

F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.



**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON MATTER 6 OF THE AGENDA OF THE
ORDINARY SHAREHOLDERS' MEETING OF F.I.L.A. - FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.,
CALLED FOR APRIL 18, 2019 IN SINGLE CALL**

(prepared in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements, and Article 84-*ter* of the Regulation adopted with Consob Motion No. 11971 of May 14, 1999 and subsequent amendments and supplements)

Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 15, 2019 and available on the website www.filagroup.it

Matter 6 on the agenda of the Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A., called for April 18, 2019 in single call:

“Reestablish the remuneration of the Board of Statutory Auditors in office until the approval of the financial statements at December 31, 2020; resolutions thereon.”

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Dear Shareholders,

this Report has been prepared in accordance with Article 125-ter, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the “**CFA**”) and Article 84-ter of the Regulation adopted with Consob motion No. 11971 of May 14, 1999 and subsequent amendments and supplements (the “**Issuers' Regulation**”).

It was approved by the Board of Directors on March 15, 2019 and is made available to the public, in accordance with applicable law and regulations, at the registered office, on the company website (www.filagroup.it) and also by the other means established by the applicable regulation.

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With regards to the sixth matter on the agenda of the Shareholders' Meeting, the Board of Directors states that on April 27, 2018, the Shareholders' Meeting appointed the members of the current Board of Statutory Auditors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“**Fila**” or the “**Company**”), establishing the relative remuneration respectively as Euro 29,000 gross annually for the Chairperson of the Board of Statutory Auditors and Euro 22,000 gross annually for each of the statutory auditors. This motion was assumed prior to the acquisition of Pacon Holding Company and the companies within its consolidation scope (the “**Pacon Group**”), which was acquired by the company on June 7, 2018. This acquisition resulted a significant organisational restructuring and extension of the Fila Group scope, with a consequent significant increase in the commitment required and responsibilities of the Board of Statutory Auditors of the company.

In this regard, in accordance with Application Criterion 8.C.4 of the Civil Code adopted by the Corporate Governance Committee of Borsa Italiana, with which the company complies, it should be noted that “*the remuneration of the statutory auditors is commensurate with the commitment required, the importance of the roles covered, in addition to the size and sectors of the company*”. Taking into consideration the wider scope, in comparison to initially envisaged on appointment, of the oversight activities and related responsibilities which the Board of Statutory Auditors is required to fulfill - an extension, which as stated, relates to the extension of the Fila Group following the acquisition and integration of the Pacon Group - the Board of Directors, also following contact with the Board of Statutory Auditors, has reached the conclusion that the conditions exist to submit to the Shareholders' Meeting called for April 18, 2019 a proposal to adjust the remuneration approved on appointment, on the basis of any proposals presented by shareholders.

In this regard, any proposal to amend the remuneration, and the consequent Shareholders' Meeting motion, shall comply with the rules at Article 2402 of the Civil Code, as objective reasons are satisfied, arising since their appointment, to affect the functions and responsibilities of the oversight body.

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In light of that stated above, the Board of Directors invites shareholders to present proposals to re-establish the remuneration of the members of the Board of Statutory Auditors.

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Pero, March 19, 2019

The Chairman of the Board of Directors

(Gianni Mion)