

SABAF S.p.A.

Registered office in Ospitaletto (BS) Via dei Carpini, 1

Share capital Euro 11,533,450.00 fully subscribed and paid up

Tax code and registration number at the Brescia Company Register

03244470179 REA BS-347512

SABAF Immobiliare S.r.l. a unico socio

Registered office in Ospitaletto (BS) – Via Martiri della Libertà, 66

Share capital Euro 25,000.00 fully subscribed and paid up

Tax code and registration number at the Brescia Company Register

02192840987 REA BS-433552

Merger through incorporation plan
of “Sabaf immobiliare S.r.l. a unico socio” into “Sabaf S.p.A.”
pursuant to Articles 2501-ter and 2505 of the Italian Civil Code

Pursuant to Articles 2501-ter and 2505 of the Italian Civil Code, the Board of Directors of the company “Sabaf S.p.A.” with registered office in Ospitaletto (BS), Via Dei Carpini, 1, Tax Code and VAT number 03244470179, listed in the Brescia Company Register with no. 03244470179 and the Board of Directors of the company “Sabaf Immobiliare S.r.l. a unico socio” with registered office in Ospitaletto (BS), Via Martiri della Libertà, 66, Tax Code no. 02192840987, VAT number 02205470301, listed in the Brescia Company Register with no. 02192840987, prepare this Merger plan.

Before going on to indicate the elements required by the aforementioned regulations, the management bodies of the companies involved in the operation acknowledge that this Plan envisages the possibility of merger through incorporation of the wholly-owned subsidiary "Sabaf Immobiliare S.r.l. a unico socio" into the parent company "Sabaf S.p.A."

Note that in this Merger plan:

- the term "merging company" will be used to define the company "Sabaf S.p.A.", which will be the only legal entity existing after carrying out the merger operation referred to above;
- the term "merged company" will be used to define the company "Sabaf Immobiliare S.r.l. a unico socio" that, as a result of the merger, will be merged and cease to exist.

Pursuant to Article 2504-bis, paragraph 1, of the Italian Civil Code, as from the date of finalisation of the merger, the merging company will take over all legal relationships of the company being merged, will maintain its name unchanged, its legal form as a joint-stock company, and will include the assets and liabilities of the merged company among its assets and liabilities, all without resorting to any increase in its share capital.

1. Type, name and registered office of the companies involved in the merger (Article 2501-ter, first paragraph, no. 1, Italian Civil Code)

- **"Sabaf S.p.A."** with registered office in **Ospitaletto (Bs)**, Via dei Carpini, 1, Share Capital € 11,533,450.00 fully subscribed and paid-up, divided in 11,533,450 shares of € 1.00; tax code and registration number at the Brescia Company Register 03244470179; hereinafter also referred to as **merging company**.

The shares of "Sabaf S.p.A." representing its entire share capital are listed on the MTA (Electronic Stock Market) organised and managed by Borsa Italiana S.p.A.

This company will continue to exist without changing its corporate purpose.

- **"Sabaf Immobiliare S.r.l. a unico socio"** with registered office in **Ospitaletto (Bs)**, Via Martiri della Libertà, 66, Share capital € 25,000.00 fully subscribed and paid-up, tax code and registration number at the Brescia Company Register 02192840987, hereinafter also referred to as **merged company**.

This company will be merged through incorporation into the parent company, transferring to it all its assets and rights, as well as its liabilities, and consequently ceasing to exist.

2. Memorandum of Association and articles of association of the merging company (Article 2501-ter, paragraph 1, no. 2, Italian Civil Code)

The articles of association in force at today's date of the merging company "Sabaf S.p.A." will not be modified as a result of the merger operation referred to in this Merger Plan. The text of the articles of association of the merging company "Sabaf S.p.A." is attached to this merger plan.

3. Methods of merger

3.1. Statement of financial position

The merger will be carried out on the basis of the financial statements for the year ended 31 December 2018, if the requirements of Article 2501-quarter, paragraph 2, of the Italian Civil Code are met.

3.2. Simplified procedure

Pursuant to Article 2505 of the Italian Civil Code, in consideration of the fact that the merging company "Sabaf S.p.A." holds a stake equal to 100% of the share capital of the merged company "Sabaf Immobiliare S.r.l. a socio unico":

(i) the report of the management bodies of the companies involved in the merger, as per Article 2501-quinquies of the Italian Civil Code, is not drawn up as it is not compulsory;

(ii) it will not be necessary to prepare the report of the experts on the suitability of the exchange ratio set forth in Article 2501-sexies of the Italian Civil Code;

(iii) the merger will be decided as regards the merging company, as allowed by Article 15 of the Articles of Association of "Sabaf S.p.A.", by its Board of Directors, without prejudice to the right of the shareholders representing at least five percent of the share capital to request, pursuant to paragraph 3 of Article 2505 of the Italian Civil Code, with request sent to the companies no later than eight days from when this Merger Plan is filed with the Brescia Company Register, that the decision on the merger be adopted by the extraordinary shareholders' meeting of the company in accordance with paragraph 1 of Article 2502 of the Italian Civil Code.

As regards the merged company "Sabaf immobiliare S.r.l. a socio unico", the merger will be decided by the extraordinary shareholders' meeting.

3.3 Any other business

In relation to this merger, the following requirements are not met:

- (i) Article 117-bis of Italian Legislative Decree 58/1998;
- (ii) Article 2501-bis of Italian Civil Code;

4. Exchange ratio and cash adjustment (Article 2501-ter, paragraph 1, no. 3, Italian Civil Code)

Since the position of the shareholder will not be affected by the merger, it is not considered necessary to indicate the exchange ratio of the shares and/or any cash adjustment, since this is a merger through incorporation of a company in which the merging company holds an interest in the same proportion (100%), which will not increase the capital for the purpose of the merger.

5. Share assignment method of the merging company (Article 2501-ter, paragraph 1, no. 4, Italian Civil Code)

Since the merging company "Sabaf S.p.A." wholly owns the shares of the merged company "Sabaf Immobiliare S.r.l. a socio unico", no share assignment method of the merging company must be determined.

As a result of the effectiveness of the Merger Deed, the only share of the merged company held by the merging company will be cancelled.

6. Date on which the shares assigned to the shareholders of the merged companies became effective in profit sharing (Article 2501-ter, first paragraph, no. 5, of the Italian Civil Code)

No mention of the effective date for profit sharing is necessary since, in addition to being a merger through incorporation of company wholly owned by a single entity, the merging company "Sabaf S.p.A." will not increase the capital to service the merger.

7. Date from which the operations of the merged company are entered in the financial statements of the merging company (Article 2501-ter, first paragraph, no. 6, Italian Civil Code)

In accordance with the provisions of articles 2504-*bis*, third paragraph, and 2501-*ter*, no. 6, of the Italian Civil Code, the operations of the merged company will be charged to the financial statements of the merging company, also for income tax purposes (article 172 TUIR), as from 1 January of the year in which the deed of merger is entered in the Company Register.

8. Treatment reserved for special categories of shareholders or holders of securities other than shares (Article 2501-ter, paragraph 1, no. 7, Italian Civil Code)

There are no categories of shares or shareholders with special or preferential treatment.

9. Special advantages in favour of the directors (Article 2501-ter, paragraph 1, no. 8, Italian Civil Code)

There are no special advantages in favour of the directors of the companies taking part in the merger.

10. Other information

Reasons for the merger operation

This merger through incorporation - and more generally the merger operation - stems from the need for the merging company to merge the activities previously carried out independently of the merged company.

As a result of the corporate reorganisation proposed in this merger plan, the management of the resources and economic and financial flows deriving from the activities currently carried out by the two companies will be optimised.

These operational purposes of the merger operation are associated with some significant synergies deriving from the elimination of duplications and corporate and administrative overlaps, with consequent savings in operating costs due to the running of the entrepreneurial activity by means of a single company instead of the current two.

Pursuant to Article 2501-septies of the Italian Civil Code, this Merger Plan, together with its annexes, approved by the Management Body of each of the companies involved in the merger, will be filed for registration with the Brescia Company Register, and a copy will be filed at the registered office of each of the companies involved in the merger and published on

the website of the merging company, together with the complete files of the financial statements of the last three financial years (31/12/2016 - 31/12/2017 - 31/12/2018) of both companies.

Moreover, by virtue of the obligations of the merging company "Sabaf S.p.A." as a company issuing shares listed on the Italian Stock Exchange, this Merger Plan, together with its annexes, approved by the Management Body of each of the companies involved in the merger, and the financial statements of both companies, are made available to the public and sent to Consob in the manner and within the time limits envisaged by Article 70 of the Issuers' Regulations (Consob Regulation no. 11971 implementing Legislative Decree no. 58 of 24 February 1998 concerning the regulation of issuers).

This is without prejudice to amendments, changes, supplements and updates - of numbers or otherwise - to the present Merger Plan, as well as to the Articles of Association of the merging company attached hereto, possibly resolved by the Board of Directors of "Sabaf S.p.A.", (or by the extraordinary shareholders' meeting in the cases referred to in Article 2505, paragraph 3 of the Italian Civil Code) and by the extraordinary shareholders' meeting of "Sabaf Immobiliare S.r.l. a socio unico" within the limits referred to in Article 2502, paragraph 2 of the Italian Civil Code, or requested for the registration of this Merger Plan in the Brescia Company Register or for other purposes by competent authorities.

Annexe:

- a) Articles of association of the merging company

Ospitaletto, 25 June 2019

for "Sabaf S.p.A."

The Chairman of the Board of Directors

(Saleri Giuseppe)

for “Sabaf Immobiliare S.r.l. a socio unico”

The Chairman of the Board of Directors

(Saleri Giuseppe)

**ATTACHED A) AT MERGER THROUGH INCORPORATION PLAN OF
SABAF IMMOBILIARE S.R.L. A SOCIO UNICO INTO SABAF S.P.A.**

**COMPANY BY-LAWS
Updated on 28 April 2016**

1) CORPORATE NAME

The present company by-laws regulate the joint stock company called "SABAF SpA".

2) REGISTERED HQ

The company's registered HQ is in Ospitaletto (Brescia). The company can set up, modify or close, both in Italy and abroad, secondary locations, branches, affiliates, agencies, delegations and offices, factories, and depots.

3) CORPORATE PURPOSE

The company's purpose is the design, production and sale of gas valves and burners, thermostats, safety valves, and other components and accessories relating to domestic appliances, plus sanitary valves and hydraulic valves in general.

The company's purpose is also the design, construction, and sale of machine tools, automation plant in general and related equipment, and tools, as well as provision of related services of maintenance, repair, assistance, and business organisation.

The company, within the limits fixed by current regulations concerning such matters, will be able to undertake any other stock and property, industrial and commercial operation deemed to be necessary, appropriate or useful for achievement of the corporate purpose.

It can acquire equity interests in other companies, having a similar purpose or one related to its own purpose, as well as give personal or collateral guarantees, including mortgages, also for third parties' obligations, on condition that such activities do not become prevalent versus the company's business and are not performed vis-à-vis the public and therefore within the limits and in the ways envisaged by Italian Legislative Decree 385/1993. The company can perform the function of direction and co-ordination vis-à-vis its investee companies, providing the activities of organisational, technical, operating, and financial support and co-ordination deemed to be appropriate. Activities reserved as the prerogative of stock broking companies under Italian Legislative Decree 41 5/1996, and also pursuant to current regulations concerning the matter, in any case remain excluded.

4) DURATION

The company will last until December 31st 2070 and its duration can be extended as per legal regulations.

5) SHARE CAPITAL

Share capital is fixed as being EUR 11,533,450.00 (eleven million five-hundred and thirty-three thousand four-hundred and fifty) consisting of the number of 11,533,450.00 (eleven million five-hundred and thirty-three thousand four-hundred and fifty) shares of a nominal value of EUR 1.00 (one) each.

The Extraordinary Shareholders' Meeting can attribute the Board of Directors with the power to increase share capital within the limits of Article 2443 of the Italian Civil Code. The company can issue shares with rights different to those of ordinary shares and also non-voting shares endowed with special privileges of a capital nature, as well as other possible financial instruments within the limits allowed by legal regulations.

Capital can be increased also with conferment of receivables and of goods in kind.

In the case of a paid capital increase, the option right can be excluded within the limit of 10% of previously existing share capital, on condition that the issue price matches the shares' market value and that this is confirmed in a specific report by the firm appointed as statutory auditor.

5 bis) INCREASE IN VOTING RIGHTS

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.

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 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;

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:

a) In the case of succession due to death in favour of the heir and/or legatee;

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;

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.

5 ter) EFFECT 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 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 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.

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.

6) RIGHT OF WITHDRAWAL

The right of withdrawal can be exercised only within the limits and according to the provisions dictated by compulsory legal regulations.

7) SHAREHOLDER DOMICILE

The domicile of shareholders as regards their dealings with the company is the one shown in the shareholder register.

8) CONVOCATION OF SHAREHOLDERS' MEETINGS

Shareholders' Meetings can be ordinary and extraordinary and can also be convened by the Board of Directors to be held in a venue other than the company's registered HQ, as long as it is in Italy.

Shareholders' Meetings are convened through a notice published on the company's website as well as using the terms and conditions set forth by current laws and regulations. If the law or regulation requires a notice to be published in a national publication, this must be MF/Milano Finanza or Il Sole 24 Ore.

The Ordinary Shareholders' Meeting is held at least once a year by the statutory deadline to discuss and approve year-end accounts.

If the company must prepare consolidated accounts, the Ordinary Shareholders' Meeting can in any case be held within 180 days after the end of the company's financial year, based on a resolution passed by the Board of Directors.

In addition, Shareholders' Meetings – both ordinary and extraordinary – are held whenever the Board of Directors deems it advisable, and in the cases envisaged by law.

Shareholders' Meetings must be convened without delay when a request is sent pursuant to law.

The shareholders that individually or jointly represent at least one fortieth of the share capital may, based on the terms and conditions set forth by law, ask for issues to be added to the agenda, indicating other matters proposed in their motion or submit resolution proposals on points already included in the agenda.

The Ordinary and Extraordinary Shareholders' Meetings are normally held after several calls; the relative resolutions in the first, second or third call must be passed by the majority required by law as the case may be.

The Board of Directors may decide that, if it deems appropriate, that both the Ordinary and Extraordinary Shareholders' Meetings be held following a single notice of call. If a single notice of call is issued, the majorities envisaged in such a case by law shall apply.

9) PARTICIPATION IN AND REPRESENTATION AT SHAREHOLDERS' MEETINGS

Without prejudice to the statutory provisions governing the solicitation and collection of proxies, anyone who has voting rights at the Shareholders' Meetings may be represented pursuant to the limits and provisions of law and regulations, including by means of a proxy granted with an electronic document, signed electronically, when envisaged by the current laws and regulations and pursuant to the terms and conditions that are established therein. In this last case, the proxy may be notified electronically in accordance with the terms and conditions indicated in the notice of call.

Authorisation to participate at the Shareholders' Meeting and exercise the voting right is certified by a notice given to and received at the company pursuant to the terms and conditions established by law and applicable regulations.

The company may designate a person for each Shareholders' Meeting to whom the shareholders may grant a proxy with voting instructions on all or certain of the proposals on the agenda, pursuant to the terms and conditions of law and regulatory provisions, by the end of the second open market day prior to the date scheduled for the Shareholders' Meeting. The proxy shall not be effective in regard to the proposals for which voting instructions have not been given.

10) MEETING CHAIRMAN AND TAKING OF MINUTES

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors or, if he renounces or is impeded from doing so, by another person designated directly by the Shareholders' Meeting.

The meeting chairman is assisted by a secretary, not necessarily a shareholder, who – in the case of Extraordinary Shareholders' Meetings – must be a notary.

It is the responsibility of the meeting chairman to ascertain proper constitution of the Shareholders' Meeting, ascertain the right of those having voting rights to attend, establish voting methods, and to proclaim voting results. The meeting chairman will be able to delegate such functions to others.

The Shareholders' Meeting's discussions and resolutions are documented in minutes signed by the meeting chairman and by the secretary and transcribed in the legally required journal, which must also show those minutes drawn up as public deeds.

The copies and extracts of minutes, signed as being "a true copy" by the meeting chairman and by the secretary, constitute full proof in the courts and wherever it is necessary to exhibit them.

11) CONSTITUTION AND RESOLUTIONS OF SHAREHOLDERS' MEETINGS

Shareholder Meetings – ordinary and extraordinary – are constituted and pass resolutions in accordance with legal regulations, saving the provisions established in the present company by-laws for appointment of the Board of Directors and the Statutory Auditors' Committee.

Shareholder Meetings' resolutions, passed in conformity with the law and with company by-laws, are binding for all shareholders, even if absent or dissenting.

12) COMPOSITION OF THE BOARD OF DIRECTORS

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.

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 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 two 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) the remaining two Directors 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 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.

If 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 older candidate shall be elected based on the minimum quotas required for the various categories 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.

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.

13) CHAIRMAN AND DELEGATED BODIES

If the Shareholders' Meeting has not already done so, the Board appoints the Chairman from among its members and one or more Deputy Chairmen.

In the case of the Chairman's absence or impediment, his functions are performed by the Deputy Chairman, in order of tenure if there is more than one of the latter.

The Board can elect, when it deems it appropriate, one or more Managing Directors, determining their powers at the time of appointment.

The Board can appoint a secretary, who can also be chosen from outside its members.

If, during the company's financial year, one or more Directors cease to hold offices, the others replace them via a resolution approved by the Statutory Auditors' Committee. If the Board of Directors is elected by the list voting procedure referred to in art. 12, the Board of Directors, based on respect for the provision on equilibrium among

the legal and regulatory categories that are applicable as well as these by-laws, shall make the replacement, where possible, by appointing, in the sequential order indicated in the list, persons belonging to the list to which the replaced Director belonged, who are still electable and willing to accept the appointment. If an independent director ceases to hold office, s/he shall be replaced, where possible, by appointing the first of the unelected independent candidates in the list to which the replaced Director belonged. If a Director belonging to the less represented category leaves office, the replacement will be the first member from the same category that was not elected but was on the same list as the Director leaving office. The Director thus appointed remains in office until the next Shareholders' Meeting. If this is impossible, the Board of Directors shall co-opt a member regardless of list membership, retaining the balance between the categories based on that set forth by the current laws and regulations. If the majority of directors cease to hold office, those remaining in office must convene the Shareholders' Meeting to replace the missing members.

Directors appointed by the Shareholders' Meeting lapse from office together with those in office at the time of their appointment.

If all directors cease to hold office, the Shareholders' Meeting to appoint the entire Board must be urgently convened by the Statutory Auditors' Committee, which in the meantime can perform ordinary management deeds.

14) BOARD MEETINGS

The Board meets, also at a venue other than the company's registered HQ, as long as it is in Italy or in other European countries, whenever the Chairman deems it appropriate, or when a request for a meeting is made to the Chairman even by just one director or by the statutory auditors.

Directors report in a timely manner, on occasion of Board of Directors' meetings or also directly – in oral or written form and in any case on at least a quarterly basis – to the Statutory Auditors' Committee on the activity performance and on the transactions of greatest business, financial and capital importance undertaken by the company or its subsidiaries, as well as on transactions in which they have an interest, on their own account or that of third parties, or that are influenced by the subject exercising the direction and co-ordination function.

The possibility is allowed of Board meetings being held via tele- or videoconferencing, on condition that all participants can be identified and are able to follow the discussion and intervene in real time in discussion of the topics addressed. If these requirements are met, the Board of Directors' meeting is considered to be held in the place where the Chairman is physically located, and where the secretary must also be, so as to permit the drafting and signature of minutes in the relevant company journal.

Board meetings are convened by the Chairman via a letter or fax to be sent at least five days before the meeting to each director and standing statutory auditor and, in urgent cases, via a telegram or fax to be sent at least twenty-four hours beforehand. In order for Board resolutions to be valid, the majority of directors in office must be present.

Resolutions are passed with the outright majority of voters. Abstainers are not counted in the number of voters.

In the case of a tie vote, the person chairing the meeting has the casting vote.

15) POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with all the fullest powers of ordinary and extraordinary management. It is thus attributed all powers for accomplishment of corporate purposes, excluding only those that, by law or the present company by-laws, are reserved as the prerogative of the Shareholders' Meeting.

The Board of Directors is also competent, with limits established by law still holding good, for resolutions concerning:

- Opening or closing of secondary locations
- Transfer of the company's registered HQ within Italian territory
- Mergers in the cases envisaged by Articles 2505 and 2505/2 of the Italian Civil Code, also as recalled due to splitting of Article 2506/3 of the Civil Code
- Reduction of share capital in the case of shareholder withdrawal
- Adaptation of company by-laws to regulatory requirements.

The Board of Directors can, in any case, decide at any time to remit the above resolutions to the competence of the Shareholders' Meeting.

16) CORPORATE REPRESENTATION

The power of corporate representation pertains, on a disjoined basis, to the Chairman of the Board of Directors and to the Deputy Chairmen and Managing Directors within the sphere of the powers conferred upon them at the time of appointment.

The persons to whom corporate representation has been delegate can appoint as special attorneys persons also outside the company for individual deeds or categories of deeds.

17) ACCOUNTING DOCUMENT DRAFTING OFFICER

The Board of Directors shall be responsible for appointing and terminating the appointment, subject to the compulsory and not binding opinion of the Statutory Auditors' Committee, of an accounting document drafting officer to perform the tasks laid down by law.

The accounting document drafting officer shall meet the requirements laid down by legislation, and in any event shall have specific skills in a) accounting and financial information and b) management and control of the corresponding procedures, and c) at least three years' proven experience in administration and control duties or the performance of executive or consultancy functions in listed companies and/or the corresponding groups of enterprises, or in companies, organisations and enterprises of significant size and importance, including in relation to the function of drafting and checking accounting and company documents.

At the time of the appointment, the Board of Directors shall establish whether the officer meets the requirements laid down by the current legislation and these Company By-Laws.

The Board of Directors shall ensure that the officer holds suitable powers and resources for the performance of the tasks assigned to him/her, and complies with the administrative and accounting procedures.

18) STATUTORY AUDITORS' COMMITTEE

The Statutory Auditors' Committee consists of three Standing Statutory Auditors and two Substitute Statutory Auditors of which members from the least represented category are at least equal the minimum quota required by the current law and regulations. The election of one standing statutory auditor and one substitute statutory auditor is reserved for minority shareholders.

Statutory Auditors shall not be elected and, if elected, shall be debarred from office, if they do not meet the requirements of professionalism, respectability and independence laid down by current legislation or are in one of the situations of disqualification, incompatibility or debarment laid down by law. The limits on holding multiple offices established by Consob Regulation shall also apply to Statutory Auditors.

The Statutory Auditors' Committee is appointed on the basis of lists presented by those holding voting rights in which candidates are listed by means of a sequential number.

The list consists of two sections: one for candidates for office as standing statutory auditors and the other for candidates for office as substitute statutory auditors.

Only those holding voting rights who, alone or together with others, are owners of shares with voting rights accounting for at least 2.5 percent of capital with voting rights for resolutions relating to the appointment of members of the governing and control bodies, or such other holding as may be established for the submission of lists for the appointment of members of the Board of Directors pursuant to Article 12 hereof, may submit lists.

Each list that presents a number of candidates greater than or equal to three must have a number of candidates from the least represented category that ensures, within the list, respect for the balance between the categories, at least based on the minimum requested by the current laws and regulations.

Each holder of voting rights, as well as shareholders forming part of a group as defined by Article 2359 of the Italian Civil Code, or shareholders who enter into a shareholders' agreement relating to the company's shares, cannot present – not even via interposed persons or trustee companies – more than one list and cannot vote for several lists–. A candidate may be presented in only one list, failing which s/he shall be disqualified. Outgoing statutory auditors can be re-elected.

The lists presented must be lodged at the company's registered HQ and made available to the public at the company's registered HQ and on the company's website, pursuant to the terms and in compliance with the provisions of applicable primary and secondary laws and regulations, and this will be mentioned in the announcement. The lists shall be accompanied by:

- a) information about the identity of the holders of voting rights who submitted the lists, stating the total percentage shareholding owned, and a certificate demonstrating the ownership of the said holding;
- b) a declaration by those holding voting rights other than those who can express the absolute or relative majority at the Shareholders' Meeting or individually or jointly hold a controlling interest or relative majority, certifying that they have no connection with the latter as defined in the applicable legislation; and
- c) detailed information about the personal and professional characteristics of the candidates, and a declaration by the candidates that they meet the requirements laid down in the legislation and the Company Bylaws and accept the nomination.

Any list for which the above rules are not observed is considered not to have been presented. The election of statutory auditors takes place according to the following procedure :

- 1) From the list obtaining the highest number of votes at the Shareholders' Meeting on an absolute basis, two standing statutory auditors and one statutory auditor are taken according to the sequential order in which they were listed in the list's sections ;
- 2) From the list obtaining the highest number of votes at the Shareholders' Meeting, among those submitted and voted on by holders of voting rights not connected with the majority shareholders as defined in the applicable legislation, the remaining standing statutory auditor and the other substitute statutory auditor are taken according to the sequential order in which they were listed in the list .

3) The presidency of the Statutory Auditors' Committee goes to the Regular Statutory Auditor elected from the list that obtained the highest number of votes among those submitted and voted on by holders of voting rights not connected with the holders of voting rights or the majority shareholders as defined in the applicable legislation.

In the event of a tie between two or more lists, the oldest candidates shall be elected Statutory Auditors until all posts have been assigned.

In the case where the minimum number necessary, as prescribed by the standing or substitute Statutory Auditors in the less represented categories, is not elected, the last candidate elected from the most represented category on the majority list must be replaced by the next candidate from the least represented category that is on the same list.

If it is not possible to proceed, either totally or partly, with appointments according to the above procedure, the Shareholders' Meeting decides on the basis of a legal majority.

If the requisites required by regulations and company bylaws cease to exist, the statutory auditor concerned lapses from office . In case of the replacement of an Auditor, the first substitute on the same list as the auditor leaving office replaces him, except where, in order to respect the balance between categories based on that set forth by the current laws and regulations, another substitute auditor from the same list must be the replacement. If the balance between categories is not respected in this case, the Shareholders' Meeting must be convened to appoint an Auditor from the least represented category.

The Statutory Auditors' Committee can, after having notified the Chairman of the Board of Directors, convene Shareholders' Meetings and meetings of the Board of Directors. Power to call meetings of the Board of Directors may also be exercised by a single member of the Statutory Auditors Committee, and power to call Shareholders' Meetings may also be exercised by least two members of the Statutory Auditors' Committee .

The Statutory Auditors' Committee must meet at least once every 90 days .

In order for the Committee's resolutions to be valid, the presence of the majority of standing statutory auditors in office and the favourable vote of the majority of those present are required. Distance participation in the Committee's meetings is allowed

via use of appropriate tele- and videoconferencing links, on condition that all participants can be identified and are able to follow the discussion and intervene in real time in discussion of the topics addressed.

If these requisites exist, the meeting of the Statutory Auditors' Committee is considered to be held in the place where the meeting's chairman is physically located. The discussions and resolutions of the Statutory Auditors' Committee are documented in minutes signed by the meeting's chairman and secretary .

19) STATUTORY AUDIT OF ACCOUNTS

An independent statutory auditing firm possessing the requisites required by law performs the statutory audit of the company's accounts.

The appointment as independent statutory auditor for the term provided by law, and determination of the fees shall be resolved by the ordinary Shareholders' Meeting, on the basis of a justified proposal by the Statutory Auditors' Committee.

20) YEAR-END FINANCIAL STATEMENTS AND EARNINGS

The company's financial year ends on December 31st of each year. At each year-end, the Board of Directors – within legally established deadlines and in compliance with legal requirements – will draw up year-end financial statements based on current regulations.

Five percent will be deducted from the net earnings reported in year-end statements to be allocated to the legal reserve until the latter has reached the equivalent of one fifth of share capital.

The Shareholders' Meeting, upon the Board of Directors' proposal, passes a resolution deciding on distribution of the remaining earnings to shareholders or on other allocations to extraordinary reserves or to other destinations.

The company can decide on distribution of dividends on account within legal limits and according to the procedures laid down by law.

21) DISSOLUTION OR LIQUIDATION

If the company is dissolved for any reason, the Shareholders' Meeting will establish the liquidation approach and will appoint one or more liquidators, determining their powers.

22) GENERAL PROVISIONS

For what is not expressly contemplated in the present company by-laws, reference is made to the provisions of the Italian Civil Code, to specific relevant laws and to other relevant provisions.