



STATUTES

January 2016

COMPAGNIA DI SAN PAOLO

STATUTES

Section 1

ORIGIN – PREMISES – PURPOSES – ASSETS

ARTICLE 1

1. The Compagnia di San Paolo, founded in Turin in 1563 (in these Statutes, also the “Compagnia”), is a foundation under the provisions of the Law 23rd December 1998, nr. 461 and by the Legislative Decree 17th May 1999, nr. 153 and their subsequent modifications and integrations, by the current laws, and by the present Statutes, defined according to the contents of the *Carta delle fondazioni* (Charter of Foundations) adopted by the *Associazione di Fondazioni e Casse di risparmio spa* (Association of Italian Banking Foundations and Savings Banks Ltd) and of the Protocol of Agreement signed by the same Association with the Ministry of Economy and Finance on 22nd April 2015 (hereinafter, also the “Protocol”). It has full private law capacity and is endowed with the freedom to establish its own statutes and to manage itself.

ARTICLE 2

1. The Compagnia has legal premises in Turin, Italy.

ARTICLE 3

1. The Compagnia pursues purposes having a social usefulness, with the goal of favoring civic, cultural, and economic development by operating in the admissible sectors (“settori ammessi”) provided for by art. 1, paragraph 1, letter c-bis), of the legislative decree 17th May 1999, nr. 153. The priority sectors (“settori prioritari”) are chosen every three years, according to the law, among the aforementioned admissible sectors, and this choice is widely publicized. In any case, the Compagnia will make this choice within the scope of the large theme areas in which its institutional activity is divided, namely research and education; arts, cultural heritage and activities; health-care; social policies.

2. The Compagnia’s activity is carried out according to planning criteria based on the annual and multi-year documents provided for by art. 11.3, lett. d). The multi-year planning document determines, for the period in which the General Council (“Consiglio Generale”) is in charge, the strategies, priorities, and goals to be pursued, and any programs and means of intervention.

3. The methods and criteria used in pursuing the purposes herein are ruled by a regulatory document governing institutional activities. In order to guarantee the transparency of its choices, the Compagnia publishes on its website, in a manner that is clear, complete and easily accessible, the information relevant to its institutional activity envisaged in art. 11, paragraphs 2 to 5, of the Protocol.

ARTICLE 4

1. The Compagnia can operate in Italy, the European Union, and in other foreign countries, with the methods and tools that, from time to time, will be considered to be suitable for the attainment of the purposes herein. Specifically, it can:

a) directly manage, with separate bookkeeping, instrumental bodies, that is, organizations that exclusively operate for the direct fulfillment of the purposes herein, as pursued in the priority sectors;

b) hold interest, including controlling interest, in institutions or companies, whose exclusive purpose is the management of instrumental bodies;

c) promote the establishment of private entities endowed with private legal personality in order to fulfill the need to specialize the goals of the individual intervention sectors;

d) carry out any financial and trade operations, as well as any operations concerning real estate and movables, that may be necessary or simply expedient for the attainment of the purposes herein, within the limits of the law and of these Statutes.

2. Investment in the companies and instrumental bodies is carried out by using exclusively resources from the earnings, subject to the provisions for movable and immovable property in art. 7, paragraph 3 bis, of the legislative decree 17th May 1999, nr. 153.

3. The Compagnia, in observance of the principle of conservation of its assets, cannot contract debts, except for temporary and limited needs for cash. The total debt exposure cannot exceed 10% of the assets, as stated in the last approved balance sheet.

ARTICLE 5

1. The Compagnia's assets consist of the starting capital and any reserve funds.

2. The assets grow thanks to the provisions for the legal reserve, according to the amount set by the Supervisory Authority, and thanks to the donations received for any reasons and explicitly intended to increase the assets. The assets can also grow due to the capital gains relevant to the shareholding in the transferee banking institution according to art. 9, paragraph 4, of the legislative decree 17th May 1999, nr. 153 and its subsequent modifications and integrations. Other reserve funds can be created and increased through resolutions by the General Council according to criteria provided for in the internal rules and regulations, with authorization by the Supervisory Authority.

3. The assets are totally tied-up to the pursuit of the purposes herein and are managed consistently with the nature of the Compagnia. In managing these assets, the Compagnia observes the principles of prudence with respect to risks, so as to maintain the value of the assets and obtain an adequate earnings capacity and, in particular:

a) optimization of the combination between overall portfolio profitability and risk, by choosing the best instruments according to quality, possibility to liquidate, performance, and risk level, consistently with the adopted investment policy;

b) adequate diversification of the portfolio, aimed at containing the concentration of risk and the dependence of the results of management from specific issuers, groups of companies, business sectors, and geographical areas;

c) efficient management aimed at optimizing results, containing transaction, operating, and running costs with respect to the portfolio's dimension, complexity and characteristics.

4. In diversifying the investment risk, the Compagnia operates so that the exposure towards a single entity is not altogether larger than one third of the total assets, as provided for by art. 2, paragraphs 4 to 7, of the Protocol.

5. Derivative contracts and financial instruments are used with the purpose of hedging or in operations in which no risks of asset losses are present, subject to the provisions of art. 4, paragraph 3, of the Protocol. The use of derivative contracts and financial instruments is governed in the regulations on the asset management, with the limits and methods indicated in art. 4, paragraphs 2 and 3, of the Protocol. The notes to the financial statement will include summary information, having both a qualitative and a quantitative nature, relevant to derivative operations made during the financial year to which the balance sheet refers, and to the outstanding operations at the date of its closing, including the ones incorporated in financial instruments and the ones executed within the scope of portfolio management.

6. The management of the assets can be entrusted to agents that meet the qualification requirements of the legislative decree 24th February 1998, nr. 58 and its subsequent modifications and integrations, and who are chosen according to criteria that refer to the exclusive interest of the Compagnia. The General Council establishes, through specific regulations and according to the principles in the Protocol, the methods and criteria for managing the assets and provides for the separation of the bookkeeping activity of said management with respect to the other activities carried out by the Compagnia. Specifically, the criteria for the administration of the shareholding in the transferee banking institution are established in this way, as provided for by art. 1, paragraph 1, letter f) of the legislative decree 17th May 1999, nr. 153 and its subsequent modifications and integrations. The management of this shareholding, including the exercise of corporate rights, falls within the authority of the Management Committee, subject to the policy-making function of the General Council, as ruled in art. 11 below. In exercising its rights as shareholder of the transferee banking company, the Compagnia cannot nominate or vote for candidates, or submit or vote for lists of candidates which include individuals who have fulfilled, in the twelve preceding months, policy-making, administrative, or controlling functions in the Compagnia.

7. Within five days from their execution, the Compagnia conveys to the Supervisory Authority the shareholders' agreements, if any, and their subsequent modifications, having as subject matter the exercise of the rights connected with the stake held in the transferee banking company, expressly giving account that the above agreements do not contain provisions that are in contrast with the principles established in art. 6 of the legislative decree 17th May 1999, nr. 153, subject to the provisions of art. 25, paragraph 3-bis, of the same legislative decree nr. 153. The same deadline applies to the agreements, closed in any form, from which the Compagnia may derive the rights and powers envisaged in art. 6, paragraph 2, of the mentioned legislative decree nr. 153.

8. In order to reach its purposes, the Compagnia can use any received donations that are not specifically allocated to the assets.

Section II

BODIES OF THE COMPAGNIA

ARTICLE 6

1. The following are bodies of the Compagnia:

- a) the Chair (Presidente);
- b) the General Council (Consiglio Generale)
- c) the Management Committee (Comitato di Gestione);
- d) the Board of Auditors (Collegio dei Revisori);
- e) the Secretary-General (Segretario Generale).

2. The members of bodies in charge of directing, administering, managing and controlling the Compagnia must be chosen among persons who:

- a) possess the requirements of honorableness referred to in the decree of the Ministry of the Treasury, Budget, and Economic Planning of 18th March 1998, nr. 161 and its subsequent modifications;
- b) have not encountered one of the impeding situations and are not in the situations that entail the suspension of office provided for by the Decree of the Ministry of the Treasury, Budget, and Economic Planning of 18th March 1998, nr. 161 and its subsequent modifications;
- c) have adequate cultural and professional titles and are skilled and experienced in at least one of the priority sectors, for what concerns the members of the policy-making and management bodies; and, with respect to the controlling body, fulfill the professional requirements of art. 15.2.

3. Besides fulfilling the above-mentioned general requirements of honorableness and professional competence, the members of the Management Committee must possess specific requirements of professional competence based on experiences made in administration and management.

4. In appointing the members of the bodies, the Compagnia adopts procedures that will safeguard its own independence and impartiality and that are inspired by objective and transparent criteria, aimed at enhancing the principles of honorability and professional competence and suited to ensure a composition of the bodies that allows the most effective action in the sectors and territory in which it operates. The General Council defines through regulations the procedures for the appointment, including the ones concerning the verification of the causes of ineligibility and incompatibility, specifying the requirements relevant to professional skills and competence needed for the nomination of the members of the bodies, and defining the methods through which to ensure the transparency of the nominations and of the relevant procedures.

5. The presence of the least represented gender is ensured in the policy-making, management, and controlling bodies.

6. The positions of member of the General Council, Management Committee, Board of Auditors, and Secretary-General are incompatible with each other.

7. The members of the policy-making, management, and controlling bodies, including the Chair, cannot fulfill more than two consecutive mandates in the Compagnia, independently of the interested body. Two mandates are not considered as consecutive if the second one is taken up after a period of at least three years from the date in which

the preceding one has expired. In counting the consecutive mandates, the mandate fulfilled for a time that is not shorter than half of the established term is included in the count; also a shorter time period can be included if the mandate was terminated by voluntary resignation, except when the resignation has been handed in due to the appointment to another body of the Compagnia. In counting the total mandates, the mandates fulfilled for a shorter duration than half of the predicted term cannot be excluded more than once.

8. Subject to the incompatibility causes from time to time indicated by the law, the following persons cannot be part of the Compagnia's bodies:

a) members of the management or control bodies of the entities indicated in art. 8.1, or those who represent said entities externally, the persons connected to them through employment relationships or continuous consultancy services, or that supply paid work, or are connected through other relationships having a pecuniary nature, described in art. 2399 Civil Code, that may compromise their independence;

b) spouses, relatives and in-laws up to the second degree of the members of the management bodies of the entities indicated in art. 8.1;

c) the directors of the recipients of the Compagnia's grants, with the exception of instrumental entities and companies, with whom the Compagnia has organic and permanent relations;

d) persons that hold direction, management and control functions in other foundations indicated in the legislative decree 17th May 1999, nr. 153;

e) persons that hold, or have held in the preceding twelve months, direction, management, and control functions in the transferee banking institution;

f) those who carry out management, direction, or control functions in the subsidiaries or in companies in which the transferee banking institution has an interest;

g) persons that hold positions in the management, supervisory, and control bodies, or hold direction functions in any companies that are market competitors of the transferee banking institution or with companies belonging to the group of the transferee banking institution;

h) members of the national and European Parliament, the Italian Government, the Italian Constitutional Court, or other Italian government or constitutional bodies, including at local level;

i) members of Regional, Provincial, and City Councils; the Mayors; the Regional, Provincial, and City Councilors with executive functions; the President of the Regional and Provincial Council; the president and members of the council of administrative districts; the chair and members of the board of directors of associations of local authorities, of the boards and councils of town associations; the members of the boards of directors and the chair of the special companies and institutions envisaged by art. 114 of the legislative decree 18th August 2000, nr. 267; the president and members of the bodies of mountain districts ("comunità montane").

l) members of the Councils of the Chambers of Commerce, Industry, Crafts and Agriculture;

m) employees of the Supervisory Authority for foundations, referred to in art. 2, paragraph 1, lett. i) of the law 23rd December 1998, nr. 461.

9. Participation in the Compagnia's bodies is incompatible with any political office or candidacy; in particular, persons who have held or have run for one of the offices indicated in the previous paragraph 6, letters g) and h) during the twelve preceding months cannot hold a position in the Compagnia's bodies.

10. The appointment to the Compagnia's bodies is also precluded to persons who have not signed a statement committing not to run for the offices indicated in paragraph 6, lett. g) and h) during the term of their office and during the year following its expiry.

11. Any supervening cause of incompatibility after the appointment to the relevant body shall be a cause of suspension and, if it is not removed within thirty days from its occurrence, it shall be cause for forfeiture. Also a cause for forfeiture is the intervening failure to meet any of the honorability and professional requirements after the appointment to office.

12. Each collegiate body shall check that its members fulfill the requirements and that the situation is as required in the above paragraphs, taking any consequent measures within thirty days from the check. The General Council carries out this check with respect to the Chair, and the Management Committee with respect to the Secretary-General.

13. Each member has an obligation to immediately communicate to his/her body about any forfeiture, suspension, or incompatibility causes that concern him/her; failing to do so, the body shall apply the relevant protocol as soon as it receives notice of said causes.

14. Should a member of the policy-making or management body be in a situation of conflict with the Compagnia's interests, he/she must give immediate notice to his/her body and to the Board of Auditors, detailing the nature, terms, origin and scope of said conflict of interest, and abstaining from the relevant resolutions.

15. In case of failure to observe the communication and abstention obligations provided for in the preceding paragraph, the person responsible shall be answerable to the Compagnia for any resulting damages.

16. Any members of the General Council or the Management Committee that do not take part, without having a justified reason, in two consecutive meetings of their body, shall be divested of authority. The forfeiture shall be promptly accepted by the relevant body; the Chair shall promote any substitution procedure according to these Articles.

17. The members of the Compagnia's bodies cannot undertake work assignments in the foundation before at least twenty-four months from the termination of the office.

Section III THE CHAIR

ARTICLE 7

1. The Chair is appointed by the General Council at its first meeting, and can also be chosen among persons who do not belong to the General Council.

2. The General Council also appoints a Vice Chair according to the method provided for by art. 17.2 and 17.5.

3. The Chair and Vice Chair are not members of the General Council; if they are chosen from the latter, they shall be substituted as provided for in art. 9.2.

4. The Chair's office shall last as long as the General Council and shall expire with the latter, maintaining its functions until the new Chair is appointed. The Chair can be appointed again only once.

5. The Chair shall have the Compagnia's legal representation. Furthermore, the Chair:

a) presides over the meetings of the General Council, fixes its agenda, and directs its works without voting rights;

b) chairs the meetings of the Management Committee, fixes the relevant agenda, and directs its works.

6. In the interest of the Compagnia, the Chair takes any measures that he/she considers to be expedient, if there are urgent reasons. The urgent measures adopted by the Chair must be ratified by the Management Committee at the Committee's first meeting, subject to the rights legitimately acquired by third parties.

7. In case of the Chair's revocation, absence, or temporary impediment, the Vice Chair assumes the relevant functions.

8. In case of the Vice Chair's absence or impediment, the relevant functions are carried out by the senior member in charge of the Management Committee or, if the offices are coeval, by the oldest person in the Committee.

9. If, for any reason, the Chair ceases from his/her functions prior to the expiry date, the Vice Chair summons the General Council within thirty days, and the latter appoints the new Chair. The Chair thus appointed shall remain in charge for the remaining period that was left to his/her predecessor.

10. In addition to the refund of the expenses inherent to the office, the Chair shall be entitled to a fixed yearly remuneration and to the attendance fees determined by the General Council, having heard the Board of Auditors' advice. .

Section IV THE GENERAL COUNCIL

ARTICLE 8

1. The General Council is composed of seventeen Councilors, of which fourteen are nominated as follows:

a) two by the City of Turin;

b) one by the Piemonte Region;

c) one by the City of Genoa;

d) two by the Chamber of Commerce, Industry, Crafts, and Agriculture of Turin;

e) one by the Chamber of Commerce, Industry, Crafts, and Agriculture of Genoa;

f) one by the Chamber of Commerce, Industry, Crafts, and Agriculture of Milan;

- g) one by the Unione Regionale delle Camere di Commercio del Piemonte;
- h) one by the Accademia delle Scienze of Turin, having alternatively heard the suggestion of the Physical, Mathematical, and Natural Sciences class and the Moral, Historical, and Philological Sciences class;
- j) one by the Accademia Nazionale dei Lincei, having alternatively heard the suggestion of the Moral, Historical, and Philological Sciences class and the Physical, Mathematical, and Natural Sciences class;
- k) one by the European Foundation Centre, to be identified among persons who are not the expression of foundations of banking origin indicated in the legislative decree 17th May 1999, nr. 153.

2. At least ninety days prior to the expiration date of the General Council's term of office, the Chair, as provided for by art. 20.2 with respect to art. 9.1, shall invite the Entities referred to in paragraph 1 to make the respective nominations, sending to each of them a copy of these Statutes.

3. At the latest ninety days from the date of the invitation sent according to the preceding paragraph, the Entities indicated in paragraph 1 shall nominate persons having skills and experience in at least one of the priority sectors, and send the relevant written notice to the Chair of the Compagnia, illustrating the reasons for their nomination.

5. If the nominations are not made within the deadline established in the preceding paragraph, or are not valid or ineffective, the Chair urges the Entities that have not made their nominations, or have made them in a void or ineffective way, to do so within fifteen days from the date of the new invitation; should this extended period pass fruitlessly, the appointment shall be made by the new General Council before moving on to the co-optation of the members appointed as provided for by paragraph 6 below.

6. The Council also includes three members that must be co-opted during the first meeting.

7. The choice of the members to be co-opted must be made among qualified personalities of clear and undisputed renown and in such a way as to ensure the balanced presence of specific and acknowledged professional competences in the priority sectors, also promoting the presence of the least represented gender within the Council.

8. Periodically, the Compagnia verifies that the nominating Entities actually represent the territory and the social interests underlying the foundation's institutional activity. The Compagnia, in order to gather information and useful elements for such evaluation, promotes one or more meetings with both public and private entities that are the expression of the local reality and are active in its intervention areas. The criteria and methods for convening these meetings are previously regulated in detail; participants can intervene and present documents and propositions. Of said meetings, minutes are drafted, which will be submitted to the General Council. The results of the evaluation process are included in the relevant Annual Report, published in the Compagnia's website.

ARTICLE 9

1. The General Council shall stay in office for four years. All of the Councilors shall cease

from office with the approval of the balance sheet relevant to the last year of their office.

2. The Councilor that intends to resign must send written notice to the Chair and to the Chair of the Board of Auditors. Any Councilors who cease from office due to resignation or other causes are substituted, by virtue of art. 8, through the same procedure used for their nomination or co-optation: the Chair shall promptly activate, depending on the case, the nomination by the Entity that had nominated the resigning Councilor or the co-optation by the General Council.

3. In addition to the refund of the expenses occasioned by the office, the Councilors shall be entitled to attendance fees as determined by the General Council at the Chair's suggestion, having heard the Board of Auditors' advice.

ARTICLE 10

1. The General Council meets at least twice a year in order to fulfill the obligations provided for in art. 20 and every time it is necessary for the performance of its functions. The Chair convenes the General Council if he/she deems it necessary and, without delay, whenever it is requested in writing by at least five Councilors, with the indication of the reasons for such request.

2. The Chair establishes the agenda; the meetings are normally held at the Compagnia's premises; however, the General Council can meet anywhere else, in Italy or abroad, with the exclusion of teleconference systems.

3. The notice of convocation, with a summary of the points on the agenda, must be sent, by any means suitable for ensuring its reception, to the Councilors and Auditors at least five days prior to the day fixed for the meeting. In particularly urgent cases, the convocation can take place with a 48 prior notice.

4. For the validity of the resolutions, the presence of the majority of the Councilors in office is necessary. The resolutions are taken with the absolute majority of the present Councilors, subject to the provisions of the paragraphs below.

5. The resolutions concerning the modifications to the Statutes are taken with the favorable vote of two thirds of the Councilors in charge.

6. The resolutions having the following subject matters are taken by absolute majority of the Councilors in charge:

- a) the co-optation of the Councilors indicated in art. 8.6;
- b) the deeds that establish rules or the operating regulations referred to in art. 11.3, letter b);
- c) the appointment of the Chair, the Vice Chair, and of the other members of the Management Committee;
- d) the liability action against the Chair and the other members of the Management Committee, or against the members of the control body;
- e) the appointment or revocation of the members of the Board of Auditors.

7. Only in the case of appointments, if the majority required in the preceding paragraph is not reached after two consecutive rounds of voting, starting with the third voting the relevant resolutions will be taken by absolute majority of the present Councilors.

8. For resolutions concerning persons, the General Council can establish special voting methods. Moreover, it can set additional rules for its operation.

9. The members of the Management Committee participate to the meetings of the General Council without right to vote.

10. If the General Council does not exhaust all the points in the agenda during the course of the meeting convened for that purpose, the Chair adjourns its continuation until five working days at the latest.

11. The minutes of the resolutions taken by the General Council are drafted and copied in the register of the minutes by the Secretary-General, who participates in the relevant meetings; the Secretary-General acts as Secretary of the Council and, in this task, can receive the help of other persons. In case of absence of the Secretary-General, the above tasks are carried out by another person nominated by the Council.

ARTICLE 11

1. The General Council is the policy-making body of the Compagnia and determines its priorities, plans, and purposes, verifying the relevant results.

2. In order to carry out its policy-making functions, the General Council can create commissions for specific areas and subjects. These commissions carry out advisory functions for the General Council and the Management Committee, subject to the latter's responsibility for the acts it carries out.

3. In any case, resolutions in the following subjects are reserved for the General Council:

- a) changes to the Statutes;
- b) approval and modifications of the regulatory deeds or operating rules;
- c) upon proposal by the Management Committee, the establishment of instrumental companies, and the acquisition of controlling interest in entities and companies indicated in art. 4.1, lett. b) and c);
- d) approval of the balance sheet, of the annual planning document referred to in art. 20.4 and of the multi-year planning document mentioned in art. 3.2;
- e) appointment and revocation of the Chair, Vice Chair and of the other members of the Managing Committee, and determination of the relevant emoluments;
- f) appointment and revocation of the members of the Board of Auditors, and determination of the relevant emoluments;
- g) exercise of the liability action against the members of the administration and control bodies;
- h) transformations and mergers.

Section V THE MANAGEMENT COMMITTEE

ARTICLE 12

1. The Management Committee is composed of five members, including the Chair and Vice Chair, who are members by right.

2. In addition to naming the Chair and the Vice Chair, as provided for by art. 7.1 and 7.2,

at its first meeting the General Council also appoints the other members of the Management Committee, taking into account the territories in which the Compagnia primarily carries out its activities.

3. The members of the Management Committee can be chosen from within the General Council. In this case, should the thus appointed Councilor accept the office, he/she shall forfeit the office held in the policy-making body and shall be substituted as provided in art. 9.2.

4. The members of the Management Committee must fulfill the requirements of honorability and professional competence referred to in art. 6.3 of these Articles. The resolution relevant to their appointment must indicate the selection method used and the existence of the requirements of professional competence, experience and skills that are consistent with the specific aspects of the function to be carried out.

5. The Management Committee shall stay in office for as long as the General Council and shall expire with it.

6. The General Council can at any time decide to exercise the liability action against one or more members of the administration body or the control body in case of serious breach of the duties of their office. The resolution to exercise the liability action involves the revocation from office of those against whom said action is exercised.

7. Members of the Management Committee that renounce their position must communicate it by written notice to the Chair and to the Chair of the Board of Auditors. If, due to resignation or any other causes, one or more members of the Management Committee cease from office, the General Council shall promptly substitute them, possibly during the first subsequent meeting. If, due to resignation or any other causes, the majority of the members of the Management Committee cease from office, the entire Committee shall be considered to be resigning, and the Chair shall promptly summon the General Council so that it may proceed with the new appointments.

8. The members of the Management Committee, including, if the case need be, the Chair, appointed by the General Council in conformity with the provisions of the above paragraphs, shall last in office for the residual time that the substituted members would have been entitled to.

ARTICLE 13

1. The Management Committee has all the powers needed for the ordinary and extraordinary management of the Compagnia. To the competence of the Management Committee are reserved the appointment and revocation of the Secretary-General and the determination of the relevant remuneration.

The adoption of the urgent measures provided for by art. 7.6 lies within the competence of the Chair, in his/her capacity of legal representative with power of signature before third parties and on trial. For specific operations, the Management Committee can each time grant the necessary powers to the Chair, to one of its members, or to the Secretary-General.

2. In general, decision-making powers relevant to expenses and out-payments in priority sectors can be granted to the Chair. The latter must refer periodically to the Management Committee.

3. The provisions of art. 6.14 of these Statutes shall apply to the members of the Management Committee who are in conflict with the interests of the Compagnia.

4. In addition to the refund of the expenses occasioned by their office, the members of the Management Committee shall be entitled to a fixed yearly remuneration and to the attendance fees determined by the General Council, having heard the Board of Auditors' advice..

5. The remunerations for the members of policy-making, management , and control bodies, including the Chair of the Compagnia, are determined consistently with the Compagnia's institutional nature and with the absence of profit-making purposes, proportioned to the size of the assets and allocations, according to the provisions of art. 9, paragraphs 3, 4, and 5, of the Protocol.

ARTICLE 14

1. The Management Committee is convened by the Chair at least every two months and, in any case, every time the Chair deems it appropriate, or upon written request by two members. The Chair fixes the agenda.

2. The meetings of the Management Committee are normally held at the premises of the Compagnia; however, they can also be held anywhere else, in Italy or abroad and, in cases of exceptional need and urgency, also by teleconference.

3. The notice of convocation, with the outlined indication of the subject-matters to be treated, must be sent through any suitable means that can ensure its receipt by the members of the Management Committee and the Auditors at least five days prior to the day fixed for the meeting.

4. In case of particular urgency, the convocation can take place through a prior notice of 48 hours.

5. Towards the validity of the resolutions, the presence of the majority of the members is necessary, and the relevant resolutions are taken by majority of the present members; in case of an even vote, the vote of the chairing person will prevail. For resolutions relevant to persons, the Management Committee can set particular voting procedures.

6. The Secretary-General participates in the meetings of the Management Committee.

7. The minutes of the Management Committee's resolutions are drafted and copied on the register of minutes by the Secretary-General of the Compagnia, who acts as Committee Secretary and who can have other persons help him/her. In case of absence of the Secretary-General, the Secretary's functions shall be carried out by another person nominated by the Committee.

Section VI BOARD OF AUDITORS AND AUDITING COMPANY

ARTICLE 15

1. The Board of Auditors is made up of three statutory members, among whom the Chair

is chosen, plus two acting members. The General Council appoints the members of the Board of Auditors, choosing its Chair.

2. The members of the Board of Auditors must fulfill the professional requirements needed to assume the office of auditor in a public limited company, indicated in the decree of the Ministry of Justice of 30th March 2000, nr. 162.

3. The Auditors shall remain in office for the same duration as the General Council and their term of office shall have the same expiry date as that of the General Council.

4. In addition to the refund of the expenses occasioned by their office, the members of the Board of Auditors shall be entitled to a yearly remuneration and to the attendance fees determined by the General Council.

ARTICLE 16

1. The Board of Auditors carries out the functions indicated in the provisions of art. 2403, paragraph 1, of the Civil Code. Insofar as pertinent, the provisions of articles 2403bis to 2407 of the Civil Code shall apply, respectively intending the General Council and the Management Committee instead of the assembly and the board of directors.

2. In case of substitution of an Auditor during the latter's mandate, the provisions of art. 2401 Civil Code shall apply.

3. The legal auditing of the accounts is done by a certified audit company, registered in the relevant register.

Section VII TURNOVER OF THE COMPAGNIA'S BODIES

ARTICLE 17

1. Within the deadline indicated in art. 8.3, the outgoing Chair shall start the procedure set in the same article, aimed at obtaining the nominations of the new Councilors.

2. Upon expiry of the terms provided for in art. 8, having obtained at least eleven nominations according to art. 8.4, the outgoing Chair, having heard the Board of Auditors, shall ascertain that the Statutes and the laws mentioned in the articles have been duly observed by the nominating Entities in making their nominations, appoint the nominated persons, and summon the first meeting of the new General Council, putting the following subjects on the agenda:

- control of the fulfillment of honorability and professional competence requirements;
- taking over by the new General Council;
- any appointments according to art. 8.5;
- co-optations;
- appointment of the Chair and of the Vice Chair, as provided for in art. 7.1 and 7.2; and of the members of the Management Committee and the Board of Auditors.

3. The first meeting of the new General Council is presided over by the outgoing Chair. The Council, having verified the existence of the honorability and professional requirements of each of its members and the inexistence of situations of incompatibility,

forfeiture, or suspension based on the relevant statements signed by each of the interested persons, declares the body to have legitimately taken over.

4. As soon as it has taken over, the Council fulfills the obligations set by art. 8.5, if any, and makes the co-optations as provided for by art. 8.7.

5. Having carried out the fulfillments indicated in the preceding paragraph, the Consiglio appoints the Chair and the Vice Chair, according to art. 7.1 and 7.2; and the other members of the Management Committee and the Board of Auditors: starting with that moment, the outgoing Chair and the other substituted bodies cease from office.

6. From the expiry date until the moment of their actual substitution, the policy-making, management, and control bodies maintain their functions exclusively in order to carry out current business.

Section VIII THE SECRETARY GENERAL

ARTICLE 18

1. The Secretary-General shall be appointed by a resolution of the Management Committee, which also determines the length of the term of office and the relevant emolument. He/she may be re-confirmed.

2. The Secretary-General shall be at the head of the Compagnia's operational organization.

3. In particular, the Secretary-General shall:

a) see that the resolutions of the General Council and of the Management Committee, and the Chair's decisions are implemented;

b) participate in General Council and Management Committee meetings without voting right;

c) attend to the drafting of the annual and multi-annual programs referred to in articles 20.4 and 3.2 and to the documentation of the subjects and proposals on the agenda, in order to provide the policy-making and management bodies with all useful information so that they may be able to deal expeditiously and effectively with the issues on the agenda;

d) perform all the other functions entrusted to him/her by the General Council and by the Management Committee, and all operations not specifically reserved for other bodies.

Section IX SCIENTIFIC COMMITTEES AND TECHNICAL EVALUATION COMMITTEES

ARTICLE 19

1. The General Council can appoint Scientific Committees with advisory functions, formed by experts chosen among personalities having special skills, experience and

recognized value in the priority sectors, defining their duration, operating method and remunerations.

2. For specific needs, the Management Committee can appoint Technical Evaluation Committees, composed of persons having special professional competences, determining, having heard the Board of Auditors, their allocations, operating methods, and emoluments.

3. The members of the General Council that participate to the Committees indicated in the paragraphs above will only receive allowances relevant to the actual participation to the works and to borne expenses.

4. The Chair can appoint experts to formulate opinions about the proposals being examined by the Compagnia, determining the relevant emoluments, having heard the Board of Auditors.

Sector X BALANCE SHEET

ARTICLE 20

1. The financial year closes every year on December 31st.
2. By April 30th of each year the General Council, having heard the report from the Board of Auditors, approves the balance sheet for the previous financial year.
3. The Management Committee prepares the report and the balance-sheet format to be submitted to the approval of the General Council.
4. By October 31st of each year, the General Council approves the annual planning document for the activities relevant to the next financial year, which must indicate, among other things, the criteria for apportioning the interventions, to be transmitted within fifteen days to the Supervisory Authority.
5. The Compagnia's bookkeeping and its balance sheet are subject to auditing according to the provisions of art. 2409 bis Civil Code, insofar as applicable, as recalled by art. 16.3 of these Articles.
6. The Compagnia's balance sheet is composed of the documents required by art. 2423 Civil Code. In its report, the Management Committee complies with the indications of art. 9 of the legislative decree 17th May 1999, nr. 153, also abiding by the regulatory prescriptions established by the Supervisory Authority.
7. In keeping the books and the accounts, the Compagnia adheres to the provisions in articles 2421 to 2435 of the Civil Code, insofar as they are applicable.

Section XI TRANSITORY AND FINAL PROVISIONS

ARTICLE 21

1. The provisions of these Statutes shall become effective with the deed of approval by

the Ministry of Economy and Finances.

2. The provisions concerning the make-up of the General Council and of the Management Committee, with particular reference to articles 8 and 12, are applicable starting with the first renewal of the bodies following this revision of the Articles.

3. The Chair, immediately after the approval of the present Statutes according to art. 10, paragraph 3, lett. c) and to the legislative decree 17th May 1999, nr. 153, shall send a copy thereof to the Entities indicated in art. 8.1 and give to the Articles adequate publicity by filing them with the office of legal persons in the Prefecture of Turin.

4. Upon the first application of the new provisions in art. 5, paragraph 4, the Compagnia will operate within the limits and with the methods indicated in art. 2, paragraph 8, of the Protocol.

ARTICLE 22

1. In case of winding up, the net residual assets of the Compagnia shall be assigned to other foundations in compliance with the criteria established in art. 11, paragraph 7, of the legislative decree 17th May 1999, nr. 153.