

## BY-LAWS

### Article 1

A stock company named "GEFRAN S.p.A." is hereby formed.

### Article 2

The company's registered office is at Provaglio d'Iseo (Brescia), Italy.

According to the law, the Company may open or close branch offices, subsidiaries, agencies, and sales offices in Italy and in foreign countries.

Each shareholder's legal domicile for all dealings with the Company is that specified in the register of shareholders.

### Article 3

The Company's duration expires on 31 December 2100 and may be extended.

### Article 4

The Company's purpose is:

- the production and sale of electrical, electronic, and electromechanical machines and equipment, electrical and electronic automation and controls, mercantile agencies, import and export of such articles, machines and similar products;
- the construction and management of photovoltaic plants;
- buying and selling, management and leasing of real estate;
- technical printing, publishing and teaching. The Company may acquire (in a non-prevalent manner, and thus for purposes of promoting its primary business) shareholdings in other companies (including foreign companies) whose purpose is analogous or similar or complementary to its own, as well as perform industrial, real estate and financial transactions (excluding finance leasing) within the limits and subject to the conditions provided in Art. 2361 of the Civil Code, issue guarantees and endorsements, grant mortgages and pledge securities for its own and/or third-party obligations.

The company shall not carry out financial transactions with the public.

### Article 5

The Company's share capital is €14,400,000.00 (fourteen million four hundred thousand euros) divided into 14,400,000 (fourteen million four hundred thousand) shares each with a par value of €1 (one). The share capital may be increased by resolution passed by the Shareholders' General Meeting even with issuance of shares having different rights from those of shares already issued, provided this is permitted by law.

The Shareholders' General Meeting may decide to increase the share capital with exclusion of the right of option, in addition to the other cases envisaged by law, within the limit of ten percent of the existing capital, provided that the issue price corresponds to the market value of the shares and this is confirmed in a report by the independent auditing company.

The Shareholders' General Meeting may pass the resolutions set forth in article 2349 of the Civil Code.

### Article 6

The shares are registered and, where permitted by law, unregistered. They may be converted from registered to unregistered or vice versa at the shareholder's choice and expense, subject to the provisions of special laws on the representation, legitimization and circulation of financial instruments negotiated in regulated markets.

### Article 7

Each share gives the right to one vote.

### Article 8

The Shareholders' General Meeting is called by the Board of Directors by means of a public notice, published in the Official Bulletin of the Italian Republic, the daily newspaper Il Sole 24 Ore or the daily Finanza Mercati, as and how prescribed by law, and a third call may be envisaged for extraordinary meetings.

When a General Meeting is called to appoint directors and auditors, when required by law and/or the regulations in force from time to time the notice of meeting must specify the minimum shareholding required to present lists of candidates and the calculation criteria, subject to compliance with all other legal requirements.

The Meeting may be held outside the Company's registered office, as long as it is held in Italy.

### Article 9

Shareholders entitled to attend the General Meeting are those who meet the conditions set forth in article 2370 last subsection of the Civil Code, and in article 83-sexies of the Consolidated Law on Finance, or those who are holders of the Company's shares at the end of the seventh trading day prior to the date set for the meeting. Representation in the General Meeting is subject to the provisions of law. Proxies assigned may be notified to the Company electronically using the procedures established by applicable ministerial regulations.

The Company does not avail of the right to appoint a common representative to collect the proxies, as set forth in article 135-quater of the Consolidated Law on Finance.

## **Article 10**

Shareholders' General Meetings may be ordinary or extraordinary.

The Ordinary General Meeting shall be called at least once a year within 120 days of the closing of the financial year. If so prescribed by law, the ordinary meeting shall be called within 180 days of the closing of the financial year, in which case, the directors shall, pursuant to article 2428, specify in their business report the reasons for such an extension.

The extraordinary meeting is called to pass resolutions for all the cases prescribed by law and whenever deemed convenient by the Board of Directors.

Meetings are also held in other cases prescribed by law according to the methods and terms decided from time to time.

Ordinary and extraordinary meetings are held and the resolutions thereof are passed in compliance with the applicable law.

## **Article 11**

Meetings are chaired by the Chairman of the Board of Directors or, in the case of his absence or impediment, by the Vice-Chairman of the Board or, in the case of his absence or impediment, by the oldest director among those present or, in the case of the absence or impediment of all the Directors, by the person designated by the majority of the shareholders present, calculated according to the number of votes to which each holder is entitled. **of surrender or impediment of the Chairman, by another person designated by the shareholders' meeting.**

~~In the last case, the person is identified prior to the opening of the Meeting, which is supervised by the Chairman of the Board of Auditors or the oldest Statutory Auditor present who exercises all the powers conferred upon the Chairman of the Meeting.~~

All the resolutions passed at a Meeting are recorded in minutes that are drawn up according to the terms and methods prescribed by current laws, and signed by the Chairman and secretary.

In the cases prescribed by law and whenever the directors deem it necessary, the minutes are drawn up by a Notary Public.

It is up to the Chairman of the Meeting:

- to ascertain, through persons designed for the purpose, the right to attend a Meeting, the validity of proxies and the validity of the meeting itself;
- to direct the discussion and control the correct development of the works at the meeting;
- to determine the method of voting, provided it is by open ballot, subject to the provisions of arts. 13 and 23 below;
- to proclaim the result of the ballot;

to ensure compliance with the Regulation of the meetings adopted by the ordinary meeting.

## **Article 12**

The Meeting's resolutions passed in conformity to the law and to these by-laws bind all shareholders, even if absent or dissenting; any challenges to the resolutions must be presented for purposes of and according to the law.

## **Article 13**

The Company is administered by a Board of Directors composed of a minimum of seven up to a maximum of eleven members.

The Directors hold office for a period not exceeding three financial years. Their mandate expires on the date of the Meeting called to approve the financial statement for the last year of their period of office, and they are eligible for re-election.

Before proceeding to appoint directors, the Meeting will determine the number of Board members and their terms of office.

All the Directors must possess the requisites of eligibility, professional qualification and repute required by law and other applicable provisions. Pursuant to art. 147-ter, subsection 4, of Legislative Decree no. 58/1998, at least one Director, or at least two if the Board has more than seven members, must possess the specified requisite of independence (the "Independent Director pursuant to art. 147-ter").

The Board of Directors is elected by the Meeting from lists presented by the Shareholders, according to the procedure detailed in the following subsections, subject to different and further provisions established by mandatory law or statutory provisions.

A list of candidates for the post of director may be presented by Shareholders with a shareholding equal to that established by CONSOB pursuant to art. 147-ter, subsection 1, of Legislative Decree no. 58/1998, and

in compliance with the provisions of the Issuers Regulation approved under resolution no. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments.

The lists must be presented to the registered office at least twenty-five days prior to the date set for the General Meeting called to appoint the Directors and will be published pursuant to regulations in force at least twenty-one days prior to said date.

Each list may contain up to eleven candidates, numbered progressively. Each list must contain and explicitly indicate at least one Independent Director, but no more than seven, pursuant to art. 147-ter, numbered progressively. If the list contains more than seven names, it must contain and explicitly indicate a second Independent Director pursuant to art. 147-ter. Each list may also, if necessary, indicate which directors possess the requisite of independence laid down by the Codes of Business Conduct drawn up by investment management companies operating in regulated markets or professional associations.

If mandatory gender division criteria are applicable, each list presenting at least three candidates must contain a number of candidates of the less represented gender at least equal to the minimum number required by the provisions of applicable law.

The lists must also contain, within them or attached thereto: (i) details of the Shareholders who presented them, and the overall percentage of shareholding held; (ii) full details of the candidates' personal and professional features; (iii) a statement by the candidates declaring that they accept their candidature and are in possession of the legal requisites, as well as the requisite of independence, where indicated as Independent Directors pursuant to art. 147-ter or as independent directors under the above-mentioned codes of conduct; (iv) any other or different statement, information and/or document contemplated by the law and by the applicable regulatory standards.

A Shareholder may not present or vote more than one list, whether directly, indirectly or through trust companies. A candidate must be present in one list only, under penalty of ineligibility.

At the end of the ballot, candidates from the two lists obtaining the highest number of votes are elected, according to the following criteria: (i) from the list obtaining the highest number of votes (the "Majority List") is taken a number of directors equal to the total number of board members, as established by the Meeting, less one; the candidates are elected, in the established number, in the numerical order specified in the list; (ii) from the list that obtained the second highest number of votes and which is not directly or indirectly connected with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions (the "Minority List") is taken one director, namely the candidate at the top of the list. However, if no Independent Directors pursuant to art. 147-ter are elected from the Majority List, when the Board has a maximum of seven members, or if only one Independent Director pursuant to art. 147-ter is elected, when the Board has more than seven members, the first Independent Director pursuant to art. 147-ter in the Minority List will be elected, not the person at the top of the Minority List.

Lists that have not gained at least half of the number of votes required for their presentation will not be taken into account.

If there is a tied vote between lists, the one presented by Shareholders with the largest shareholding upon presentation of the list, or subordinately, the highest number of Shareholders, will prevail.

If, in the Board of Directors thus formed, the requirement for the minimum number of components of the less represented gender, in accordance with applicable law, is not complied with, the last elected candidate in the majority list is replaced by the first non-elected candidate in the same list belonging to the less represented gender, and so on up the majority list. If the minimum number of components of the less represented gender is not reached, they will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the candidate in the majority list belonging to the less represented gender, from the last elected candidate, and so on up the list.

If only one list has been presented, the Meeting votes that list, and if the list obtains a relative majority of votes, not counting abstentions, candidates listed in progressive order are elected as directors up to the maximum number established by the Meeting; provided, however, that if the Board comprises more than seven members, the second Independent Director pursuant to art. 147-ter is also elected, in addition to the one in the first seven placings, and that equality between genders is complied with in accordance with applicable law. If the minimum number of components of the less represented gender is not reached, they will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the candidates in the only list belonging to the more represented gender, starting with the last elected candidate, and so on up the list.

If there are no lists, or if the number of directors elected from the lists presented is less than the number established by the Meeting, the members of the Board of Directors are appointed by the Shareholders at the Meeting with the quorum established by law, subject to the appointment by the Meeting of a number of Independent Directors pursuant to art. 147-ter equal to the minimum number established by law, and the

general assembly's obligation to appoint a number of directors belonging to the less represented gender that is not below the minimum number established by the provisions of applicable law.

Independent Directors pursuant to art. 147-ter identified as such at the time of their appointment must report any future loss of the requisite of independence, and they will fall from office, as prescribed by law.

If, for any reason, one or more Directors fall from office, they are replaced in accordance with the provisions of art. 2386 of the Civil Code, subject to the obligation to maintain the minimum number of Independent Directors pursuant to art. 147-ter established by the law, and the obligation to maintain equality between genders in accordance with the regulations in force at the time.

If due to resignations or other causes, half the number, in the event of an even number, or more than half in the event of an odd number, of the directors holding office or designated directors are not present at the meeting, the entire Board is deemed suspended as from the following reconstitution of the Board and a meeting for the new appointments shall be called urgently by the remaining directors, which will take place in accordance with the provisions of this article.

#### **Article 14**

The Board will elect a Chairman, unless he/she has been appointed by the Shareholders' Meeting, ~~a Vice Chairman~~ **and up to three Vice Chairmen** (who will replace the Chairman in case of his absence or impediment) as well as a Secretary, who does not necessarily have to be a Board member

**In case of absence or impediment of the Chairman, his functions will be attended by one of the Vice Chairmen following the order of seniority.**

**The Ordinary Shareholders' meeting can appoint a Chairman with honorary functions, named "Honorary Chairman", chosen among persons who contributed to the affirmation and/or to the development of the company. The Honorary Chairman is not necessarily a Board Member; in such case the duration of the office can be longer than the term of appointment of the Board of Directors. The Honorary Chairman, if not a Board member, can attend the meetings of the Board of Directors and the Shareholders' meetings and can represent the company upon powers of attorney issued by the competent bodies of the company. The Board of Directors can establish a compensation and any other emolument and/or reimbursement of costs due to the Honorary Chairman.**

#### **Article 15**

The Board will meet at the Company's registered office or elsewhere (provided in Italy) whenever the Chairman, ~~the Vice Chairman~~ **one of the Vice-Chairmen**, or two Directors deem it necessary, subject to other powers to call meetings prescribed by law.

#### **Article 16**

Board Meetings are called by the Chairman, ~~the Vice Chairman~~ **one of the Vice-Chairmen** or two Directors by letter or fax or e-mail sent at least three days prior to the Meeting to each Director and Statutory Auditor to the postal address, fax number or e-mail address communicated by each director and statutory auditor to the company and containing the list of items to discuss.

Subject to any further provision of law on the subject, in urgent cases Board Meetings are called by telegram or fax or email to be sent at least two days in advance.

#### **Article 17**

The presence of a majority of Board members in office is required at a Meeting for Board of Directors resolutions to be valid.

Resolutions are passed by majority of votes of the directors present at the meeting, except for higher quorums prescribed by law for specific subjects.

Board of Directors meetings may also be held by teleconference or by videoconference, subject to the condition that all participants can be identified, that all are able to follow the discussion, to intervene in real time in discussions, and that all are able to examine, receive or transmit documentation. When these requisites are satisfied, the Board of Directors meeting will be considered held at the place in which both the Chairman and the Secretary are present, in order to permit writing and signing of the minutes in the corporate books.

Board of Directors resolutions are verified by the Chairman's and Secretary's signing of the minutes for the Meeting in question.

#### **Article 18**

In addition to any compensation set by the Meeting, the members of the Board of Directors will be reimbursed for expenses sustained for official reasons and in the performance of their assigned duties.

#### **Article 19**

The Board of Directors has full powers for the ordinary and extraordinary administration of the Company, without limitation, i.e., with the right to take all suitable actions to implement and achieve the Company's purpose, excluding only those that the law specifically reserves to the shareholders' meeting.

The Board also passes resolutions on the following, subject to legal limits:

- merger in the cases specified in items 2505 and 2505 bis of the Civil Code;
- setting up and closure of secondary offices;
- capital decrease if any shareholders withdraw;
- adaptation of the by-laws and Regulation to current provisions of law;
- transfer of the registered office within national borders.

The Board has the faculty to transfer to the Shareholders' Meeting powers to pass resolutions on the above matters.

The Directors, in person or through their delegates, report to the Board of Auditors at Board or Executive Committee meetings, or directly on specific request from the Board of Auditors, or on their own initiative provided it is in writing, at least once every quarter, regarding the activities carried out by the company or its subsidiaries and operations of major significance in terms of assets and the economic and financial situation. In particular, they report on the operations in which they have an interest, on their own behalf or on behalf of third parties, or which are influenced by the managing and co-ordinating entity.

The procedures adopted by the Company to regulate performance of transactions with related parties may be derogated in urgent circumstances, if the transaction does not pertain to the authority of the General Meeting and does not require the latter's authorisation, without prejudice to the disclosure obligations set forth in article 5 of CONSOB Regulations no. 17221 dated 12<sup>th</sup> March 2010 and in compliance with the conditions set forth in article 13 of said Regulations.

After a mandatory hearing of the Board of Auditors' opinion, the Board of Directors appoints a person in charge of drawing up the accounting records pursuant to art. 154-bis of Legislative Decree no. 58/98 and determines his/her fee and term of office. The Board ensures that this person possesses the necessary powers and means to carry out his/her assignment in compliance with art. 154-bis of Legislative Decree no. 58/98, and that the administrative and accounting procedures are adhered to.

The person charged with drawing up the accounting records must possess professional qualifications characterised by at least 3/5 years' experience in administration and auditing, or in management or consultancy for listed companies and/or groups of enterprises, or companies, bodies, and firms of significant size and importance, with tasks including the preparation and auditing of accounting and corporate records.

Prior to the appointment, the Board must ascertain that the candidate possesses the requisites laid down by the applicable laws and these by-laws.

#### **Article 20**

The Board of Directors may appoint managing directors, directors and attorneys ad negotia for specific acts or categories of acts, defining the powers and emoluments therefor.

#### **Article 21**

The Chairman of the Board and the ~~Vice-Chairman~~ **Vice-Chairmen** (in the absence or impediment of the Chairman) are granted powers of signature and are the legal representatives of the Company in transactions with third parties and before any court.

#### **Article 22**

The Board of Directors may, within the limits of the law and these by-laws, delegate powers to one or more directors or to an Executive Committee comprised of some board members, and determine the delegation limits and the number of members. The delegates report to the Board of Directors and the Board of Auditors, usually at Board Meetings and in any case at least once a quarter, regarding the activities performed by delegation and the general business trend, its predicted evolution and operations of significance, in terms of extent or features, carried out by the company and its subsidiaries.

The Board may set up within itself one or more Committees having advisory and/or proactive functions.

#### **Article 23**

The Board of Auditors is comprised of three Statutory Auditors and two Alternate Auditors.

Auditors hold office for three financial years, up to the Meeting convened to approve the financial statement covering the last year of their period of office, and they are eligible for re-election. Their fee is determined by the Meeting for the whole period in which they hold office.

Auditors must possess the requisites established by the law and other applicable provisions. As regards the requisite of professional qualification, the subjects and business sectors strictly associated with that of the Company are: electronic automation for the sensor manufacturing industry and components for industrial automation.

The maximum number of administration and auditing assignments established by the CONSOB Regulation also applies to the Board of Auditors.

The Board of Auditors is elected by the Meeting from lists presented by the Shareholders, according to the procedure detailed in the following subsections, subject to different and further provisions established by mandatory laws or statutory provisions.

The minority – provided it has no significant direct or indirect connections pursuant to art. 148, subsection 2



of Legislative Decree no. 58/1998 and associated regulatory standards - is entitled to elect a Statutory Auditor as Chairman of the Board, and an Alternate Auditor. The election of minority auditors takes place at the same time as the election of the other members of the Board of Auditors, subject to cases of replacement, which are detailed below.

A list of candidates for the post of auditor may be presented by Shareholders who, when the list is presented, hold – alone or together with other presenting shareholders - a shareholding equal to that established by CONSOB pursuant to art. 147-ter, subsection 1, of Legislative Decree no. 58/1998 and to the provisions of the Issuers Regulation approved under resolution no. 11971 of 14<sup>th</sup> May 1999 and subsequent amendments.

The lists must be presented to the registered office at least twenty-five days prior to the date set for the General Meeting called to appoint the Auditors and will be published pursuant to regulations in force at least twenty-one days prior to said date.

The lists must contain the names of one or more candidates for the post of Statutory Auditor and one or more candidates for the post of Alternate Auditor. The candidates' names are progressively numbered and must not exceed the number of members to be elected.

If mandatory gender division criteria are applicable, each list presenting at least three candidates must contain a number of candidates of the less represented gender at least equal to the minimum number required by the provisions of applicable law.

The lists must also contain, within them or attached thereto the information, statements and other documents required by law and the applicable regulatory standards.

If at the deadline for presenting the lists only one list or lists presented by Shareholders having connections between the applicable provisions are presented, lists can be presented up to the deadlines set by the applicable law. In such cases, the deadlines envisaged above for presenting the lists are reduced by half.

A Shareholder may not present or vote more than one list, whether directly, indirectly or through trust companies. Shareholders belonging to the same group and ones entering a Shareholders' agreement covering the issuer's shares may not present or vote more than one list, whether directly, indirectly or through trust companies. A candidate may only be present in one list, under penalty of ineligibility.

Auditors are elected as follows: (i) from the list obtaining the highest number of votes (the "Majority List") are taken, according to the progressive number under which they are listed, two Statutory Auditors and one Alternate Auditor; (ii) from the list that obtained the second highest number of votes and which is not directly or indirectly connected with the Shareholders who presented or voted the Majority List pursuant to the applicable provisions (the "Minority List") are taken, according to the progressive number under which they are listed, one Statutory Auditor, who is appointed Chairman of the Board of Auditors (the "Minority Auditor") and one Alternate Auditor (the "Alternate Minority Auditor"). If there is a tied vote between lists, the one presented by Shareholders with the largest shareholding upon presentation of the list, or subordinately, the highest number of Shareholders, will prevail.

If, in the Board of Auditors thus formed, a statutory auditor of the less represented gender is not present, if imposed by the provisions of applicable law, the last candidate elected in the majority list will be replaced by the first non-elected candidate in the list belonging to the less represented gender. If this is not possible, the statutory auditor of the less represented gender will be appointed by the general assembly, with the ordinary majorities established by law, in replacement of the last candidate in the single list.

If only one list has been presented, the Meeting votes that list, and if the list obtains a relative majority of votes, not counting abstentions, all the candidates for these posts who appear in the list will be elected as Statutory and Alternate Auditors. The Chairman of the Board of Auditors is the first candidate for the post of Statutory Auditor.

If, in the Board of Auditors thus formed, a statutory auditor of the less represented gender is not present, if imposed by the provisions of applicable law, the statutory auditor of the less represented gender will be appointed by the general assembly with the ordinary majorities established by law, in replacement of the last candidate in the single list.

If there are no lists, the Board of Auditors and the Chairman are appointed by the general assembly with the ordinary majorities established by law, subject to the obligation to appoint at least one statutory auditor of the less represented gender, where this is required by the provisions of applicable law.

If the post of Majority Auditor becomes vacant for any reason, he/she is replaced by the Alternate Auditor taken from the Majority list.

If the post of Minority Auditor becomes vacant for any reason, he/she is replaced by the Alternate Auditor taken from the Minority list.

When the Meeting is called upon to make up the Board of Auditors, in replacement of auditors elected from the Minority List, the ballot requires a relative majority, which will not include the votes of Shareholders who, according to the statements rendered in accordance with current provisions, hold, directly, indirectly or jointly

# GEFRAN

with other Shareholders who have entered into a relevant Shareholders' Agreement pursuant to art. 122 of Legislative Decree no. 58/1998, a relative majority of votes exercisable at the Meeting, and of Shareholders who control, are controlled by or are subject to joint control of the same.

In this case, too, the new Minority Auditor is designated Chairman of the Board of Auditors.

In the event of replacement of a statutory auditor, the gender equality obligation must be fulfilled in accordance with the provisions of applicable law.

Board of Auditors' Meetings may be held using means of telecommunication, pursuant to article 17.

## **Article 24**

Auditing of the company is carried out by an independent firm of auditors appointed and operating under the law.

## **Article 25**

The Company's fiscal year closes on 31 December of each year.

The Board of Directors will prepare the balance sheet as required by and in accordance with the law.

## **Article 26**

Net profit for the year, less 5% to be allocated to the ordinary reserve, will be divided among the shareholders unless the Meeting decides otherwise.

The company may distribute advances on dividends pursuant to article 2433 bis of the Civil Code and the limitations set out therein.

Dividends will be paid by the deadlines and c/o the banks decided by the Board of Directors.

Dividends not collected within five years after the date of payment will be prescribed in favour of the Company.

## **Article 27**

The Company may - the only obligation being to comply with current laws - freely obtain loans from shareholders, and holding, subsidiary or affiliated companies, pursuant to article 2359 of the Civil Code, and from subsidiaries controlled by the same holding company.

## **Article 28**

Should the company be wound up for any reason, the Meeting that appoints the liquidator(s) will determine his/her/their powers and make all other decisions connected with the winding-up process as prescribed by law.

The right to withdraw is applicable under the law, with the exclusion of extension of the term, and the introduction, modification or removal of any restrictions on the circulation of shares.

## **Article 29**

The provisions of the Civil Code and of other applicable laws will apply to any matter not specifically referred to in these By-laws.