

**Shareholders' Meeting of 20 July 2017**  
**Explanatory Report by the Board of Directors**

**Item 1 on the agenda**

**Appointment of a Director to supplement the Board of Directors or reduction of the number of directors. Related and consequent resolutions.**

Dear Shareholders,

You have been convened to the ordinary meeting to resolve upon the appointment of a member of the Board of Directors necessary to supplement the board.

In that regard, it is noted that at 23 January 2017, Mr Alberto Bartoli – appointed by the ordinary shareholders' meeting of 5 May 2015 based upon the list submitted by the shareholder Giuseppe Saleri S.a.p.A. – resigned from the role of Director and Managing Director, with effect from the date of the shareholders' meeting to approve the financial statements at 31 December 2016, occurred on 27 April 2017.

During the ordinary shareholders' meeting held on 27 April 2017, since no proposal has been tabled for the appointment of the Director leaving office, with regard to the request of the shareholder Giuseppe Saleri S.a.p.A., the convened shareholders decided to postpone the integration of the Board of Directors and to entrust the Board with the task of convening a new Shareholders' Meeting pursuant to the law and Articles of Association.

It is, therefore, necessary to appoint a Director to supplement the management body, subject to determining the respective fee.

As this is a mere supplementation of the Board of Directors already in office, the mechanism of the list vote is not applied. Therefore, the majorities required by law will apply to the appointment.

It is noted that the Director thus appointed will remain in office until the expiry of the mandate of the current Board of Directors, and therefore until the date of the Shareholders' Meeting convened to approve the financial statements for the year ending at 31 December 2017.

No specific procedures are required for the submission of candidacies; however, the Board of Directors recommends that the shareholders intending to propose a candidate communicate this to the Company with appropriate prior notice in order to allow the Company itself to publish it, possibly at least twenty-one days before the date of the meeting, supplementing the proposal with similar documentation to that required by the Company's articles of association for the submission of lists of candidates for the appointment of the entire Board of Directors, therein including documentation proving the capacity of shareholder. The proposals thus received will be promptly made public, by way of specific communication to the market and on the Company's website.

The ordinary Shareholders' Meeting of 28 April 2016, in accordance with Article 12 of the Company's articles of association, determined that the management body of the Company would consist of 12 members; if the Shareholders' Meeting decides not to replace the director leaving office with a new

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director, the Board of Directors proposes to resolve upon the reduction of the number of directors from 12 to 11, in that article 12 of the Articles of Association establishes that the Company must be managed by a Board of Directors consisting of a minimum of three to fifteen members.

In light of what has been illustrated, the Shareholders' Meeting is invited to resolve upon the appointment of a Director, or to reduce its number to 11 members. Finally, the ordinary Shareholders' Meeting of 28 April 2016 raised the maximum annual remuneration for the Board of Directors from Euro 980,000 to Euro 995,000, following the increase in the number of directors from 11 to 12 members. The Board of Directors invites you, therefore, to take the necessary consequent decisions.

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Ospitaletto, 16 June 2017  
For the Board of Directors  
The Chairman  
Giuseppe Saleri

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