidates on this list shall be appointed as standing and alternate statutory auditors in accordance with the sequential number in which they appear in the respective sections of this list.

If no lists are presented or if it is not possible to appoint one or more statutory auditors using the list voting system, the Shareholders' Meeting shall decide with the majorities required by law.

**C) Replacement**

In the event of having to replace a statutory auditor, the replacement shall be an alternate statutory auditor belonging to the same list as the outgoing auditor in the order specified therein.

This is without prejudice to other replacement procedures established by current statutory or regulatory provisions.

The Shareholders' Meeting called under para. 1, article 2401 of the Italian Civil Code shall make the appointment or replacement in compliance with the principle of having the required minority representation.

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The powers, duties and term in office of the statutory auditors are those established by law.

The statutory auditors may, individually or jointly, request the Board of Directors to provide details and explanations about the information they have received and about general business trends or specific transactions, and may carry out inspections and controls at any time.

Members of the Board of Statutory Auditors may not hold similar appointments in more than five companies that are quoted on the stock exchange. The statutory auditors shall comply with the limits on the number of appointments as a director or statutory auditor established by article 148-bis of Decree 58/1998 and related regulations for its implementation.

No standing or alternate statutory auditor may be a director or employee of companies or entities that control the Company; this is without prejudice to the other limitations on the number of appointments that may be held under current statutory or regulatory provisions.

Meetings of the Board of Statutory Auditors may be held via teleconference or videoconference, in accordance with the terms stated in article 17.

**Article 25)**

The accounts are audited by a firm of auditors, whose appointment, duties, powers and responsibilities are governed by the provisions of specific laws.

**FINANCIAL STATEMENTS AND PROFITS**

**Article 26)**

The Company's financial year runs from 1 January to 31 December of each year. The financial statements are prepared by the Board of Directors as required by current legislation.

**Article 27)**

Five percent of net income resulting from the financial statements approved by the Shareholders' Meeting must be allocated to the legal reserve until this equals one-fifth of share capital. The remainder of net income may then be allocated in the manner decided by the Shareholders' Meeting.

The Board of Directors may resolve to distribute interim dividends, if the legal requirements and conditions exist.

Dividends not collected within a five-year period from their payment date shall become statute-barred and be recredited to the legal reserve.

**WINDING-UP AND LIQUIDATION**

**Article 28)**

In the event the Company is wound up, the Extraordinary Shareholders' Meeting shall determine how the liquidation will be conducted, appoint one or more liquidators, determine their powers and fix their remuneration.

**APPOINTMENT OF AN HONORARY CHAIRMAN**

**Article 29)**

Should the Board of Directors consider it necessary, and insofar as the Ordinary Shareholders' Meeting has not made provisions there for, the Board of Directors can nominate an Honorary Chairman, who ~~must~~ will not ~~necessarily~~ be a member of the Board of Directors, and who will ~~be entitled to~~ only attend meetings of the Board of Directors ~~and to intervene in~~ upon invitation by the ~~Shareholders' Meeting, but who~~ Chairman of the Board. The Honorary Chairman does not have the right to vote. ~~in the meetings of the Board of Directors.~~

The Honorary Chairman shall carry out the duties assigned from time to time by the Board of Directors.

The Honorary Chairman shall serve the same term as the Board of Directors in office at the time. The Honorary Chairman can be re-elected.

The Board of Directors shall determine the remuneration of the Honorary Chairman.