



TESMEC S.P.A.
SHAREHOLDERS' ORDINARY MEETING OF 29 APRIL 2016
IN SINGLE CALL
DIRECTORS' REPORT
ON THE DRAFT RESOLUTIONS SUBMITTED TO THE MEETING

Report of the Board of Directors of Tesmec S.p.A., drawn up pursuant to Articles 125-ter of Italian Legislative Decree no. 58 of 24 February 1998 (“TUF”), and 84-ter of the Regulation adopted with Consob Resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (“Issuers’ Regulation”).

Dear Shareholders,

This report shows the draft resolutions that the Board of Directors of Tesmec S.p.A. (hereinafter referred to as “**Tesmec**” or the “**Company**”) intends to submit for your approval in relation to the points on the agenda of the ordinary shareholders' meeting that will be held on 29 April 2016, 10:30 am, in single call at Tesmec headquarters in Via Zanica 17/O, Grassobbio (BG).

1. Presentation of the Tesmec Group’s consolidated financial statements and review and approval of the financial statements as at 31 December 2015 and relevant reports; allocation of result for the period; related and consequent resolutions.

Dear Shareholders,

The Company, within the term established by Article 154-ter of the TUF, must publish the annual financial statements comprising the draft financial statements, the consolidated financial statements, the directors' report and the certification set forth in Article 154-bis, paragraph 5, of the TUF. The audit reports prepared by the independent auditors as well as the reports indicated in Article 153 of the TUF are made fully available to the public together with the annual financial statements.

The draft financial statements were approved by the Board of Directors of the Company on 14 March 2015.

The directors' report will be made available to the public, together with the draft financial statements of Tesmec as at 31 December 2015, the consolidated financial statements of the Tesmec Group as at 31 December 2015, the certification of the Manager responsible for preparing the Company’s financial reports, the report of the Board of Statutory Auditors and the Independent Auditors’ Report, at the registered office and Borsa Italiana S.p.A. (“**Borsa Italiana**”), as well as on the website of the Company: www.tesmec.com and in accordance with to the other modalities prescribed by Consob within the terms provided by the regulations in force.

For a complete information on the subject in hand, reference is made to the Directors' report and to the additional documents made available to the public, within the timeframe prescribed by the law, at the registered office and Borsa Italiana, as well as on the website www.tesmec.com (Investors) and in accordance with to the other modalities prescribed by Consob.

You are invited to approve the financial statements as at 31 December 2015 of Tesmec that ended with a profit of Euro 7,411,919.

With reference to the results achieved, the Board of Directors proposes that you resolve:

- the allocation of the profit for the year of Euro 7,411,919 as follows:
 - allocate a dividend of Euro 0.025 to each outstanding ordinary share on the ex-dividend date;
 - assign to the extraordinary reserve the amount of profit remaining after the allocation to the legal reserve and of the dividend;

- the payment of the dividend on 25 May 2016 (with ex-dividend date 23 May 2016, in compliance with the Borsa Italiana calendar, with record date 24 May 2016).

2. Consultation on the first section of report on remuneration pursuant to Article 123-ter paragraph 6 of Italian Legislative Decree no. 58/1998.

Dear Shareholders,

In relation to second point on the agenda, the Board of Directors intends to submit to the Shareholders' Meeting the report on remuneration of the members of the boards of directors, of general managers and of other executives with strategic responsibilities, pursuant to Articles 123-ter of the TUF and 84-quarter of the Issuers' Regulation (the "**Report on Remuneration**").

The Report on Remuneration was prepared in compliance with Annex 3A, Diagrams 7-bis and 7-ter, of the Issuers' Regulation and consists of two sections. The first section of the Report on Remuneration (i) shows the policy of the Company concerning the remuneration of the members of the boards of directors, of general managers and of executives with strategic responsibilities with reference at least to the following financial year and (ii) shows the procedures used for the adoption and implementation of this policy. The second section of the Report on Remuneration: (i) provides an adequate representation of each of the items forming the remuneration, including the salaries contemplated in case of termination of office or termination of the employment relationship, pointing out its consistency with the policy of the Company on remuneration approved in the previous financial year; (ii) shows in detail the remuneration paid during the financial period under review.

Pursuant to Article 123-ter, paragraph 6, of the TUF, the Shareholders' Meeting is required to express, with non-binding resolution, an opinion in favour or against the first section of the Report on Remuneration.

In this regard, reference is made to what is shown in the report drawn up pursuant to Articles 123-ter of the TUF and 84-quarter of the Issuers' Regulation, which will be filed within the terms provided by the regulations in force at the registered office, Borsa Italiana, as well as made available to the public on the website of the Company www.tesmec.com and in accordance with to the other modalities prescribed by Consob.

3. Proposal of authorisation to purchase and dispose of treasury shares, subject to the withdrawal of the resolution passed by the Shareholder's Meeting of 30 April 2015; related and consequent resolutions.

Dear Shareholders,

with reference to the third point on the agenda, this section of this report, prepared pursuant to Article 73 of the Issuers' Regulation, shows the proposal for authorisation to purchase and dispose of treasury shares, subject to the prior revocation of the resolution passed by the Shareholder's Meeting of 30 April 2015, that the Board of Directors of Tesmec intends to submit to your approval.

Please note that the aforementioned Shareholders' Meeting of April 30, 2015 authorized the Board of Directors to purchase and dispose of treasury shares, also through subsidiaries, for a maximum number of ordinary shares of the Company, having a par value of 0.10 Euro each, equal to 10% of the *pro tempore* share capital within the limits and for the purposes provided by law and market

practices, one or more times, within a maximum period of eighteen months from the date of the resolution by the Shareholders' Meeting; the purchases were to be made at a price that did not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction. The maximum number of treasury shares that were purchasable on a daily basis was not to be higher than 25% of the average daily volume of Tesmec shares traded on the market.

Hereinafter are exposed the reasons and modalities for the purchase and disposal of the treasury shares of the Company in accordance to which the Board of Directors proposes to the shareholders to resolve the new authorization.

Reasons for the proposal for authorisation to purchase treasury shares

The request for authorisation to purchase and dispose of treasury shares, subject-matter of the proposal for authorisation to be submitted to the Ordinary Shareholders' Meeting, aims at providing the Company with a useful strategic investment opportunity for any purpose allowed by the applicable provisions of law, including the purposes contemplated in the "market practices" approved by Consob pursuant to Article 180, paragraph 1, letter c), of the TUF with resolution no. 16839 of 19 March 2009 and in the EC Regulation no. 2273/2003 of 22 December 2003.

In particular, the Board of Directors considers it useful that the authorisation to purchase and dispose of treasury shares, also through subsidiaries, be granted to pursue the following aims:

- a. offer incentives to and develop loyalty of employees (including any category that, by the same standard as the law, in force each time, is treated as equivalent), collaborators, directors of the Company and/or of companies controlled by it and/or other categories of subjects (such as one-firm agents or otherwise) chosen at the discretion of the Board of Directors, as deemed appropriate each time by the Company;
- b. fulfil any obligation arising from debt instruments convertible into/or exchangeable with equity instruments;
- c. carry out sales, exchanges, swaps, capital contributions or other disposals of treasury shares for acquisitions of shareholdings and/or real estate and/or the conclusion of agreements (trade agreements or otherwise) with strategic partners, and/or for the implementation of industrial projects or Merger & Acquisition operations, which fall within the objectives of expansion of the Company and the Tesmec Group;
- d. carry out subsequent purchases and sales of shares, within the limitation allowed by the market practices approved, including operations to support the liquidity of the market;
- e. in order to purchase treasury shares owned by employees of the Company or subsidiaries and assigned or subscribed pursuant to Articles 2349 or 2441, paragraph eight of the Italian Civil Code or originating from incentive plans approved pursuant to Article 114-bis of the TUF;
- f. seize market opportunities also through the purchase and resale of shares whenever appropriate both on the market (as regards conveyance) in the so-called over-the-counter markets or even outside the market provided at market conditions.

Maximum number of shares of the proposal for authorisation

The authorisation refers to the purchase, also through subsidiaries, in one or more times, of ordinary treasury shares with a par value Euro 0.10 each, up to 10% of the *pro tempore* share capital of the Company, taking into account the treasury shares held by the Company and the its controlled subsidiaries. Purchases will be made within the limits of the distributable profits and of the

available reserves resulting from the last financial statements approved by the Company or by the subsidiary making a purchase.

The authorisation also includes the right to dispose later (in whole or in part and also in several times) of the shares held in portfolio, also before having reached the maximum amount of shares purchasable and eventually to repurchase the shares to the extent that the treasury shares held by the Company and, if necessary, by its controlled subsidiaries, do not exceed the limit established by the authorisation.

Further useful information for the assessment of compliance with Article 2357, paragraph 3, of the Italian Civil Code

At the date of this report, the share capital of the Company is represented by 107,084,000 ordinary shares having a par value of Euro 0.10, for a total value of Euro 10,708,400 fully subscribed and paid-up. At the date of this report, the Company holds no. 4.450.497 treasury shares taking into account also the shares held by its controlled subsidiaries.

As pointed out, the maximum number of treasury shares shall never exceed 10% of the share capital of the Company, taking into account also the shares owned by its controlled subsidiaries.

Duration for which authorisation is sought

The authorisation to purchase treasury shares, also through subsidiaries, is required for a period of 18 (eighteen) months from the date of approval of the resolution of the shareholders' meeting authorising the purchase. The Board of Directors may carry out the authorised transactions in one or more times and at any time, to the extent and within the terms freely determined in accordance with the applicable law, with the progression considered appropriate in the interest of the Company.

The authorisation to dispose of the treasury shares is required without time limits.

Minimum and maximum consideration

The Board of Directors proposes that the purchases of treasury shares are carried out in compliance with the conditions established for the market practice relating to the purchase of treasury shares authorised by Consob pursuant to Article 180, paragraph 1, letter c), of the TUF with resolution no. 16839 of 19 March 2009, as well as by EC Regulation no. 2273/2003 of 22 December 2003, where applicable, and in particular for a consideration that does not exceed the highest price between the price of the last independent transaction and the price of the current highest independent offer in the trading venues where the purchase is made, being understood that the purchase transactions must be carried out at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction.

The disposals of treasury shares purchased pursuant to the resolution of the shareholders' meeting authorising the purchase, in one or more times in the manner deemed most appropriate in the interests of the Company and in compliance with applicable law, are made in the manners hereinafter specified:

- i) at a price established each time by the Board of Directors in relation to opportunity criteria, it being understood that this price shall optimise the economic effects on the Company, where the security itself is instrumental to the issuance of debt instruments convertible into/or exchangeable with equity instruments or incentive plans in connection with the

exercise of the options to purchase shares by the relevant beneficiaries, or if the security is offered for sale, exchange, swap, capital contribution or other disposal, for acquisitions of shareholdings and/or real estate and/or the conclusion of agreements (trade agreements or otherwise) with strategic partners, and/or for implementation of industrial projects or Merger & Acquisition operations, which fall within the objectives of expansion of the Company and the Tesmec Group;

- ii) at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction for subsequent purchase and sale transactions.

Modalities in accordance to which the purchase and disposal of treasury shares will be made

The purchase transactions will be carried out, also through subsidiaries, in accordance with the provisions of Article 132 of the TUF, by Article 144-*bis* of the Issuers' Regulation as amended and supplemented, as well as in accordance with the market practices approved by Consob and the operating procedures established in the regulations on the organisation and management of the markets so as to ensure the equal treatment of shareholders.

It should be noted that, pursuant to Article 132, paragraph 3, of the TUF, the above provisions do not apply for the purchase of treasury shares owned by employees of the Company or its subsidiaries and allotted or subscribed pursuant to Articles 2349 and 2441, paragraph 8, of the Italian Civil Code, or arising from compensation plans approved under Article 114-*bis* of the TUF.

The maximum number of treasury shares that can be purchased on a daily basis will not be higher than 25% of the average daily volume of "Tesmec" shares traded on the market. Pursuant to Article 5 of the EC Regulation 2273/2003, this limit may be exceeded in the case of extremely low liquidity in the market, under the conditions laid down in the said Article 5 of the EC Regulation 2273/2003; in any case, the maximum number of treasury shares that can be purchased on a daily basis will not be higher than 50% of the average daily volume.

The operations of disposal of treasury shares may be carried out, in one or more times, also before having reached the amount of shares that can be purchased. The disposal can be carried out in the manner deemed most appropriate in the interest of the Company and, in any case, in compliance with the applicable law and the market practices approved. The Company will inform the public and Consob, in accordance with the procedures and terms contemplated by the laws and regulations in force.

Information on whether the purchase is instrumental to a share capital reduction

It should be noted that the purchase of shares contemplated by this authorisation request is not instrumental to the reduction of share capital.

Exemption from the mandatory public tender offer requirement obligation deriving from the approval of the resolution authorising the purchase of treasury shares

It should be noted that, in general, the treasury shares held by the Company, directly or indirectly, are excluded from the share capital used for calculating whether the stake thresholds set forth under Article 106, paragraphs 1 and 3, letter b) of the TUF is crossed and the mandatory public tender offer is triggered.

However, pursuant to Article 44-bis, second paragraph, of the Issuers' Regulation, the provision mentioned above does not apply if the crossing of the thresholds indicated in Article 106, paragraphs 1 and 3, letter b), of the TUF results from purchases of treasury shares carried out, directly or indirectly, by the Company in execution of a resolution passed, notwithstanding the provisions of Articles 2368 and 2369 of the Italian Civil Code, also with the vote of the majority of the shareholders of the Company, attending the meeting, other than TTC S.r.l. and Fi.Ind. S.p.A.

Consequently, in the event that the resolution herein proposed is passed also with the vote of the majority of the shareholders of the Company, attending the meeting, other than TTC S.r.l. and Fi.Ind. S.p.A., these latter would be exempted from the obligation to launch a public tender offer in case, as a result of the purchase of treasury shares thereby authorised, they will individually or jointly cross the thresholds set forth under Article 106, paragraphs 1 and 3, of the TUF.

* * *

In light of the foregoing, the Board invite the Shareholders' Meeting convened to pass the following resolution:

“The ordinary shareholders' meeting of Tesmec S.p.A., after examining the Report of the Board of Directors and

acknowledging

- *that, where the resolution shown below is approved also with the vote of the majority of the shareholders of Tesmec S.p.A., attending the meeting, other than the shareholder or shareholders that hold, jointly or otherwise, the majority interest, relative or otherwise, however higher than 10 percent (i.e. TTC S.r.l. and Fi.Ind. S.p.A.) the exemption contemplated by the combined provisions of Article 106, paragraphs 1 and 3, of the TUF and of Article 44-bis, second paragraph, of the Issuers' Regulation with regards to TTC S.r.l. and Fi.Ind. S.p.A. shall apply;*

resolves:

1. *to revoke the previous resolution authorising the purchase and disposal of the treasury shares of 30 April 2015, with effect as from the date of approval of this resolution;*
2. *to authorise the Board of Directors, with powers to subdelegate, to purchase and dispose, also through subsidiaries, up to a maximum number of ordinary shares of the Company, having a par value of Euro 0.10 each, equal to 10% of the pro-tempore share capital within the limits and for the purposes provided by law and market practices, taking into account the specific exemption provided under third paragraph of Article 132 of the TUF - in one or more times for a maximum period of 18 months from the date of this resolution. The purchase of treasury shares will be made within the limits of the distributable profits and of the available reserves resulting from the last financial statements approved by the company making the purchase.*

The purchase transactions shall be carried out as follows:

- i) *purchases shall be made on the market in a manner that does not allow direct matching of negotiation proposals with predetermined sales negotiation proposals and shall be carried out at a price that does not exceed the highest price between the price of the last independent transaction and the price of the current higher independent offer in the trading venues where the purchase is made, being understood that the purchase transactions shall be carried out at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction;*

- ii) *the disposals of the treasury shares purchased will be carried out, in one or more times in the manner deemed most appropriate in the interests of the Company and in compliance with applicable law, in the manner hereinafter specified:*
- *at a price established each time by the Board of Directors in relation to opportunity criteria, it being understood that this price shall optimise the economic effects on the Company, where the security itself is instrumental to the issuance of debt instruments convertible into/or exchangeable with equity instruments or incentive plans in connection with the exercise of the options to purchase shares by the relevant beneficiaries, or if the security is offered for sale, exchange, swap, capital contribution or other disposal, for acquisitions of shareholdings and/or real estate and/or the conclusion of agreements (trade agreements or otherwise) with strategic partners, and/or for implementation of industrial projects or Merger & Acquisition operations, which fall within the objectives of expansion of the Company and the Tesmec Group;*
 - *at a price that does not deviate by more than 10% down and up from the reference price recorded by the security in the trading session preceding each transaction for the subsequent purchase and sale transactions.*
- iii) *The maximum number of treasury shares that can be purchased on a daily basis will not be higher than 25% of the average daily volume of "Tescmec" shares traded on the market. Pursuant to Article 5 of the EC Regulation 2273/2003, this limit may be exceeded in the case of extremely low liquidity in the market, under the conditions laid down in the said Article 5 of the EC Regulation 2273/2003; in any case, the maximum number of treasury shares that can be purchased will not be higher than 50% of the average daily volume.*
- iv) *The operations of disposal of treasury shares may be carried out, without time limits, in one or more times, also before having reached the amount of shares that can be purchased. The disposal may be carried out in the manner deemed most appropriate in the interest of the Company and, in any case, in compliance with the applicable law and the market practices approved by Consob."*

3. *to grant to the Chairman of the Board of Directors and Managing Director any necessary and broadest power to implement these resolutions and to carry out any action necessary for their implementation, also by means of special attorneys, in compliance with any applicable provision enacted by competent Authorities in force from time to time."*

4. Appointment of the Board of Directors:

4.1 determination of the number of members of the Board;

4.2 determination of the term of office;

4.3 appointment of the Board of Directors;

4.4 appointment of the Chairman of the Board of Directors;

4.5 determination of the remuneration of the Directors;

4.6 related and consequent resolutions.

Dear Shareholders,

with reference to the fourth point on the agenda, we remind you that on the occasion of the approval of the financial statements as at 31 December 2015 the mandate granted to the Board of Directors currently in office, appointed by the Shareholders' Meeting of the Company on 30 April 2013 expires; therefore, the Shareholders' Meeting is invited to appoint the new members of the Board of Directors, upon prior determination of their number, establish the term of their office, appoint the Chairman of the Board of Directors and establish the relevant remuneration.

Article 14 of the Articles of Association, to which full reference is made, requires that the Board of Directors is composed of a number of members from five to fifteen who remain in office for a period of three financial years (unless a shorter period is established by the Shareholders' Meeting when appointing), and their office terminates on the date the Shareholders' Meeting is convened to approve the financial statements relating to the last financial year of their office; they can be re-elected. The Directors remain in office for a period not exceeding three financial years and their office terminates on the date the Shareholders' Meeting is convened to approve the financial statements relating to the last financial year of their office; they can be re-elected. All Directors must be in possession of the eligibility requirements, professionalism and good reputation provided by law and other applicable provisions.

The Board of Directors must be composed in such a way as to ensure independence in accordance with the requirements established by law. Pursuant to Article 147-ter, paragraph 4, of the TUF, at least one Director, or at least two - if the Board consists of more than seven members - must have the independence requirements requested thereunder (“**Independent Director pursuant to Article 147-ter**”).

The Ordinary Shareholders' Meeting will elect the members of the Board of Directors on the basis of lists presented by the shareholders as indicated below. The lists include a number of candidates not exceeding fifteen, each coupled with a progressive number. Each list must contain and expressly indicate at least one Independent Director pursuant to Article 147-ter, with a progressive number of no more than seven. If the list consists of more than seven candidates, it must contain and expressly indicate a second Independent Director pursuant to art. 147-ter. If necessary, each list can also indicate explicitly the Directors with independence requirements provided by codes of conduct drafted by regulated market management companies or by trade associations.

Article 14 of the Articles of Association specifies that the Board of Directors must be renewed in compliance with the regulations on gender balance set forth in Italian Law no. 120 of 12 July 2011 and with the applicable laws and regulations. Since this is the second mandate in application of the said provision, in accordance with the same and with Article 147-ter, paragraph 1-ter, of the TUF, a share of at least one-third of the Directors elected is reserved to the less represented gender. Therefore, pursuant to Article 14 of the Articles of Association, the Shareholders who intend to present a list for the renewal of the Board of Directors containing a number of candidates equal to or greater than three are required to include a number of candidates belonging to the less represented gender equal to at least one-third of the candidates (rounding up, if necessary, to the higher integer).

The Shareholders who, when the list is presented, own shares, on their own or together with others, with voting rights representing at least 4.5% of the subscribed and paid-up share capital in the Ordinary Shareholders' Meeting for the appointment corporate officers, are entitled to present a list. Each shareholder cannot present (either individually or jointly) or vote more than one list, albeit by proxy or through a trust. Each candidate can come up in one list under penalty of ineligibility.

The lists must be filed at the registered office, or sent to the Company by e-mail to the address: tesmecspa@pec.it (to the attention of Patrizia Pellegrinelli), at least 25 (twenty-five) days before the date set for the Shareholders' Meeting i.e. no later than 4 April 2016. Lists will be made available to the public on the website www.tesmec.com section “*Meetings*”, as well as in accordance with the modalities provided by law, by the Company without delay and in any way at least 21 (twenty-one) days before the date set for the Shareholders' Meeting, i.e. 8 April 2016.

The lists also contain, as an enclosure:

- (a) the curriculum vitae concerning the personal and professional details of the candidates;
- (b) the declarations by which each of the candidates accepts his/her own candidature and attests, under his/her own responsibility, that there are no causes of ineligibility or incompatibility, and that he/she complies with all the requirements prescribed by law to hold the position of director of the Company, including the declaration on the requirements to be qualified as an Independent Director pursuant to Article 147-ter and, if necessary, of the further requirements provided by codes of conduct drafted by regulated market management companies or by trade associations.
- (c) indication of the identities of the shareholders who presented the lists and the percentage of the overall shareholding held, proved by an appropriate communication issued by the intermediary, notwithstanding what is indicated by Article 147-ter, paragraph 1, of the TUF;
- (d) any additional or different declaration, information and/or document provided by law and by applicable regulations.

Each shareholder and the shareholders parties to the same shareholders' agreement pursuant to Article 122 of the TUF cannot present or vote more than one list, albeit by proxy or through a trust. At the end of the voting, candidates are elected from the two lists that have obtained the higher number of votes, with the following criteria:

- (i) a number of directors equal to the total number of members of the Board, as previously established by the Shareholders' Meeting, minus one, is taken, in the sequential order in which they are presented, from the list that obtained the majority of votes (the “**Majority List**”); within such number limits, the candidates are elected in the order in which they are indicated in the list;
- (ii) a director, in the person of the candidate indicated with the first number in the list, is drawn from the second list that obtained the highest number of votes and which is not connected directly or indirectly to the shareholders who presented or voted the Majority List pursuant to the applicable provisions and that is not the list presented by the Board of Directors (“**Minority List**”); however, if not even one Independent Director pursuant to Article 147-ter is elected within the Majority List, in case of a board of no more than seven members, or only one Independent Director pursuant to Article 147-ter is elected, in case of a board of more than seven members, the first Independent Director pursuant to Article 147-ter indicated in the Minority List will be elected, instead of the first on the Minority List.

Moreover, if, with the candidates elected in the manner described above, the compliance of the composition of the Board of Directors with the pro tempore regulations on gender balance in force is not ensured, the candidate of the more represented gender elected last in the sequential order of the Majority List will be replaced by the first candidate of the non-elected less represented gender of the same list in sequential order. This replacement procedure will be carried out until the composition of the Board of Directors complies with the pro tempore regulations on gender balance in force. Finally, if the said procedure does not ensure the result indicated above, the replacement will take place with a resolution passed by the Shareholders' Meeting by majority vote, subject to the presentation of candidates belonging to the less represented gender.

Lists will not be taken into consideration unless they obtain a percentage of votes equal to at least half of the percentage required for presenting the lists.

In the event that the lists obtain the same number of votes, the list presented by shareholders owning the largest stake when the list is presented prevails, or, subordinately, the one presented by the greatest number of shareholders.

If only one list is presented, the Shareholders' Meeting will vote on it and if it obtains the relative majority of votes, without taking account of abstentions, the candidates listed in sequential order will be elected Directors, up to the number established by the Shareholders' Meeting, notwithstanding that, if the Board has more than seven members, the second Independent Director pursuant to Article 147-ter is also elected, in addition to the one necessarily placed within the first seven and notwithstanding the compliance with the pro tempore regulations on gender balance in force.

In the absence of lists, or if the number of directors elected on the basis of the presented lists is lower than the one determined by the Shareholders' Meeting, the members of the Board of Directors are appointed by the Shareholders' Meeting itself with the majorities provided by the law, without prejudice to the obligation to appoint, by the Shareholders' Meeting, the minimum number of Independent Directors pursuant to Article 147-ter and always in compliance with the pro tempore regulations on gender balance in force.

The Independent Directors pursuant to Article 147-ter, indicated as such when appointed, must immediately inform the Board of Directors of any absence of independence requirements; the Director falls from his/her office if the minimum number of directors with the said independence requirements requested by the law provisions in force no longer exist within the Board.

The candidate possibly indicated as Chairman of the Board of Directors in the Majority List or in the only list presented and approved is elected as such. In defect, the Chairman is appointed by the Shareholders' Meeting with the majorities provided by the law, or he/she is appointed by the Board of Directors.

The lists for which all the above provisions will not be observed will be considered as not presented. The Shareholders who intend to present a list can contact previously the Investor Relator of Tesmec, Patrizia Pellegrinelli, to acquire the required operating details. Moreover, those presenting a Minority List are the recipients of the recommendations formulated by Consob with Communication no. DEM/9017893 of 26 February 2009.

It also should be noted that, pursuant to the provisions of the Corporate Governance Code for listed companies, to which Tesmec adheres, the Board of Directors, within the scope of its annual self-assessment activity and in view of the renewal of the Board of Directors, has expressed its orientation on the composition of the Board itself, addressing to the shareholders the hope that, in the presentation of the lists, they maintain a similar quality level of the Board in terms of competences and expertise represented, taking also into account the characteristics of gender of the candidates, and however highlighting, as the case may be, the opportunity for the shareholders to evaluate, with the intent to further enrich the Board with personality/professionalism and knowledge, the possible expansion of the number of directors, with the inclusion of members who may have gained management experiences in listed companies or in companies similar to the Company, by size, complexity, internationality and/or affinity of business.

With regard to the annual remuneration, Article 20 of the Articles of Association provides that the Shareholders' Meeting must determine the amount of the annual remuneration payable to the Board of Directors, which may also be formed by a fixed and variable part, the latter depending upon the achievement of certain targets. The way in which the remuneration of the Board of Directors is distributed is established by Board's resolution, unless the Shareholders' Meeting has not already decided upon it, notwithstanding the right of the Board of Directors, after consultation with the Board of Statutory Auditors, to establish, in addition to the overall amount established by the

Shareholders' Meeting in accordance with the above, the remuneration for the Directors with delegated powers, pursuant to Article 2389, paragraph 3, of the Italian Civil Code.

Alternatively, the Shareholders' Meeting may determine an overall amount for the remuneration of all Directors, including for those Directors with delegated powers, which distribution is established by the Board of Directors, after consultation with the Board of Statutory Auditors, for the Directors with delegated powers pursuant to Article 2389, paragraph 3, of the Italian Civil Code.

The Board of Directors refrains from formulating specific proposals and invites you to decide in this regard on the basis of the draft resolutions that may be proposed during the Meeting. By way of information, we remind you that the Shareholders' Meeting of 30 April 2013 established an annual remuneration for the members of the Board of Directors up to Euro 750,000.00, save for the incentivizing remuneration for the Directors with delegated powers in accordance with the Articles of Association.

- 5. Appointment of the Board of Statutory Auditors;**
- 5.1 appointment of the Board of Statutory Auditors;**
- 5.2 appointment of the Chairman of the Board of Statutory Auditors;**
- 5.3 determination of the remuneration of the Board of Statutory Auditors;**
- 5.4 related and consequent resolutions.**

Dear Shareholders,

with reference to the fifth point on the agenda of the ordinary session of the Meeting, we remind you that with the approval of the financial statements as at 31 December 2015, the mandate granted to the Board of Statutory Auditors currently in office, appointed by the Shareholders' Meeting of the Company on 30 April 2013, consisting of a total number of five auditors, including three standing auditors and two alternate auditors, expires; therefore, the Shareholders' Meeting is invited to appoint the new members of the Board of Statutory Auditors, to appoint the Chairman and to determine the relevant remuneration.

According to Article 22 of the Articles of Association, to which full reference is made, the Board of Statutory Auditors must consist of three Standing Auditors and two Alternate Auditors. The Auditors remain in office for three financial years, until the date on which the Shareholders' Meeting is convened to approve the financial statements relating to the last financial year of their office; they can be re-elected. All Auditors must be in possession of the requirements provided by law and other applicable provisions. With regard to professional requirements, the subjects and sectors closely related to those of the company coincide with the activities indicated in detail in the business purpose, as well as with the matters related to private and administrative law regulations, economic regulations and those relating to audit and business organisation.

The members of the Board of Statutory Auditors are subject to the limits to the plurality of administration and control offices established by Consob regulation. The Board of Statutory Auditors is appointed by the Shareholders' Meeting based on the lists presented by the Shareholders as indicated below.

Article 22 of the Articles of Association specifies that the Board of Statutory Auditors must be renewed in compliance with the regulations on gender balance set forth in Italian Law no. 120 of 12 July 2011 and with the applicable laws and regulations. Since this is the second application of the said provision, in accordance with the same and Article 148, paragraph 1-bis of the TUF, a share of

at least one-third of the Auditors elected is reserved to the less represented gender. Therefore, pursuant to Article 22 of the Articles of Association, the Shareholders who intend to present a list for the renewal of the Board of Statutory Auditors containing a number of candidates equal to or greater than three are required to include in the section of Standing Auditors a number of candidates belonging to the less represented gender equal to at least one-third of the candidates (rounding up, if necessary, to the higher integer), as well as one for each gender, should the section of Alternate Auditors contain two candidates.

The Shareholders who, when the list is presented, own shares, on their own or together with others, with voting rights representing at least 4.5% of the subscribed and paid-up share capital in the Ordinary Shareholders' Meeting for the appointment of corporate officers, are entitled to present a list. Each shareholder cannot present (either individually or jointly) or vote more than one list, albeit by proxy or through a trust. Each candidate can come up in one list under penalty of ineligibility.

The lists must be filed at the registered office, or sent to the Company by e-mail to the address: tesmecspa@pec.it (to the attention of Patrizia Pellegrinelli), at least 25 (twenty-five) days before the date set for the Shareholders' Meeting i.e. no later than 4 April 2016. Lists will be made available to the public on the website www.tesmec.com section "*Shareholders' Meetings*", as well as in accordance with the modalities provided by law, by the Company without delay and any way at least 21 (twenty-one) days before the date set for the Shareholders' Meeting, i.e. 8 April 2016.

With a special attention to the appointment of the Board of Statutory Auditors, note that, in the event in which, on 4 April 2016, only one list has been filed, or only lists presented by as many shareholders as those who - in accordance with the information provided and with the documents filed in compliance with the above - are related to one another pursuant to Article 144-quinquies of the Issuers' Regulation, the Company will give notice of it without delay and the shareholders may present lists of candidates for the appointment as auditor until the third day following that date, that is to say no later than 7 April 2016. In this case: (i) the minimum shareholding percentage required for presenting the lists will be 2.25% of the subscribed and paid-up share capital in the Ordinary Shareholders' Meeting for the appointment of corporate officers; (ii) the documents certifying the ownership of this shareholding when presenting the list must be filed no later than 8 April 2016 as provided by Article 22 of the Articles of Association.

The lists must contain the names of one or more candidates for the position of Standing Auditor and of one or more candidates for the position of Alternate Auditor. The name of the candidates are marked in each section (Standing Auditor section, Alternate Auditor section) by a progressive number and in numbers not exceeding the members to be elected. The lists also contain, as an enclosure:

- (a) indication of the identities of the shareholders who presented the lists and the percentage of the overall shareholding, proved by an appropriate communication, notwithstanding what is indicated by Article 147-ter, paragraph 1-bis, of the TUF;
- (b) a declaration of the shareholders other than those holding, jointly or otherwise, a controlling interest or a relative majority interest, certifying the absence of any associate or subsidiary relation contemplated by Article 144-quinquies of the Issuers' Regulation with the latter;
- (c) an exhaustive information regarding the personal and professional characteristics of candidates as well as their declaration certifying the possession of the requirements provided by law, and acceptance of candidature, accompanied by the list of management and control positions held by them in other companies;
- (d) any additional or different declaration, information and/or document provided by law and by applicable regulations.

The lists presented without observing the provisions above will be considered as having not been presented. A shareholder cannot present or vote more than one list, albeit by proxy or through a trust. The shareholders belonging to the same group and the shareholders that are parties to a shareholders' agreement that concern shares of the Company, cannot present or vote more than one list, albeit by proxy or through a trust. Memberships and votes in violation of this prohibition will not be attributable to any list. Each candidate can come up in one list under penalty of ineligibility.

The Statutory Auditors are elected as follows:

- (i) two Standing Auditors and an Alternate Auditor are drawn from the list that obtained the highest number of votes ("**Majority List**"), in the progressive order in which they appear on the list;
- (ii) a Standing Auditor, who must act as Chairman of the Board of Statutory Auditors ("**Minority Auditor**") and an Alternate Auditor ("**Minority Alternate Auditor**") are drawn, in the progressive order in which they appear on the list, from the second list that obtained the highest number of votes and that is not connected directly or indirectly with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions ("**Minority List**").

In the event that the lists obtain the same number of votes, the list presented by shareholders owning the largest stake when the list is presented prevails, or, subordinately, the one presented by the greatest number of shareholders.

If, with the procedures described above, the compliance of the composition of the Board of Statutory Auditors with the pro tempore regulations on gender balance in force is not ensured, the necessary replacements will be made, within the candidates for the position of Standing Auditor of the Majority List, in the sequential order in which they appear on the list.

If only one list is presented, the Shareholders' Meeting will vote on it and if it obtains the relative majority of voters, without taking account of abstentions, all the candidates listed for these positions will be elected Standing and Alternate Auditors. In this case, the Chairman of Board of Statutory Auditors is the first candidate as Standing Auditor.

In the absence of lists, the Board of Statutory Auditors and its Chairman are appointed by the Shareholders' Meeting with the quorum required by law in compliance with the pro tempore regulations on gender balance in force. The Shareholders who intend to present a list can contact previously the Investor Relator of Tesmec, Patrizia Pellegrinelli, to acquire the required operating details. Moreover, those presenting a Minority List are the recipients of the recommendations formulated by Consob with Communication no. DEM/9017893 of 26 February 2009.

With regard to the annual remuneration, Article 22 of the Articles of Association provides that the remuneration of the Auditors must be determined by the Shareholders' Meeting when appointing for all the duration of the term of office. The Board of Directors refrains from formulating specific proposals and invites you to decide in this regard on the basis of the draft resolutions that may be proposed during the Meeting. By way of information, we remind you that the Shareholders' Meeting of 30 April 2013 established, for all the duration of their term of office, the annual remuneration for the Standing Auditors in Euro 37,500.00, for the Chairman, and in Euro 25,000.00, for the other two Standing Auditors.

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Grassobbio, 18 March 2016.

TESMEC S.p.A.

The Chairman of the Board of Directors
Ambrogio Caccia Dominioni