

**Shareholders' Meeting of 28 April 2016
Explanatory Report by the Board of Directors**

Ordinary part

Item 1 on the agenda

Presentation of the 2015 Annual Report

The publication of Sabaf's Annual Report, in its eleventh edition this year, confirms the Group's commitment, undertaken in 2005, to providing integrated reporting of its economic, social and environmental performance.

Sabaf was one of the first companies at international level to adopt integrated reporting, and intends to continue along this path, guided by the International Framework, in the knowledge that integrated, complete and transparent disclosure can benefit both companies themselves - through a better understanding of the various strategic strands and greater internal cohesion - and the investor community, which can thereby gain a clearer understanding of the link between strategy, governance and company performance.

Shareholders and holders of voting rights are not required to vote on this item.

Item 2 on the agenda

The financial statements at 31 December 2015:

- 2.1. Approval of the financial statements for the year ending 31 December 2015; the Board of Directors' Report on Operations; the Independent Auditor's Report and the Board of Statutory Auditors' Report; related and subsequent resolutions;**
- 2.2. Decisions in respect of the allocation of 2015 earnings; related and subsequent resolutions.**

The comments on the separate financial statements are contained in the Board of Directors' Report on Operations deposited at the Company's registered office, on the website www.sabaf.it and in the manner established by the laws in force, along with the draft consolidated and separate financial statements, the Board of Statutory Auditors' Report, and the Independent Auditor's Report, in accordance with applicable laws and regulations.

The comments on the separate financial statements are contained in the Board of Directors' Report on Operations deposited at the Company's registered office, on the website www.sabaf.it and in the manner established by the laws in force, along with the draft consolidated and separate financial statements, the Board of Statutory Auditors' Report, and the Independent Auditor's Report, in accordance with applicable laws and regulations.

As we thank our employees, the Board of Statutory Auditors, the Independent Auditor and the supervisory authorities for their invaluable cooperation, we would kindly ask the shareholders to approve the financial statements as at 31 December 2015, with the recommendation to allocate the year's profits of €5,642,123 as follows:

- the payment of a dividend of €0.48 per share to shareholders, with payment date on 25 May 2016

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(ex-date: 23 May 2016). With regard to treasury shares, we recommend allocating an amount corresponding to the dividend of company shares in the portfolio on the ex-date to the extraordinary reserve;

- the remainder to the Extraordinary Reserve.

Dear Shareholders,

We therefore invite you to approve the following proposal for resolution:

1. "The Ordinary Shareholders' Meeting:

- having acknowledged the Board of Directors' Report on Operations, the Board of Statutory Auditors' report, and the Independent Auditor's Report;
- having examined and discussed the draft financial statements at 31 December 2015, which closed with a net profit for the year of €5,642,123

resolves

to approve the financial statements at 31 December 2015.

2. "The Ordinary Shareholders' Meeting

resolves

to allocate the year's profits of €5,642,123 as follows:

- the payment of a dividend of €0.48 per share to shareholders, with payment date on 25 May 2016 (ex-date: 23 May 2016). With regard to treasury shares, we recommend allocating an amount corresponding to the dividend of company shares in the portfolio on the ex-date to the extraordinary reserve;
- the remainder to the Extraordinary Reserve.

Item 3 on the agenda

Resolution on the first section of the Report on Remuneration pursuant to article 123-ter of Legislative Decree 58/1998

Dear Shareholders,

Pursuant to article 123-ter of Legislative Decree 58/1998, this Shareholders' Meeting is asked to cast an advisory vote on the policy adopted by the Company regarding the remuneration of directors, auditors and executives with strategic responsibilities, and on the procedures used for its adoption and implementation.

The Report on Remuneration, prepared in compliance with Appendix 3A, models 7-bis and 7-ter, of CONSOB Regulation 11971 of 14 May 1999, has been made available to the public in accordance with the deadlines and procedures prescribed by law (21 days before the Meeting). The report may also be viewed on the website www.sabaf.it.

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Item 4 on the agenda

Authorization to buy and dispose of treasury shares; related and subsequent resolutions

Dear Shareholders,

On the occasion of today's Ordinary Shareholders' Meeting, we would like to present a proposal to authorize the Company to purchase and use treasury shares, in accordance with the terms, conditions and procedures set out below.

Reasons for which authorization is requested for purchase and use of treasury shares

The reasons for which the Board of Directors recommends to submit to the Ordinary Meeting the request for authorization to implement operations for the purchase and disposal of treasury shares, with equal treatment of shareholders and in accordance with applicable laws and regulations, are set out below:

- I. in accordance with Company strategy, to use treasury shares as part of the transactions related to business plans and agreements with strategic partners or within the framework of investment transactions, including by means of swap, loan, assignment or transfer or other disposals of the treasury shares for acquisition of shareholdings or share packages or other extraordinary financial transactions which imply assignation or disposal of treasury shares;
- II. to offer shareholders an additional tool to liquidate their investments;
- III. to carry out operations to support market liquidity.

Maximum number, category and par value of the shares involved in this authorization

At today's date, the Company's share capital amounts to €11,533,450.00 and is represented by 11,533,450 ordinary shares with a par value of €1.00 each. The maximum number of shares proposed to acquire, within the limits of retained earnings and available reserves, based on the most recent, regularly approved financial statements is 1,153,345, or another number that represents the threshold limit of 10% of the share capital at any time, in the event of resolution or execution of increases and/or reductions in the capital during the period of authorization as specified in Item 4 below.

The request for authorization concerns the power of the Board of Directors to make repeated and successive purchase and sale transactions (or other deeds relating to use thereof) of treasury shares on a revolving basis, including for fractions of the maximum authorized quantity, to such a degree that the treasury shares held by the company do not exceed the maximum limit established by law.

Other useful information for evaluating compliance with the provisions set forth by article 2357, paragraph 3 of the Italian Civil Code

For the purposes of evaluating compliance with the limits set forth in article 2357, paragraph 3 of the Italian Civil Code, it should be noted that the Company's share capital amounts to €11,533,450.00 and is represented by 11,533,450 ordinary shares with a par value of €1.00 each. It should be noted that, as at the date of this explanatory report, the Company holds 114,805 treasury shares, equal to 0.995% of the share capital.

It should be noted that, in accordance with article 2357, paragraph 1 of the Italian Civil Code, companies are allowed to purchase treasury shares up to the amount of retained earnings and available reserves, shown on the most recent approved financial statements, while also considering any restrictions on availability arising subsequent to and until the date of the respective resolution. The Company's financial statements at 31 December 2014, approved on 5 May 2015, show that the Company has the following available reserves for a total of €74,582,155, as follows:

- the share premium reserve, for €10,001,935;

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- the revaluation reserve, pursuant to Law 413/91, for €42,207;
- the revaluation reserve, pursuant to Law 342/00, for €1,591,967;
- retained earnings available, for €62,946,046.

In addition, the Company's draft financial statements at 31 December 2015, approved by the Board of Directors on 22 March 2016 and which will be submitted for shareholder approval on 28 April 2016, show that the Company has available reserves totalling €74,582,155, as follows:

- the share premium reserve, for €10,001,935;
- the revaluation reserve, pursuant to Law 413/91, for €42,207;
- the revaluation reserve, pursuant to Law 342/00, for €1,591,967;
- retained earnings available, for €65,170,256.

It should be noted that the Board is required to verify compliance with the conditions required by article 2357 of the Italian Civil Code for the purchase of treasury shares at the time that every authorised purchase is made.

For acquisition of shares and subsequent sale, loan, transfer or write-down thereof, specific notes shall be made in the accounts in compliance with legal provisions and the applicable accounting standards.

Subsidiary companies and the respective administrative bodies will be given appropriate instructions so that they can make timely reports on the acquisition of shares made in accordance with article 2359-bis of the Italian Civil Code.

Pursuant to article 44-*bis* of the Issuers' Regulation adopted with CONSOB Resolution 11971 of 14 May 1999 (the "Issuers' Regulation"), the treasury shares held by the Company are excluded from the share capital based on which significant shareholdings are calculated for the purposes of obligations resulting from article 106, paragraphs 1 and 3, letter b) of Legislative Decree 58 of 24 February 1998, except in cases in which the shares are purchased in execution of a shareholders' resolution which, notwithstanding the provisions of articles 2368 and 2369 of the Italian Civil Code, has also been approved by a majority of shareholders who individually or jointly hold a majority or relative majority interest, provided it is more than 10%.

Term for which authorisation is requested

A period of 18 months is requested for the authorization to acquire treasury shares, commencing from the date on which the Ordinary Shareholders' Meeting adopts the corresponding resolution.

The Board asks for authorization for the utilization of the treasury shares to be granted without time constraints.

Minimum and maximum consideration

Purchases must be made at prices which comply with article 5, paragraph 1 of European Commission Regulation (EC) 2273/2003 of 22 December 2003. Specifically, this article provides that the issuer does not purchase shares at a price exceeding the higher of the share price of the last independent trade and the highest current independent offer price on the screen-based equity market (MTA) organised and managed by Borsa Italiana S.p.A.

The Board of Directors recommends setting the per-unit price for acquisition of treasury shares, inclusive of accessory charges, at no more than 10% above the average official price recorded on the MTA for the five sessions prior to purchase.

As regards the consideration for utilization of the treasury shares acquired, the Board of Directors recommends that the shareholders only set the minimum amount, granting the Board of Directors the power to determine any other condition, method, and term of each disposal on a case-by-case basis. This minimum consideration cannot be less than 10% below the average official prices reported on the MTA market in the five sessions prior to each sale transaction. However, this limit on the price will not be applied in the event of swap, loan, assignment, transfer or other utilization of treasury shares made as

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part of acquisitions of shareholdings or implementation of business plans or other extraordinary financial transactions which imply assignation or utilization of treasury shares (such as mergers, spin-offs, issue of convertible bonds or warrants, etc.).

In this case, other criteria can be used to determine the transfer price of treasury shares acquired, also with the assistance of independent experts, in line with the purposes pursued by the assignment transactions and considering market practices and the instructions of Borsa Italiana S.p.A.

In the event that the shares are used to conduct operations to support market liquidity, sales must be carried out in accordance with the criteria established by the CONSOB resolution on accepted market practices (CONSOB Resolution 16839 of 19 March 2009).

Methods through which purchases and utilization will be made

Treasury share purchase transactions will begin and end at the times established by the Board of Directors subsequent to authorisation at this Ordinary Shareholders' Meeting.

Treasury share purchases will be executed, in one or more transactions, on a revolving basis by means of acquisition on regulated markets according to operating methods that preclude direct matching between offers of purchase with predetermined offers of sale, in compliance with regulatory standards and other regulations as applicable from time to time and in particular pursuant to article 132 of Legislative Decree 58 of 24 February 1998 and article 144-bis, paragraph 1, letter b) of the Issuers' Regulation.

Treasury shares can be acquired using methods other than those indicated above where allowed by article 132, paragraph 3 of Legislative Decree 58 of 24 February 1998, or by other provisions as applicable at the time of the transaction.

As regards utilization of the shares, the Board of Directors recommends that, in accordance with the applicable regulations of market practices, the authorization granted allows the use of any method considered appropriate to achieve the objectives pursued and in particular that utilization of the shares takes place in one or more transactions, also before all acquisitions have been completed. To limit the effects arising from execution of the buy and sell transactions of treasury shares on outstanding shares in circulation, the Board of Directors recommends that authorization include the obligation of the Board to execute the acquisition and sale transactions of Company shares according to methods and times such as not to undermine the Company's minimum outstanding shares required for qualification for the STAR segment.

Other information in the event that the acquisition should be contingent on reducing Company share capital by voiding the treasury shares acquired

It should be noted that the request for authorisation to purchase treasury shares is not, at present, contingent on reducing the share capital by voiding the treasury shares acquired.

Dear Shareholders,

For all the reasons illustrated above, we recommend that you approve the matters proposed by the Board of Directors vis-à-vis the items posted on the agenda and, as a result, to adopt the following resolution:

"Based on the report by the Board of Directors and in view of articles 2357 et seq. of the Italian Civil Code, article 132 of Legislative Decree 58 of 24 February 1998 and the regulations in force issued by CONSOB, the Ordinary Shareholders' Meeting of Sabaf S.p.A. hereby

resolves

1. to revoke, for the portion yet to be executed, the resolution authorizing the purchase and sale of treasury shares adopted by the Ordinary Shareholders' Meeting of 5 May 2015;

2. to authorize, pursuant to article 2357 of the Italian Civil Code, the purchase in one or more instalments, on a revolving basis (i.e. concerning the maximum number of treasury shares held in the portfolio at any one time) of 1,153,345 ordinary shares or other maximum number that represents 10% of the share capital in the event of resolutions or execution of increases and/or reductions in the share capital in the period of authorization, while also considering the shares that may be held by subsidiaries at any time. This transaction will be executed in compliance with the legal limits in order to achieve the purposes more fully described in the Board of Directors' report and under the following terms and conditions:

- the shares may be purchased for up to eighteen months, commencing from the date of this resolution;
- the purchase may take place by means of acquisition on regulated markets according to operating methods that preclude direct matching between offers of purchase with predetermined offers of sale, in compliance with regulatory standards and other regulations as they apply and in particular pursuant to article 132 of Legislative Decree 58 of 24 February 1998, and article 144-bis, paragraph 1, letter b) of the Issuers' Regulation, or using other methods where allowed by article 132, paragraph 3 of Legislative Decree 58 of 24 February 1998, or by other provisions as applicable at the time of the transaction;
- the unit price for purchase of the shares may not be 10% higher than the average official prices recorded on the MTA for the five sessions prior to each sale transaction;
- acquisition and sale transactions of the treasury shares must be executed by the Board of Directors according to such procedures and times as do not undermine the Company's minimum outstanding shares required for qualification for the STAR segment of the MTA market;

3. to authorise, pursuant to article 2357-ter of the Italian Civil Code, the sale, in one or more instalments, of the treasury shares acquired or held in the portfolio at any time, in compliance with the regulatory and legislative provisions in force, to pursue the purposes described in the Board of Directors' report at the following terms and conditions:

- treasury shares held in the portfolio may be sold or otherwise assigned at any time, without limits;
- utilization transactions may be executed before all acquisitions are completed and can take place in one or more instalments on the market, en bloc or by means of sale or swap, or as consideration in the event of swap, loan, transfer, assignment or other utilization of treasury shares made as part of the acquisition of shareholdings, companies, business units, or implementation of business plans or other extraordinary financial transactions that imply assignment or utilization of treasury shares (including mergers, spin-offs, issue of convertible bonds, warrants, etc.), as well as according to any other methods allowed by the provisions in force, at the discretion of the Board of Directors;
- the unit price for utilization of the shares cannot be more than 10% lower than the average of the official prices reported on the MTA market in the five sessions prior to each individual sale transaction. This limit on the price will not be applied in the event of swap, loan, assignment, transfer or other utilization of treasury shares made as part of acquisitions of shareholdings or implementation of business plans or other extraordinary financial transactions that imply assignment or utilization of treasury shares (such as mergers, spin-offs, issue of convertible bonds

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or warrants, etc.).

4. to grant the Board of Directors the widest necessary and appropriate powers, with explicit ability to delegate such powers to one or more of its members, in order to execute this resolution, also by approving any and all executive orders relating to the plan to acquire and assign treasury shares.”

* * *

Item 5 on the agenda

New decision to increase the number of members of the Board of Directors from currently 11 members to 12 members; appointment of one director and determination of the remuneration; related and subsequent resolutions.

Dear Shareholders,

Within the meaning of article 12 of the Articles of Association, the Company is administered by a Board of Directors composed, at the choice of the ordinary Meeting, of three to fifteen members.

The Ordinary Meeting of 5 May 2015 appointed the current Board of Directors, fixing its composition at eleven members, expiring on the date of approval of the financial statement of the year which will close on 31 December 2017.

We propose to you to examine and approve a proposal for resolution related (i) to the increase in the number of members of the Board of Directors from currently eleven members to twelve members, (ii) to the appointment of one new Director and (iii) to the determination of the remuneration of the Board of Director subsequent to the adoption of the resolution on the additions.

The Board considers that the increase in the number of its members may enhance the powers of the Board itself and will allow for more effective action by the management bodies in support of the development of the Company. Moreover, the Board of Directors is aware that Giuseppe Saleri S.p.a., on the date of 21 January 2016, has signed a shareholders' agreement with Quaestio Capital Management S.G.R. S.p.A., on behalf of the Italian Growth Fund, a sub-fund for open-ended investments Quamvis S.C.A., SICAV-FIS (“Quaestio”). The essential information within the meaning of article 130 of Consob Regulation no. 11971/1999, relating to shareholders' agreements, is available to the public on the Company's website, at the address www.sabaf.it. The validity of the shareholders' agreement is subject to the execution of a preliminary sale and purchase contract signed on the same date between the same parties; the execution of such contract is subject to the condition precedent of obtaining the consent of the banks to the cancellation of the pledges/liens constituted in favour of the same on the shares subject to sale and purchase. The preliminary sale and purchase contract will also be terminated if it is not executed by 31 March 2016. In accordance with the above-mentioned shareholders' agreement, the parties to the same have considered the entry into the Company's Board of Directors of one member who represents Quaestio to be desirable.

In the present case, given that this concerns additions to the composition of the Board and not an appointment of the entire Board of Directors, the voting list required under the Articles of Association will not have to be applied insofar as the prerequisites and conditions required under the same Articles of Association for the application of such procedure are not met. The Meeting will therefore resolve, based on the majorities specified by law, and notwithstanding the obligation to appoint, always courtesy of the Meeting, a number of independent Directors *ex art. 147-ter* of Legislative Decree 58/1998, equal

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to the number established by the law and on condition that the applicable gender balance provisions are complied with.

On the basis of the foregoing, it is therefore proposed to the Meeting to supplement the composition of the Board of Directors by appointing university graduate Mr Alessandro Potestà, born on 16 January 1968, whose *curriculum vitae* is deposited at the Company's registered office and published on the website www.sabaf.it together with the declaration that he is in possession of the requirements provided for by the currently applicable legal provisions and the acceptance of the office.

Moreover, we propose to you to determine the gross annual emoluments due to the Board of Directors by increasing them from €980,000 to €995,000 gross for the period of the term in office and to be scaled to the year.

The Board of Directors, on the basis of everything considered above, proposes to approve the following proposal for resolution:

* * *

“The Ordinary Shareholders' Meeting

- having heard the Chairman's comments;
 - having noted the Board of Director's explanatory report and the proposals formulated therein;
- resolves
- to increase the number of members of the Board of Directors from currently eleven to twelve members;
 - to appoint university graduate Mr Alessandro Potestà, born on 16 January 1968 in Turin, as new member of the Board of Directors.
 - To fix the new Director's term in office until the expiry of the mandate of the current Board of Directors and precisely until the date of the Meeting called for the approval of the financial statements at 31 December 2017;
 - to increase by €980,000 gross to €995,000 gross the total annual remuneration for the entire Board of Directors, for the term in office and to be scaled to the year.”

Extraordinary part

- 1) **Proposal to modify the Articles of Association by introduction of the increase in voting rights within the meaning of article 127-*quinquies* of Legislative Decree [D.Lgs.] 58/1998. Introduction of new articles 5-bis, 5-ter and 5-quater of the Articles of Association; related and subsequent resolutions;**
- 2) **Proposal to modify article 12 of the Articles of Association; related and subsequent resolutions.**

Dear Shareholders,

The Board of Directors of SABAF S.p.A. (“Sabaf” or also the “Company”) has called you to an Extraordinary Meeting in order to propose to you the following modifications to Sabaf’s currently applicable Articles of Association, illustrated in the present Report, drafted in accordance with articles 125-*ter* of Legislative Decree 58/1998 (Unified Finance Act [“TUF”]) and 72 of Consob Regulation no. 11971/1999 (the “Consob Regulation”) and respectively contained in paragraphs 1) and 2) of the same and which will be the subject of a separate decision by the Meeting:

- 1) Proposal to modify the Articles of Association by introduction of the increase in voting rights within the meaning of article 127-*quinquies* of Legislative Decree [D.Lgs.] 58/1998. Introduction of new articles 5-*bis*, 5-*ter* and 5-*quater* of the Articles of Association; related and subsequent resolutions;
- 2) Proposal to modify article 12 of the Articles of Association; related and subsequent resolutions.

* * *

- 1) **Proposal to modify the Articles of Association by introduction of the increase in voting rights within the meaning of article 127-*quinquies* of Legislative Decree [D.Lgs.] 58/1998. Introduction of new articles 5-*bis*, 5-*ter* and 5-*quater* of the Articles of Association; related and subsequent resolutions**

Dear Shareholders,

The Board of Directors intends to submit to the Extraordinary Meeting the modifications to the Articles of Association illustrated hereinafter, aimed at introducing into your company’s Articles of Association the institution of the “increase in voting”, governed by article 127-*quinquies*, TUF. This provision was introduced by article 20, paragraph 1-*bis*, of Legislative Decree 91/2014 converted by law 116/2014.

In exercise of the power granted by article 127-*quinquies*, paragraph 2, TUF, Consob has issued the provisions for implementing the institution of the increase in voting rights, subsequently integrating and modifying the Consob Regulation. Consob has, *inter alia*, regulated in detail the content of the list of shareholders who request to benefit from the increase in voting (article 143-*quater*, Consob Regulation) and has, likewise, regulated the effects of the increase in voting on the regulations of the takeover bid.

Finally, with deed of 24 February 2015, the Consob-Banca d’Italia Joint Regulation governing the centralised management and liquidation services, warranty systems and related management companies, a provision of 22 February 2008 has also been updated with the introduction of article 23-*bis* “Increase in voting”, which regulates communications between intermediary and issuer on the occasion, *inter alia*, of the entry in the list of shareholders who request the benefit of the increase in voting rights, the maturation of the increase and the possible nullification of the same benefit.

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The legislator's objective with the introduction of the regulation related to the increased voting is to incentivise medium-long term investment and thus stability of the shareholder structure. Reaching this objective is considered to be capable of being supported, also recognising an increased voting to the "stable" shareholder, or rather to the shareholder that it had given proof of faithfulness to the Company through the maintenance for an adequate period of time of its own share ownership.

Sabaf's Board of Directors considers it appropriate that the Company avails itself of this legislative innovation, within the limits illustrated hereinafter, with the intention to favour – through the benefiting incentive of the increase – the involvement of the shareholders, also minority shareholders, which have given proof of faithfulness.

The Board of Directors considers that the modifications to the Articles of Association illustrated in the present report make it possible to use the ample space required by the autonomy under the Articles of Association of the legislative regulation that has introduced the increased voting in a balanced and measured manner and with respect for the interests of all of the other shareholders.

It should be noted that, based on the provision of article 127-*quinquies*, paragraph 6, TUF, the resolution to modify the Articles of Association having as its objective the introduction of the increase in voting rights – to be assumed with the increases provided for the extraordinary meeting of the applicable regulation and the regulation of the Articles of Association – does not attribute to the shareholders the right of termination within the meaning of article 2437 of the Italian Civil Code.

* * *

1. Illustration of the proposed modifications

Art. 5-bis Increase in voting rights

PROPOSED TEXT

5 – bis) INCREASE IN VOTING RIGHTS

- | |
|--|
| <p>1. The holder of ordinary shares, where the prerequisites and conditions of the current rules and regulations and of these Articles of Association are met, has, in relation to the shares held continuously for at least twenty-four months, and from the date referred to in the following paragraph, two votes per share.</p> <p>2. The increase in voting is obtained upon entry in the specific list referred to in article 5-<i>quater</i> of the Articles of Association ("Special List"):</p> <p>a) subsequent to the holder's application, accompanied by a communication certifying the share ownership – which may also concern part of the shares owned by the holder – released by the intermediary with whom the shares are deposited in accordance with currently applicable regulations, certifying the legitimation of the entry in the Special List; the above-mentioned application, in the case of subjects other than physical persons, must specify whether the subject is subject to the direct or indirect control of third parties and the data identifying the possible parent, in accordance with applicable regulations;</p> <p>b) upon expiry of the period of twenty-four months of uninterrupted ownership from entry in the Special List (the "Period), certified by the appropriate certification and/or communication issued by the intermediary and therefore upon the continuous existence of the entry for this period;</p> <p>c) with effect from the fifth open market day of the calendar month following the expiry of the period specified in letter b) above.</p> <p>3. Once the increase in voting is already matured, or, if not matured, the period of ownership necessary for the maturation of the increased voting, are kept:</p> <p>a) In the case of succession due to death in favour of the heir and/or legatee;</p> <p>b) In the case of merger or demerger of the holder of the shares in favour of the company resulting from the merger or benefitting from the demerger, notwithstanding the provisions specified in paragraph 7 below;</p> |
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- c) In the case of transfer from one portfolio to another of the UCITS managed by one and the same subject;
- d) In the case of pledging or usufruct constraints with preservation of the voting right to the pledgee or the bare owner.
4. The increase in voting rights is extended to the shares (the “New Shares”):
- (i) Converted shares with a free capital increase in accordance with articles 2442 and 2439 of the Italian Civil Code attributable to the holder in relation to the shares for which the increase in voting has already been matured (the “Original Shares”);
 - (ii) Attributable in exchange for the Original Shares in the case of merger or demerger, provided that the draft merger or demerger provides for this and under the terms provided for there;
 - (iii) Shares signed by the holder of the Original Shares in the exercise of the option right attributable in relation to these shares.
5. In the cases referred to in paragraph 4, the New Shares acquire the increase in voting from the time of the entry in the Special List, without the need for further expiry of the period.
6. In the cases provided for by paragraph 4 above, where the increase in voting for the Original Shares is not yet matured, but is in the course of being matured, the increase in voting will be attributable to the New Shares for which the entry in the Special List has taken place from the time of completion of the holding period calculated from the time of entry in the Special List of the Original Shares.
7. The increase in voting is nullified for the shares (i) subject to assignment on whatever grounds, against payment or free of charge, or pledging, the object of usufruct and other constraints which attribute the voting right to a third party, (ii) held by companies or entities (the “Participants”) which hold participations to a greater extent than the threshold specified in article 120, paragraph 2 of Legislative Decree 58/1998 in the case of assignment on whatever grounds, against payment or free of charge, of the control (namely the subject matter of article 2359, first paragraph no. 1, of the Italian Civil Code), directly or indirectly in the same Participants, it being noted that the subject matters set forth in paragraph three above do not constitute a relevant assignment for the purpose of the foregoing.
8. The increase in voting is nullified in the case of a waiver by the holder in whole or in part of the same increase in voting communicated by the intermediary upon the request of the holder in accordance with currently applicable regulations. The waiver is in any case irrevocable and the increase in voting may be acquired again with a new entry in the Special List and the expiry of the entire period.
9. The subject entered in the Special List consents to the intermediary indicating, and is itself obliged to communicate without undue delay, however by the date referred to in article 5 - quater paragraph 3 (record date), any circumstance and matter which nullifies, in accordance with currently applicable provisions and the provisions of the Articles of Association, the prerequisites for the increase in voting or has an impact on the holding of the same.

The new article 5-*bis* of the Articles of Association regulates the prerequisites and the conditions which legitimise the acquisition or the maintenance for the shareholder of the increase in voting rights.

In particular, it is provided that, having recourse to any other prerequisite by law or under the Articles of Association, the holder of ordinary shares entered in the Special List has two votes for each ordinary share held continuously for at least twenty-four months.

It has therefore been decided to set the increase at the greatest extent permitted by article 127-*quinquies* of the TUF, namely two votes for each ordinary share held, while with reference to the continuous period of holding the shares and entry in the Special List the minimum term of twenty-four months has been opted for as provided for by the provision referred to.

It is proposed, in accordance with the provisions of the law, that the maturation of the period of

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holding the share after whose expiry the acquisition of the increased voting occurs, both subordinated to the entry in a timely manner by the Company in the special list referred to in article 5-quater of the Articles of Association (the “Special List”) subsequent to the application by the interested party, accompanied by a communication by the intermediary on whose account the shares are registered certifying to the ownership of the same for anyone who wishes to allow the period required for the acquisition of the increased voting to expire.

The application must specify whether the requesting subject who is not a physical person is subjected to the direct or indirect control of third parties and the data identifying the possible controller; this is a result of the obstructive relevance regarding the increase in voting which can be had, as will be explained, by the transfer of control of the subject that the increase in voting is maturing or has matured.

The increase in voting is acquired on the fifth open market day of the month following the day on which the continuous twenty-four month period is completed. This allows for the validity date of the increase to be unified with the updating of the Special List (see article 5-quater of the Articles of Association) and with the date by which the company is obliged to communicate to the public and Consob the variations that have taken place in the composition of the share capital (which, with the increase in voting, must also refer to the number of available votes).

Paragraphs three and four of article 5-*bis* regulate the cases in which the increase in voting is maintained notwithstanding the verification of carry-over events. Thus, the Articles of Association comply with the law providing that the increased voting is not nullified in the case of succession a mortis causa. By analogy, the increase in voting is preserved in the cases of merger and demerger of the shareholder who owns shares in favour of the company resulting from the merger or benefitting from the demerger. In these cases, there is a change in the ownership of the holder of increased voting, but the new holder avails itself of the increase in voting already acquired from the person from whom it derives its rights or from the period of maturation which has already elapsed, even though not completed.

Besides the cases expressly regulated by the law, for the purpose of incentivising the “faithfulness” also of the institutional investors, based on the assumption that the management company is legally responsible for the ownership of the various Undertakings for Collective Investment in Transferable Securities (UCITS) managed in the light of the prerogatives attributed by articles 35-decies and 36 of the TUF, it is provided that the increase is not nullified in the case of transfer from one portfolio to another of the UCITS managed by one and the same subject.

The text proposed also provides for the extension of the increase in the following cases.

In the first place, the increase is extended to the newly issued ordinary shares (the “New Shares”) allocated in the context of a capital increase free of charge, in accordance with article 2442 of the Civil Code, or in favour of the providers of work, within the meaning of article 2349 of the Civil Code, and attributable to the holder in relation to the shares for which the increase in voting has already matured (the “Original Shares”).

In the second place, in the case of an increased payment of share capital, the increase is extended to the New Shares subscribed to by the holder of the Original Shares in the exercise of the option right attributable in relation to the above-mentioned shares.

Finally, on condition that it is provided for in the draft merger or demerger and under the terms regulated therein, the increase in voting is extended also to the New Shares attributable in exchange for the Original Shares in the case of merger or demerger.

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In relation to the three above-mentioned cases of extension of the increase in voting, it is specified that: (i) if the Original Shares have already matured the increase in voting, the New Shares also acquire the increase from the time of the entry in the Special List, without the expiry of the twenty-four month period in relation to the New Shares occurring for this purpose; (ii) if the increase in voting for the Original Shares was still in the course of maturation, the New Shares are entered in the Special List from the time of entry of the Original Shares and, therefore, the increase in voting is attributable to the New Shares from the time of the completion of the period of the holding of the Original Shares, calculated from the time of the entry in the Special List of the Original Shares.

In addition, article 5-bis regulates the subject matters which concern the nullification of the increase in voting already acquired or which impede the continuation of that possession which, once the twenty-fourth month is reached, legitimises the acquisition of the increased voting.

Such subject matters concern in particular the assignment on whatever grounds, against payment or free of charge (except of course the above-mentioned carry-over events which do not determine this effect) or the establishment of usufruct, pledging or other constraints even though the voting right is not maintained by the holder. Indeed, if it is true that in the increased voting there is a premium of faithfulness, it is logical that this is nullified, impeding the increase, when even only the voting is transferred to third parties.

In conformity with the provisions of the law, the increase is nullified (and thus the completed period of possession is annulled) in the case of assignment on whatever grounds, against payment or free of charge, of the participation controlled directly or indirectly in one shareholder – who is holder of participations with increased voting (or for which in the course of the maturation of the period that legitimises the increased voting) – greater than the threshold provided by paragraph two of article 120 TUF. In keeping with the provisions for direct assignment, it is specified that the transfer of control by succession, merger or demerger is not relevant.

In addition, the increase in voting is nullified by waiver, which must be considered irrevocable, and which may concern also only part of the shares for which the increase is matured or in the course of maturation. In the case of a waiver, given its irrevocability, the increase for the shares with reference to which it has been expressed may be re-acquired through a new entry in the Special List and with the complete expiry of the period.

* * *

Article 5-ter Effects of the increase in voting rights

PROPOSED TEXT

5 – ter) EFFECTS OF THE INCREASE IN VOTING RIGHTS
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|---|
| <ol style="list-style-type: none">1. The beneficial owner, upon the increase in voting, will be legitimised to make use thereof by producing the specific communication in the forms provided for by the applicable regulations and by the present Articles of Association and after assessment by the Company of the non-existence of impeding circumstances.2. The legitimisation and the assessment by the Company is done with reference to the date mentioned in article 9 of the Articles of Association.3. The increase in voting referred to in article 5-bis is computed for any meeting resolution and therefore also for the determination of quorum for meetings and resolutions which make reference to proportional shares of the capital.4. The increase does not have an effect on the rights, different from the voting, attributable and exercisable on the strength of the possession of fixed proportional shares of the capital and thus also, among other things, for the fixing of the proportional shares of the capital requested for the |
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presentation of lists for the election of the executive bodies, for the exercise of the action of responsibility in accordance with article 2393-bis of the Civil Code, and for the calculation of proportional shares requested for the appeal, on whatever grounds and for whatever reason, of meeting resolutions.

The new article 5-*ter* of the Articles of Association regulates the effects of the increase in voting rights.

For the legitimisation of the increased voting the sole communication of the intermediary will not be sufficient, but the assessment by the Company based on the results of the Special List and any notice of which it is in possession will also be necessary.

For the date which can be used as a reference for the assessment of the legitimisation of the voting, reference is made to article 9 of the Articles of Association, with which the *record date* is considered to operate also regarding the increased voting.

As regards the effects of the increase in voting, the Articles of Association are in line with the provided solution in accordance with the law in the sense that the increase in voting is computed for all of the meeting resolutions and therefore also for the determination of the quorum for constitutions of meetings and resolutions which make reference to the proportional shares of the capital. However, the increase does not have an effect on the rights, different from the voting, attributable and exercisable on the strength of the possession of fixed proportional shares of the capital and thus also, among other things, for the fixing of the proportional shares of the capital required for the presentation of lists for the election of the executive bodies, for the exercise of the action of responsibility in accordance with article 2393-bis of the Civil Code, and for the calculation of proportional shares requested for the appeal, on whatever grounds and for whatever reason, of meeting resolutions.

* * *

Article 5-*quater*) Special List

PROPOSED TEXT

5 – *quater*) SPECIAL LIST

1. The company institutes and has, with the forms provided for the maintenance of the share register, the Special List in which the subjects who have requested the increase in voting are entered upon their request.
2. The Special List contains the information referred to in the applicable regulations and the present Articles of Association.
3. The Special List is updated by the fifth open market day of each calendar month and in each case by the so-called record date provided by the currently applicable regulations (to the state at the end of the accounting day of the seventh open market day preceding the date set for the meeting).
4. The Company proceeds immediately to cancel the Special List beyond which subsequent to the communication by the intermediary effected in the cases provided by article 5-bis, paragraphs 7 and 8, also officially where it had notice of the verification of facts which comprise the loss of the increase in voting or however the nullification of the prerequisites for its acquisition.
5. In the list referred to in the present article, the provisions related to the shareholders' register and any other related provision apply, if they are compatible, also as regards the publicity of the information and the right of inspection of the shareholders, as well as the provisions which the Board of Directors will make public with possible own regulation related to increased voting.

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The new article 5-quater of the Articles of Association regulates the Special List, which, in accordance with article 127-*quinquies* TUF, must be instituted by every issuer that intends to benefit from the increase in voting and the entry in which it is a condition of obtaining the increase in voting itself.

The Special List is comparable to the shareholders' register. Hence, the provision of the application of the list, besides the specific provisions laid down therefor, of the provisions related to the publicity of the information and the currently applicable rights of inspection for the shareholders' register.

As regards the content of the Special List, the regulation under the Articles of Association makes reference to the applicable provisions. In this regard, it is recalled that the new article 143-ter of the Issuers' Regulation regulates its minimum content. It must contain at least: (i) the data identifying the shareholders who have requested the entry with the related date of the request and the number of the shares for which the entry is requested, (ii) the indication of transfers and constraints that do not nullify the continuous possession, given that those who vice-versa impact on the requirements of the increase will determine the cancellation of the Special List. In addition, according to the cited provision, the data identifying the shareholders who have obtained the increase in voting must be indicated with the related date of the request and the number of shares for which the increase has been obtained. The transfers and constraints with the specification of those that impact on the permanence of the increase comprising the cancellation will also be indicated.

The Special List is periodically updated by the Company, in accordance with the provisions of article 143-ter of the Issuers' Regulation a) based on communications originating from the intermediaries and b) based on the communications of the shareholders: indeed, the shareholders are required to communicate any relevant fact for the purposes of the prerequisites for the maturation or the exercise of the increased voting.

For simplification purposes, the updating of the Special List is carried out by the Company by the fifth open market day from the end of each calendar month during which the circumstances that comprise an update have been communicated or ascertained. The term is thus to coincide with that for the fruition of the increase in voting once the period is completed and with that provided by the currently applicable regulations for communication to the public by the issuers of the amount of the shares that constitute the share capital (it is now understood also as the sum total of the votes attributable to the shares). The Company's Board of Directors may adopt a regulation for the management of the Special List for the purpose of further detailing a method of entry, maintaining and updating of the Special List, ensuring the publication of the same on the Company's website.

2. Effect of the introduction of the increased voting

With reference to the possible impact of the increase in voting right on the ownership structure of SABAF, it is indicated that on the date of the present report the Company's share capital is held at 50.722% by Giuseppe Saleri S.a.p.a., controlling shareholder of the Company.

The Board of Directors is aware that, on the date of 21 January 2016, Giuseppe Saleri S.a.p.a. S.p.A. has signed with Quaestio Capital Management S.G.R. S.p.A., for the account of the fund Italian Growth Fund, a sub-fund for open-ended investments Quamvis S.C.A., SICAV-FIS (i) a preliminary sale and purchase contract of participations whose execution is subject to the conditions precedent of obtaining the consent of the banks to the cancellation of the pledges which impact on the shares that are the subject matter of the sale and purchase. This contract also provides that if the execution of the sale and purchase of the shares is not done by 31 March 2016, the same will be understood to be cancelled. In this regard, it is specified that in the case in which the sale and purchase contract is

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executed, Giuseppe Saleri S.p.a. will come to hold 30.722% of the Company's share capital; (ii) a shareholders' agreement whose essential information within the meaning of article 130 of the Issuers' Regulation is available to the public on the Company's website at the address www.sabaf.it.

In the case in which Giuseppe Saleri S.p.a.: (i) is entered in the Special List for the entire participation held; (ii) at the end of continuous twenty-four months of holding the matured shares the increase in relation to all of the ordinary shares originally entered (and on condition that the shareholder Giuseppe Saleri S.p.a. does not lose the right to increase for all or part of the shares); and (iii) no other shareholder requests this increase, the percentage of voting rights attributable to Giuseppe Saleri S.p.a. S.p.A. would be equal to 67.305% on the share capital and, in the case in which the preliminary sale and purchase contract is executed as referred to in the preceding paragraph, would instead be equal to 47.004% on the share capital.

3. Valuation of the Company's adoption of the modifications to the Articles of Association

The Board of Directors has commenced the valuations regarding the introduction of the increase in voting in the meeting of 10 November 2015, continued in the meeting of 11 February 2016, involving for in-depth study also the control and risks committee. The Board of Directors had received a report on the modifications to the TUF introduced by the Inter-ministerial Legislative Decree no. 91 of 24 June 2014, converted into law no. 116 of 11 August 2014, and in particular on article 127-*quinquies* of the TUF. The Board of Directors has positively evaluated the insertion into the Articles of Association of the increased voting as a useful instrument for the benefit of the "faithful" shareholders which incentivises the medium-long term investments. The Board of Directors has in particular also considered the tendency in the main advanced countries towards the introduction of instruments that allow, also through significant deviations from the principle "one share – one vote", the incentivization of the medium-long term investment of the investors and thus the stability of the shareholder structure.

The Company is therefore interested in having a shareholder structure aligned with the same Company's medium-long term interests, which permanently shares and accompanies the same in the development of its own activities, thus consolidating the link with the *stakeholders*.

In the meeting of 22 March 2016 the Board of Directors, with the presence of all the members of the Board of Directors and of all of the members of the Board of Statutory Auditors, has positively evaluated the corporate interest in the adoption of the increased voting and the further modifications of the Articles of Association proposed here. The Board resolution has been unanimously adopted by the shareholders present and, therefore, also with the favourable voting of all the independent members.

* * *

Proposal for Resolution

In light of the foregoing, the Board of Directors invites you to adopt the following resolutions:

"The Extraordinary Meeting of SABAF S.p.A.:

- having heard the Chairman's comments;
- having noted the Board of Directors' explanatory report and the proposals formulated therein;

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resolves:

A) to introduce articles 5-*bis*, 5-*ter* and 5-*quater* into the Articles of Association of SABAF S.p.A. as follows, thus adopting the text of the Articles of Association appended to the present minutes:

“Art. 5-*bis* Increase in voting rights

1. The holder of ordinary shares, where the prerequisites and the conditions of the current rules and regulations and of these Articles of Association are met, has, in relation to the shares held continuously for at least twenty-four months, and from the date referred to in the following paragraph, two votes per share.
2. The increase in voting is obtained upon entry in the specific list referred to in article 5-*quater* of the Articles of Association (“Special List”).
 - a) subsequent to the holder’s application, accompanied by a communication certifying the share ownership – which may also concern part of the shares owned by the holder – released by the intermediary with whom the shares are deposited in accordance with currently applicable regulations, certifying the legitimation of the entry in the Special List; the above-mentioned application, in the case of subjects other than physical persons, must specify whether the subject is subject to the direct or indirect control of third parties and the data identifying the possible parent, in accordance with applicable regulations;
 - b) upon expiry of the period of twenty-four months of uninterrupted ownership from the entry in the Special List (the “Period”) attested also by appropriate certification and/or communication issued by the intermediary and therefore with the continuous existence of the entry for this period;
 - c) with effect from the fifth open market day of the calendar month following the expiry of the period specified in letter b) above.
3. Once the increase in voting is already matured, or, if not matured, the period of ownership necessary for the maturation of the increased voting, are kept:
 - e) In the case of succession due to the death in favour of the heir and/or legatee;
 - f) In the case of merger or demerger of the holder of the shares in favour of the company resulting from the merger or benefitting from the demerger, notwithstanding the provisions specified in paragraph 7 below;
 - g) In the case of transfer from one portfolio to another of the UCITS managed by one and the same subject;
 - h) In the case of pledging or usufruct constraints with preservation of the voting right to the pledgee or the bare owner.
4. The increase in voting rights is extended to the shares (the “New Shares”):
 - (iv) Converted shares with a free capital increase in accordance with articles 2442 and 2439 of the Italian Civil Code attributable to the holder in relation to the shares for which the increase in voting has already been matured (the “Original Shares”);
 - (v) Attributable in exchange for the Original Shares in the case of merger or demerger, provided that the draft merger or demerger provides for it and under the terms provided for there;
 - (vi) Shares signed by the holder of the Original Shares in the exercise of the option right attributable in relation to these shares.
5. In the cases referred to in paragraph 4, the new Shares acquire the increase in voting from the time of the entry in the Special List, without the need for further expiry of the period.
6. In the cases provided for by paragraph 4 above, where the increase in voting for the Original Shares is not yet matured, but is in the course of being matured, the increase in voting will be attributable to the New Shares for which the entry into the Special List has taken place from the time of completion of the holding period calculated from the time of entry in the Special List of the Original Shares.
7. The increase in voting is nullified for the shares (i) subject to assignment on whatever grounds, against payment or free of charge, or pledging, the object of usufruct and other constraints which attribute the voting right to a third party, (ii) held by companies or entities (the “Participants”) which

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hold participations to a greater extent than the threshold specified in article 120, paragraph 2 of Legislative Decree 58/1998 in the case of assignment on whatever grounds, against payment or free of charge, of the control (namely the subject matter of article 2359, first paragraph no. 1, of the Italian Civil Code), directly or indirectly in the same Participants, it being noted that the subject matters set forth in paragraph three above do not constitute a relevant assignment for the purpose of the foregoing.

8. The increase in voting is nullified in the case of a waiver by the holder in whole or in part of the same increase in voting communicated by the intermediary upon the request of the holder in accordance with currently applicable regulations. The waiver is in any case irrevocable and the increase in voting may be acquired again with a new entry in the Special List and the expiry of the entire period.

9. The subject entered in the Special List consents to the intermediary indicating, and is itself obliged to communicate, without undue delay, however by the date referred to in article 5 - *quater* paragraph 3 (*record date*), any circumstance and matter which nullifies, in accordance with currently applicable provisions and the provisions of the Articles of Association, the prerequisites for the increase in voting or has an impact on the holding of the same.

Article 5-*ter* Effects of the increase in voting rights

1. The beneficial owner, upon the increase in voting, will be legitimised to make use thereof by producing the specific communication in the forms provided by the applicable regulations and by the present Articles of Association and after assessment by the Company of the non-existence of impeding circumstances.

2. The legitimisation and the assessment by the Company is done with reference to the date mentioned in article 9 of the Articles of Association.

3. The increase in voting referred to in article 5-*bis* is computed for any meeting resolution and therefore also for the determination of quorum for meetings and resolutions which make reference to proportional shares of the capital.

4. The increase does not have an effect on the rights, different from the voting, attributable and exercisable on the strength of the possession of fixed proportional shares of the capital and thus also, among other things, for the fixing of the proportional shares of the capital requested for the presentation of lists for the election of the executive bodies, for the exercise of the action of responsibility in accordance with article 2393-*bis* of the Civil Code, and for the calculation of proportional shares requested for the appeal, on whatever grounds and for whatever reason, of meeting resolutions.

Article 5-*quater* Special List

1. The company institutes and has, with the forms provided for the maintenance of the share register, the Special List in which the subjects who have requested the increase in voting are entered upon their request.

2. The Special List contains the information referred to in the applicable regulations and the present Articles of Association.

3. The Special List is updated by the fifth open market day of each calendar month and in each case by the so-called *record date* provided by the currently applicable regulations (to the state at the end of the accounting day of the seventh open market day preceding the date set for the meeting).

4. The Company proceeds immediately to cancel the Special List beyond which subsequent to the communication by the intermediary effected in the cases provided by article 5-*bis*, paragraphs 7 and 8, also officially where it had notice of the verification of facts which comprise the loss of the increase in voting or however the nullification of the prerequisites for its acquisition.

5. In the list referred to in the present article, the provisions related to the shareholders' register and any other related provision apply, if they are compatible, also as regards the publicity of the **SABAF S.p.a.**

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information and the right of inspection of the shareholders, as well as the provisions which the Board of Directors will make public with possible own regulation related to increased voting.

B) The Company's Board of Directors may adopt a regulation for the management of the Special List for the purpose of further detailing a method of entry, maintaining and updating of the Special List, ensuring the the publication of the same on the Company's website.

C) to give a mandate to the Chairman and the CEO, separately between them, and also through holders of special statutory powers [*procurator*], with the widest possible powers, taking all necessary steps for the execution of the resolutions for modifying the Articles of Association adopted today and for compliance with all legal formalities, with power to make formal and substantial additions, modifications and suppressions which become necessary or however are also requested as part of the entry in the pertinent Commercial Register.

* * *

2) Proposal to modify article 12 of the Articles of Association; related and subsequent resolutions.

Dear Shareholders,

The Board of Directors intends to submit to the Extraordinary Meeting the modifications to the Articles of Association illustrated below, subsequent to the willingness to guarantee a greater representativeness of minorities inside the Company.

In addition, this principle is likewise expressed in the shareholders' agreement signed by Giuseppe Saleri S.a.p.a. on the date of 21 January 2016 with Quaestio Capital Management S.G.R. S.p.A., for the account of the fund Italian Growth Fund, a sub-fund for open-ended investments Quamvis S.C.A., SICAV-FIS whose essential information in accordance with article 130 of the Issuers' Regulation is available on the Company's website at the address www.sabaf.it. The validity of the shareholders' agreement is subordinated to the execution of a sale and purchase contract on the same date between the same parties that – in turn – is subject to the condition precedent of obtaining the consent of the banks to the cancellation of the pledges that impact on the shares that are the subject matter of the sale and purchase. This contract also provides that if the execution of the sale and purchase of the shares is not done by 31 March 2016, the same will be understood to be cancelled.

It is therefore proposed to modify article 12 of the Articles of Association, as reported below.

CURRENTLY APPLICABLE TEXT	Proposals for Modification
<p>12) COMPOSITION OF THE BOARD OF DIRECTORS</p> <p>The company is managed by a Board of Directors, consisting, at the Ordinary Shareholder Meeting's discretion, of three to fifteen members, of which the less represented members must be at least the minimum requested by the current law and regulations. Management can also be entrusted to non-shareholders.</p>	<p>12) COMPOSITION OF THE BOARD OF DIRECTORS</p> <p>The company is managed by a Board of Directors, consisting, at the Ordinary Shareholder Meeting's discretion, of three to fifteen members, of which the less represented members must be at least the minimum requested by the current law and regulations. Management can also be entrusted to non-shareholders.</p>

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Directors hold office for the time established at the time of their appointment, but in any case for not more than three years, and can be re-elected.

Appointment to the office of Director is conditional on possession of the requirements laid down by the legislation and other applicable provisions. At least one member of the Board of Directors, or at least two if the Board of Directors has seven seats pursuant to resolution by the Shareholders' Meeting, must satisfy the requirements of independence set out in the laws and regulations applicable to the statutory auditors of companies listed on Italian regulated markets.

The Board of Directors shall be appointed on the basis of lists submitted by anyone having voting rights who, alone or together with anyone else having voting rights, hold at least 2.5% of the capital carrying the right to vote on the resolutions of the Shareholder's Meeting relating to the appointment of the members of the governing bodies, or such other amount as may be established by Consob Regulation taking account of the capitalisation, float and ownership of the company. The notice of call of the Shareholders' Meeting required to resolve on the appointment of directors shall specify the minimum shareholding required for submission of lists.

Candidates nominated in more than one list shall be disqualified.

Without prejudice to any other cause of disqualification or debarment, candidates who do not meet the requirements laid down by the legislation, the Company Bylaws or the other provisions applicable to the various offices shall not be included in the lists.

No party holding voting rights shall individually or jointly submit more than one list, even through an intermediary or trust company.

The candidates in each list shall be indicated with a sequential number. Each list shall contain at least a number of candidates who meet the independence requirements laid down in the legislation and other provisions applicable to the Company.

The lists, duly signed by each of the shareholders who submitted them and accompanied by a certificate showing the percentage shareholding held by the persons having voting rights and the ownership of that holding, shall be filed at the company's registered office and made available to

Directors hold office for the time established at the time of their appointment, but in any case for not more than three years, and can be re-elected.

Appointment to the office of Director is conditional on possession of the requirements laid down by the legislation and other applicable provisions. At least one member of the Board of Directors, or at least two if the Board of Directors has seven seats pursuant to resolution by the Shareholders' Meeting, must satisfy the requirements of independence set out in the laws and regulations applicable to the statutory auditors of companies listed on Italian regulated markets.

The Board of Directors shall be appointed on the basis of lists submitted by anyone having voting rights who, alone or together with anyone else having voting rights, hold at least 2.5% of the capital carrying the right to vote on the resolutions of the Shareholder's Meeting relating to the appointment of the members of the governing bodies, or such other amount as may be established by Consob Regulation taking account of the capitalisation, float and ownership of the company. The notice of call of the Shareholders' Meeting required to resolve on the appointment of directors shall specify the minimum shareholding required for submission of lists.

Candidates nominated in more than one list shall be disqualified.

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the public at the HQ and on the company website, pursuant to the terms and in compliance with the provisions of applicable primary and secondary laws and regulations.

At the time of submission of the list, the following documentation shall also be filed at the company's registered office:

- detailed information about the personal and professional characteristics of the candidates nominated in the lists submitted, including the administration and control offices held by each candidate in other listed companies or in finance, banking, insurance or other large companies;
- the declarations in which individual candidates accept their nomination and declare, on their own responsibility, that none of the grounds of disqualification or incompatibility laid down by law exist, that they meet the requirements laid down by legislation, the Company By-Laws and the other provisions applicable to the various offices, including the independence requirements established by the legislation applicable to the statutory auditors of companies listed on Italian regulated markets, and the further requirements laid down in the code of conduct drawn up by the management company of the Italian regulated market.

Each list that has a number of candidates greater than or equal to three must have a number of less represented candidates that ensures, on the same list, respect for the balance required by the current laws and regulations.

Submitted lists which do not comply with the above requirements shall be deemed not to have been submitted.

Each party holding voting rights may only vote for one list.

The election of Directors shall be conducted as follows:

- a) a number of directors equal to the number of the Directors to be elected less one shall be taken from the list that obtained the majority of the votes cast by anyone who has voting rights, in the sequential order indicated in the list;
- b) also according to the sequence specified on the list itself, the remaining Director is taken from the list that received the second highest number of votes and that is not connected in any way, directly or indirectly, with the list that received the highest number of votes.

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- b) ~~also according to the sequence specified on the list itself, the remaining two Directors is~~ **are taken, the first from the list that received the second highest number of votes and the second from the list that received the third highest number of votes according to the**

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If two or more lists which are not connected in any way, even indirectly, with the list that obtained the highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected based on the minimum quotas required for the various categories that are legally applicable. For the purpose of allocating the Directors to be elected, no account will be taken of lists which do not obtain a percentage of the votes amounting to at least half the percentage required by the Company Bylaws for submission of lists.

If the candidates elected by the aforesaid procedure do not include the minimum number of Directors who meet the independence requirements referred to in article 12 hereof, the elected non-independent candidate(s) listed last in sequential order on the list that obtained the highest number of votes shall be replaced by unelected independent candidate(s) from the same list in sequential order.

If, following the above procedure, the composition of the Board of Directors does not allow respect for the equilibrium between the various categories to be respected as set forth by the applicable laws and regulations, the candidate from the most represented category elected last in sequential order on the list that obtained the greatest number of votes is replaced by the first candidate from the least represented category not elected on the same list based on sequential order.

In the case where the aforementioned procedure is not applicable, the replacement is done by the Shareholders' Meeting with the legal majority.

If a single list is submitted, or if no list is submitted, or if the full Board of Directors is not being elected, the Shareholders' Meeting shall resolve in accordance with the legally envisaged majorities and based on the balance between the categories based on that set forth by the current laws and regulations.

Directors' domicile, as regards their dealings with the company, is the company's registered HQ.

The Shareholders' Meeting determines the entity of remuneration to be accorded to members of the Board of Directors.

sequence specified and provided that these lists are not connected and that none of these lists is connected in any way, directly or indirectly, with the list that received the highest number of votes. If only two lists are submitted, both Directors are taken from the list that received the second highest number of votes according to the sequence specified that received the second highest number of votes and that is not connected in any way, directly or indirectly, with the list that received the highest number of votes.

If ~~two or more~~ **more than** two lists which are not connected in any way, (even indirectly), with the list that obtained the highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the two older candidates shall be elected based on the minimum quotas required for the genders that are legally applicable. **If two or more lists which are not connected in any way (even indirectly) with the lists that obtained the highest and second highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected based on the minimum quotas required for the genders that are legally applicable.** For the purpose of allocating the Directors to be elected, no account will be taken of lists which do not obtain a percentage of the votes amounting to at least half the percentage required by the Company Bylaws for submission of lists.

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	<p>order on the list that obtained the greatest number of votes is replaced by the first candidate from the least represented category not elected on the same list based on sequential order.</p> <p>In the case where the aforementioned procedure is not applicable, the replacement is done by the Shareholders' Meeting with the legal majority.</p> <p>If a single list is submitted, or if no list is submitted, or if the full Board of Directors is not being elected, the Shareholders' Meeting shall resolve in accordance with the legally envisaged majorities and based on the balance between the categories based on that set forth by the current laws and regulations.</p> <p>Directors' domicile, as regards their dealings with the company, is the company's registered HQ.</p> <p>The Shareholders' Meeting determines the entity of remuneration to be accorded to members of the Board of Directors.</p>
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The proposed modifications do not apply to the shareholders that do not contribute to the approval of the right of termination in accordance with article 2437 of the Civil Code.

* * *

Proposal for Resolution

In light of the foregoing, the Board of Directors invites you to adopt the following resolutions:

“The Extraordinary Meeting of SABAF S.p.A.:

- having heard the Chairman's comments;
- having noted the Board of Director's explanatory report and the proposals formulated therein;

resolves

A) to modify article 12 of the Articles of Association as evidenced in the text that is reported with the comparative description of the proposed modifications.

CURRENTLY APPLICABLE TEXT	Proposals for Modification
<p>12) COMPOSITION OF THE BOARD OF DIRECTORS</p> <p>The company is managed by a Board of Directors, consisting, at the Ordinary Shareholder Meeting's discretion, of three to fifteen members, of which the less represented members must be at least the minimum requested by the current law and regulations. Management can also be entrusted to non-shareholders.</p> <p>Directors hold office for the time established at the time of their appointment, but in any case for not</p>	<p>12) COMPOSITION OF THE BOARD OF DIRECTORS</p> <p>The company is managed by a Board of Directors, consisting, at the Ordinary Shareholder Meeting's discretion, of three to fifteen members, of which the less represented members must be at least the minimum requested by the current law and regulations. Management can also be entrusted to non-shareholders.</p> <p>Directors hold office for the time established at the</p>

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more than three years, and can be re-elected.

Appointment to the office of Director is conditional on possession of the requirements laid down by the legislation and other applicable provisions. At least one member of the Board of Directors, or at least two if the Board of Directors has seven seats pursuant to resolution by the Shareholders' Meeting, must satisfy the requirements of independence set out in the laws and regulations applicable to the statutory auditors of companies listed on Italian regulated markets.

The Board of Directors shall be appointed on the basis of lists submitted by anyone having voting rights who, alone or together with anyone else having voting rights, hold at least 2.5% of the capital carrying the right to vote on the resolutions of the Shareholder's Meeting relating to the appointment of the members of the governing bodies, or such other amount as may be established by Consob Regulation taking account of the capitalisation, float and ownership of the company. The notice of call of the Shareholders' Meeting required to resolve on the appointment of directors shall specify the minimum shareholding required for submission of lists.

Candidates nominated in more than one list shall be disqualified.

Without prejudice to any other cause of disqualification or debarment, candidates who do not meet the requirements laid down by the legislation, the Company Bylaws or the other provisions applicable to the various offices shall not be included in the lists.

No party holding voting rights shall individually or jointly submit more than one list, even through an intermediary or trust company.

The candidates in each list shall be indicated with a sequential number. Each list shall contain at least a number of candidates who meet the independence requirements laid down in the legislation and other provisions applicable to the Company.

The lists, duly signed by each of the shareholders who submitted them and accompanied by a certificate showing the percentage shareholding held by the persons having voting rights and the ownership of that holding, shall be filed at the company's registered office and made available to the public at the HQ and on the company website, pursuant to the terms and in compliance with the

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The election of Directors shall be conducted as follows:

- a) a number of directors equal to the number of the Directors to be elected less one shall be taken from the list that obtained the majority of the votes cast by anyone who has voting rights, in the sequential order indicated in the list;
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If the candidates elected by the aforesaid procedure do not include the minimum number of Directors who meet the independence requirements referred to in article 12 hereof, the elected non-independent candidate(s) listed last in sequential order on the list that obtained the highest number of votes shall be replaced by unelected independent candidate(s) from the same list in sequential order.

If, following the above procedure, the composition of the Board of Directors does not allow respect for the equilibrium between the various categories to be respected as set forth by the applicable laws and regulations, the candidate from the most represented category elected last in sequential order on the list that obtained the greatest number of votes is replaced by the first candidate from the least represented category not elected on the same list based on sequential order.

In the case where the aforementioned procedure is not applicable, the replacement is done by the Shareholders' Meeting with the legal majority.

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- B) to give a mandate to the Chairman and the CEO, separately between them, and also through holders of special statutory powers [procuratori], with the widest possible powers, taking all necessary steps for the execution of the resolutions for modifying the Articles of Association adopted today and for compliance with all legal formalities, with power to make formal and substantial additions, modifications and suppressions which become necessary or however are also requested as part of the entry in the pertinent Commercial Register.

Ospitaletto, 22 March 2016
On behalf of the Board of Directors
The Chairman
Giuseppe Saleri