



**EXPLANATORY REPORT  
BY THE BOARD OF DIRECTORS  
OF GEFran S.p.A.  
On items on the agenda**

**Extraordinary part**

- 1. Proposed amendment of articles 8 and 14 of the Company's By-Laws.**

**Ordinary part**

- 2. Annual financial statements for the year ending 31 December 2019.**
  - 2.1 Approval of the annual financial statements for the year ending 31 December 2019; reports of the Board of Directors, Board of Statutory Auditors and External Auditors;
  - 2.2 Approval of the distribution of dividends.
- 3. Report on remuneration policy and pay. Approval of the first section of the Report, pursuant to paragraph 3-ter, art.123-ter of Legislative Decree no. 58/1998.**
- 4. Report on remuneration policy and pay. Consultation on the second section of the Report, pursuant to paragraph 6, art.123-ter of Legislative Decree no. 58/1998.**
- 5. Appointment of the Board of Directors.**
  - 5.1 Determination of the number of members of the Board of Directors;
  - 5.2 Determination of the term of office;
  - 5.3 Appointment of directors;
  - 5.4 Determination of the annual fee payable to members of the Board of Directors.
- 6. Appointment of the Honorary Chairman**
- 7. Revoking of the previous authorisation to buy and sell own shares and release of new authorisation**

**FOR THE EXTRAORDINARY AND ORDINARY SHAREHOLDERS' MEETINGS  
OF 28 APRIL 2020 (FIRST CALL) and 19 MAY 2020 (SECOND CALL)**

This report has been written pursuant to article 125-ter of Legislative Decree no. 58 of 24 February 1998 and articles 72 and 73 of Annex 3A schemes no. 3 and 4 of the regulation adopted by Consob under resolution no. 11971 on 14 May 1999 as amended (the “Regolamento Emittenti”). The documentation relating to the agenda items is available on the website [www.gefran.com](http://www.gefran.com) and was published pursuant to the laws in force.

**This document substitutes the report published on 12 March 2020 and on 25 March 2020. The amendments are visible on a track change mode directly inside the text, being understood that the only amendment concerns point 6) of the agenda.**

Extraordinary part

1. Proposed amendment of articles 8 and 14 of the Company's By-Laws

This report is prepared pursuant to scheme no. 3 in Annex 3A of the Regolamento Emittenti in order to explain the proposed resolution on the first item on the agenda to the Extraordinary Shareholders' Meeting called for 28 April 2020, first call, and for 19 May 2020, second call.

The Report is sent to CONSOB and made available to the public in the Company's offices and on its internet site ([www.gefran.com](http://www.gefran.com)) as required by law.

The following changes are proposed.

*AMENDMENTS TO THE GEFRAN S.P.A. BY-LAWS AND REPORT ON THE REASONS FOR THEM*

*The following are provided pursuant to scheme no. 3 in Annex 3A to the Issuers' Regulation:*

- the current text of articles 8 and 14 of the Gefran S.p.A. By-Laws (in the left-hand column);
- the proposed changes submitted to the Shareholders' Meeting by the Board of Directors, shown in bold type and crossed-out (in the right-hand column);
- a report on the proposed changes (at the end of each article).

<b>ARTICLE 8</b>	
<b>Current form</b>	<b>Proposed form</b>
Shareholders' Meetings are called by the Board of Directors by public notice, published in the Official Gazette of the Italian Republic, the daily newspaper Il Sole 24 Ore or the daily newspaper Finanza e Mercati according to the procedures and deadlines prescribed by law.	Shareholders' Meetings are called, <b>even in a single call</b> , by the Board of Directors by public notice, <del>published in the Official Gazette of the Italian Republic, the daily newspaper Il Sole 24 Ore or the daily newspaper Finanza e Mercati</del> according to the procedures and deadlines prescribed by law, and may also include a third summons in the case of extraordinary meetings. <b>Where mandatory under the law, the notice shall also be published in a national newspaper.</b>
When a Shareholders' Meeting is called to appoint directors and auditors, when required	<b>UNCHANGED</b>

by law and/or the regulations in force at the time, the notice of meeting must specify the quorum required to submit lists of candidates and the calculation criteria used, subject to compliance with all other legal requirements.

Meetings may be held outside the Company's registered office, as long as they are held in Italy.

**UNCHANGED**

Report

***It is proposed that a single call of the shareholders' meeting be permitted, with a referral to the provisions of the law regarding the methods and timing of publication of the notice.***

***The proposed change aims to simplify calling of shareholders' meetings and avoid the need to make further changes to the By-Laws in the event of future changes to the legislation.***

## ARTICLE 14

### Current form

### Proposed form

The Board of Directors elects a Chairman from among its members, if the Chairman has not been appointed by the Shareholders' Meeting, with up to three Vice Chairmen to replace the Chairman when absent or unable to fulfil his duties, and a Secretary, who need not be a member of the Board of Directors.

**UNCHANGED**

In the event that the Chairman should be absent or unable to fulfil his duties, they shall be performed by the most senior Vice Chairman.

**UNCHANGED**

The ordinary shareholders' meeting may appoint a Chairman with honorary functions, a person who has contributed to the company's success and/or growth, referred to as the "Honorary Chairman". The Honorary Chairman need not be a member of the Board of Directors; if not a member, he or she may remain in office for longer than the term of the Board of Directors. The Honorary Chairman, if not a Director, may attend meetings of the Board of Directors and Shareholders' Meetings and represent the Company on the basis of special powers of attorney issued by the competent corporate bodies in writing. The Board of Directors shall determine the amount of any considerations, fees and/or refunds payable to the Honorary Chairman.

The ordinary shareholders' meeting may appoint a Chairman with honorary functions, a person who has contributed to the company's success and/or growth, referred to as the "Honorary Chairman". The Honorary Chairman need not be a member of the Board of Directors; ~~in this case~~ **When appointing the Honorary Chairman, the Ordinary Shareholders' Meeting will determine his or her term of office, which may also be indeterminate; in this case, the appointment may be revoked by a subsequent resolution of the Ordinary Shareholders' Meeting . he or she may remain in office for a longer period than the Board of Directors.** The Honorary Chairman, if not a Director, may attend meetings of the Board of Directors and Shareholders' Meetings and represent the Company on the basis of special powers of attorney issued by the competent corporate bodies in writing. The Board of Directors shall determine the amount of any considerations, fees and/or refunds payable to the Honorary Chairman.

Report

***The Ordinary Shareholders' Meeting may appoint an Honorary Chairman with an indeterminate term of office, whether or not the Honorary Chairman holds the office of director. This provision is more appropriate to the nature of the figure of Honorary Chairman, who ought to continue to represent the company's charismatic leader even in the event of changes to the Board of Directors.***

### **Notes regarding right of withdrawal**

The changes proposed above do not give the Shareholders the right to withdraw under current legislation.

\* \* \*

### **Proposed resolution**

Dear Shareholders, if you agree with the proposed changes, please vote to adopt the following resolution:

*"The Gefran S.p.A. Extraordinary Shareholders' Meeting, having acknowledged the Explanatory Report of the Board of Directors and the proposals contained in it,*

#### **votes**

a) *to amend articles 8 and 14 of the company's By-Laws as follows, all text not shown below remaining unvaried:*

#### **Article 8**

*Shareholders' Meetings are called, even in a single call, by the Board of Directors by public notice, according to the procedures and deadlines prescribed by law, and may also include a third summons in the case of extraordinary meetings. Where mandatory under the law, the notice shall also be published in a national newspaper.*

*When a Shareholders' Meeting is called to appoint directors and auditors, when required by law and/or the regulations in force at the time, the notice of meeting must specify the quorum required to submit lists of candidates and the calculation criteria used, subject to compliance with all other legal requirements.*

*Meetings may be held outside the Company's registered office, as long as they are held in Italy.*

#### **Article 14**

*The Board of Directors elects a Chairman from among its members, if the Chairman has not been appointed by the Shareholders' Meeting, with up to three Vice Chairmen to replace the Chairman when absent or unable to fulfil his duties, and a Secretary, who need not be a member of the Board of Directors. In the event that the Chairman should be absent or unable to fulfil his duties, they shall be performed by the most senior Vice Chairman.*

*The ordinary shareholders' meeting may appoint a Chairman with honorary functions, a person who has contributed to the company's success and/or growth, referred to as the "Honorary Chairman". The Honorary Chairman need not be a member of the Board of Directors.*

*The ordinary shareholders' meeting may appoint a Chairman with honorary functions, a person who has contributed to the company's success and/or growth, referred to as the "Honorary Chairman". The Honorary Chairman need not be a member of the Board of Directors.*

*When appointing the Honorary Chairman, the Ordinary Shareholders' Meeting will determine his or her term of office, which may also be indeterminate; in this case, the appointment may be revoked by a subsequent resolution of the Ordinary Shareholders' Meeting. The Honorary Chairman, if not a Director, may attend meetings of the Board of Directors and Shareholders' Meetings and represent the Company on the basis of special powers of attorney issued by the competent corporate bodies in writing. The Board of Directors shall determine the amount of any considerations, fees and/or refunds payable to the Honorary Chairman.*

*b) to grant the Board of Directors – and its Chairman, acting on its behalf – the broadest powers to implement the above resolution, and specifically to perform all formalities required for its publication, with the power to introduce any changes or additions that may be required for the purposes of registration in the Registry of Companies or required by the competent authorities”*

Ordinary part

**Second item on the agenda**

**2. Annual financial statements for the year ending 31 December 2019.**

2.1 Approval of the annual financial statements for the year ending 31 December 2019; reports of the Board of Directors, Board of Statutory Auditors and External Auditor;

2.2 Approval of the distribution of dividends.

Dear Shareholders,

We hereby submit for your approval the annual financial statements for the year ending on 31 December 2019, which show a net profit of Euro 6,221,826.

Note that the legal reserve reached the limit set by the Italian Civil Code some time ago and that the available reserves amply cover the development costs recorded under non-current assets.

The Board of Directors on 6 April 2020 resolved to withdraw the proposal of distribution of dividends for the reasons detailed in the press release issued on that day and available on the Company's website ([www.gefran.com/en/press\\_releases](http://www.gefran.com/en/press_releases)) and on the authorized storage system [www.emarketstorage.com](http://www.emarketstorage.com) managed by Spafid Connect S.p.A.

We therefore submit for your approval the following resolution:

*"The Ordinary Shareholders' Meeting of Gefran S.p.A., having taken note of the Board of Statutory Auditors' Report and the External Auditors' Report, votes:*

1. *to approve the Board of Directors' Report on Operations and the annual financial statements for the year ending on 31 December 2019, which show a profit of Euro 6,221,826, as presented by the Board of Directors;*

~~2. to distribute to the shareholders, by way of dividend, gross of the legal withholdings, Euro 0.15 for each of the outstanding shares (net of own shares), using, for the necessary amount, the net profit for the year;~~

~~23. to entirely allocate to Retained earnings, the amount ~~corresponding to the portion~~ of the net profit for the year equal to Euro 6,221,826 which remains net of the distribution as per point 2."~~

~~The dividend, in compliance with the provisions of the "Regulation of the markets organised and managed by Borsa Italiana S.p.A.", will be paid as follows: ex-dividend date 11 May 2020, in payment as from 13 May 2020.~~

~~The amount of the dividend is fully covered by the profit for the period and sufficient financial funds are already available for the payment.~~



Provaglio d'Iseo, ~~12 March~~ 6 April 2020

**For the Board of Directors**  
**Chairman**  
Maria Chiara Franceschetti

**Third item on the agenda**

**3. Report on remuneration policy and compensation paid. Approval of the first section of the Report, pursuant to paragraph 3-ter, art.123-ter of Legislative Decree no. 58/1998.**

Dear Shareholders,

in compliance with the provisions of the Code of Conduct of Listed Companies and art. 123-ter of the Consolidated Finance Act (“*Testo Unico della Finanza*”), the company has adopted a Remuneration Policy, contained in the first part of its Remuneration Report, to be made available to shareholders as required by law, in the shareholders’ meetings section of the company’s internet site (<https://www.gefran.com/en/gb/meetings>).

Legislative Decree no. 49 of 2019 implemented in Italian legislation, through amendments to the Civil Code and the Consolidated Finance Act (“*Testo Unico della Finanza*”), the provisions of EU Directive 2017/828 (known as “Shareholders’ Rights II”), including the specification that Remuneration Policy must be submitted to vote in the Shareholders’ Meeting.

The Policy, approved by the Board of Directors on 12 March 2020 and published in full on the company’s internet site, contains the guidelines for the remuneration of directors and managers. In particular, the policy defines the remuneration mix, specifying the fixed and variable components.

The Ordinary Shareholders' Meeting of Gefran S.p.A. shall therefore be asked to vote in a binding vote in favour of or against the Remuneration Policy adopted by the company and contained in section one of the Remuneration Report.

Provaglio d’Iseo, 12 March 2020

**For the Board of Directors**  
**Chairman**  
Maria Chiara Franceschetti

**4. Report on remuneration policy and compensation paid. Consultation on the second section of the Report, pursuant to paragraph 6, art.123-ter of Legislative Decree no. 58/1998.**

Dear Shareholders,

in compliance with the provisions of the Code of Conduct of Listed Companies and art. 123-ter of the Consolidated Finance Act , the company has prepared a report on remuneration and pay in the year 2019, contained in the second part of its Remuneration Report, to be made available to shareholders as required by law, in the shareholders' meetings section of the company's internet site (<https://www.gefran.com/en/gb/meetings>).

Legislative Decree no. 49 of 2019 implemented in Italian legislation, through amendments to the Civil Code and the Consolidated Law on Finance, the provisions of EU Directive 2017/828 (known as "Shareholders' Rights II"), including the specification that the Report on Remuneration and Pay must be submitted to vote in the Shareholders' Meeting.

The Report, approved by the Board of Directors on 12 March 2020, specifies the remuneration paid to directors and managers with strategic responsibilities, set forth in the form required by law.

The Ordinary Shareholders' Meeting of Gefran S.p.A. shall therefore be asked to express an opinion, in an advisory capacity, in favour of or against the Report on Remuneration and Pay in the year 2019, contained in section two of the Report.

Provaglio d'Iseo, 12 March 2020

**For the Board of Directors**  
**Chairman**  
Maria Chiara Franceschetti

**5. Appointment of the Board of Directors.**

**5.1 determination of the number of members of the Board of Directors;**

**5.2 appointment of directors;**

**5.3 determination of the duration of their term of office;**

**5.4 determination of the annual fee payable to members of the Board of Directors**

Dear Shareholders,

The three-year mandate granted to the Board of Directors by the Shareholders' Meeting of 20 April 2017 is due to expire with the approval of the annual financial statements for the year ending 31 December 2019.

The ordinary shareholders' meeting is therefore called to appoint the new Board of Directors, subject to establishment of the number of its members, as well as to resolve with regard to the duration in office and the related fee.

In this connection, Article 13 of the By-Laws established that the Board of Directors of the Company be made up of a number of members ranging between 7 and 11, that they remain in office for a period not exceeding three years. Their mandate expires on the date of the Shareholders' Meeting called to approve the financial statements for the final financial year of their mandate, and the Directors may be re-elected.

**Determination of the number of members of the Board of Directors**

The outgoing Board proposes to keep the number of members unchanged, currently equal to nine.

**Appointment of the Board of Directors.**

The appointment shall be made by voting for the lists submitted by the Shareholders and filed at the registered office at least 25 days before the date set for the Shareholders' Meeting. Consob set the shareholding required to submit candidate lists at 2.5%. The methods and the conditions for the presentation of the lists, as well as the mechanisms for the election of the directors by list voting, are indicated in the extract from the By-Laws attached hereunder, as well as in the notice of calling published on the Company's Internet site (<https://www.gefran.com/en/gb/meetings>).

**Determination of the duration of the office**

The outgoing Board proposes that the new Board remain in office for the three-year period 2020-2021-2022, or rather until approval of the financial statements for the year ending 31 December 2022.

**Determination of the annual fee of the members of the Board of Directors**

The shareholders are also called to resolve with regard to the determination of the annual overall fee, to be divided up between the members by said Board.

In compliance with the company's Remuneration Policy, available on the company's internet site at <https://www.gefran.com/en/gb/meetings> and submitted to the Shareholders' Meeting for approval, the outgoing Board of Directors, having consulted the Appointments and Remuneration Committee, proposes that the Board of Directors as a whole be paid a fixed gross annual fee of Euro 300,000.00. The Board of Directors will have the faculty to divide up the fees resolved by the Ordinary Shareholders' Meeting between the individual members

of the Board of Directors, also on the basis of the proposal formulated by the Appointments and Remuneration Committee.

This fee does not include the variable amounts for Directors vested with specific offices, which will be determined by the Board of Directors, having consulted the Appointments and Remuneration Committee and the Board of Statutory Auditors, in observance of the criteria laid down by the Remuneration Policy.

## **Orientation of the Gefran S.p.A. Board of Directors for Shareholders regarding the number of the members and composition of the new Board of Directors**

### **Recital**

In accordance with the provisions of art. 1.C.1, letter h) of the Code of Conduct of Listed Companies adopted by Gefran, the company's Board of Directors, taking into consideration the results of the self-assessment questionnaires, in view of the renewal of the Board, offers Shareholders its opinion regarding the size of the new Board of Directors and the characteristics of its members.

### **Number of the members of the Board of Directors**

Gefran's outgoing Board of Directors believes the current number of Directors (9) to be ideal for ensuring the appropriate balance of skills required to participate actively in the decisions of Gefran and the committees within the Board, so as to ensure that they consist entirely of, or have a majority of, non-executive directors, the majority of whom are also independent under the Consolidated Finance Act and the Code of Conduct.

### **Composition of the Board of Directors**

The Board of Directors considers it appropriate to differentiate the characteristics of the members of the new Board of Directors on the basis of the roles they are asked to fill.

The **Chairman of the Board of Directors** must be a person who ensures the proper functioning and coordination of the Board for as long as he or she remains in office, while at the same time acting as a guarantee for all the company's stakeholders. This requires knowledge of corporate governance in listed companies and sensitivity toward sustainability issues. Economic and financial expertise is also required, to guide the Board's approach to strategy and business.

The **Chief Executive Officer** should have in-depth knowledge of the Group's business and trends. To do this, it is essential that he or she have technical know-how in the Group's lines of business and knowledge of specific areas of application. This person must have economic and financial expertise, as well as management and leadership skills.

The Board considers it advisable to take advantage of the provision in the company's By-Laws permitting the appointment of an **Honorary Chairman** to act as the Group's charismatic leader, as well as a number of **Vice Chairmen**.

The regulations governing Board composition contained in the Consolidated Finance Act and the Code of Conduct remaining in effect, the Board suggests that the majority of **Non-executive Directors** should possess the requirements of independence and have a managerial and/or professional profile appropriate for understanding the requirements of Gefran and its business, assessing the risks and supporting the Board in their management. Lastly, they will be asked to provide useful information on issues pertaining to sustainability and ESG (*environmental, sustainability and governance*). Awareness of issues in corporate governance will be useful to ensure protection of all stakeholders' interests.

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In consideration of the provisions of Article 125 bis of Italian Legislative Decree No. 58/1998, with regard to the need to make the resolution proposals traceable, the resolution proposals relating to the fifth point on the agenda of the ordinary shareholders' meeting are presented hereunder, with the warning that, since this involves the appointment of the Board of Directors, this report, drafted by the outgoing management body, does not take into account the possible resolution proposals which may be put to the vote, since they are presented by the shareholders or formulated during the Shareholders' Meetings.

Each point of the following resolutions will be put to separate vote, so as to permit the vote of each individual who has the right to, as well as the proxies with voting instructions, on the basis of the voting indications received on the individual points.

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*Dear Shareholders,*

*Now therefore, having duly noted the matters envisaged by the By-Laws with regard to composition or appointment formalities for the Board of Directors, you are invited:*

- to establish the number of members of the Board of Directors as 9 members;*
- to resolve with regard to the appointment of the members of the Board of Directors, expressing your preference for one of the lists deposited care of the registered offices;*
- to resolve the duration of the mandate of the Board of Directors for a period of three years, until approval of the financial statements for the year ending 31 December 2022;*
- to acknowledge the Board of Directors an overall fixed annual gross fee equal to Euro 300,000, which will be divided up by said Board of Directors between the various members, it being understood that the additional variable amounts in favour of the members of the Board of Directors vested with specific offices will be determined by the Board of Directors, having consulted the Remuneration Committee and the Board of Statutory Auditors, in observance of the criteria laid down by the Remuneration Policy adopted by the Company.*

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For further details, see Article 13 of the current By-Laws (hereby enclosed).

Provaglio d'Iseo, 12 March 2020

**For the Board of Directors**  
**Chairman**  
Maria Chiara Franceschetti

**Fifth item on the agenda – annex**

**Article 13**

*The Company is managed by a Board of Directors consisting of a minimum of seven and a maximum of eleven directors.*

*Directors shall remain in office for a period not exceeding three years. Their mandate expires on the date of the Shareholders' Meeting called to approve the financial statements for the final financial year of their mandate, and they may be re-elected.*

*Before appointing directors, the Shareholders' Meeting shall determine the number of Board members and their term of office.*

*All Directors must meet the requirements of eligibility, professionalism and good standing established by law and other applicable provisions. Pursuant to article 147-ter, paragraph 4, of Legislative Decree 58/1998, at least one Director, or at least two if the Board has more than seven members, must meet the requirement of independence set out therein (hereinafter the "Independent Director pursuant to article 147-ter").*

*The Shareholders' Meeting appoints the Board of Directors based on the lists submitted by the shareholders, following the procedures set out below, without prejudice to any different and additional provisions provided by binding laws or regulations.*

*Shareholders may submit a list to appoint members of the Board of Directors if they hold, on their own or in association with other submitting shareholders, a shareholding equal to the amount determined by Consob pursuant to Article 147 ter, paragraph 1, of 58/1998 and in accordance with the provisions of the Issuers' Regulation approved by resolution no. 11971 on 14 May 1999 as amended.*

*Lists should be filed at the Company's registered office at least twenty-five days prior to the Shareholders' Meeting asked to appoint the directors. They should also be published in accordance with the legal provisions in force at least twenty-one days prior to the same date.*

*Lists may contain up to 11 candidates, numbered consecutively. Each list must contain and explicitly indicate at least one Independent Director pursuant to article 147-ter, with a progressive number no higher than seven. If the list contains more than seven candidates, it must contain and explicitly indicate a second Independent Director pursuant to article 147-ter. Each list may also, if necessary, indicate which directors meet the requirements of independence laid down by the Codes of Conduct drawn up by management companies of organised markets or professional associations.*

*If binding criteria relating to gender quotas are applicable, every list that presents at least three candidates must contain a number of candidates of the less represented gender at least equal to the minimum required by the provisions in force at the time. The lists must also contain, or have attached: (i) information on the shareholders who presented them, with the overall percentage of shareholding held; (ii) full details of the candidates' personal and professional characteristics; (iii) a statement by the candidates declaring that they accept their candidacy and meet the legal requirements, as well as the requirements of independence, where they are indicated as Independent Directors pursuant to article 147-ter or as independent Directors under the above-mentioned codes of conduct; (iv) any other or different statement, information and/or document covered by the law and by the applicable regulatory standards.*

*Shareholders may not submit nor vote for more than one list, even through a third party or a trust company. A candidate may be present on only one list, or else be deemed ineligible.*

*At the end of the vote, 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"), a number of directors is taken equal to the total number of Board members, as established by the Shareholders' 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 related to the shareholders who presented or voted for the Majority List pursuant to the applicable provisions (the "Minority List") one director is taken, namely the candidate at the top of the list. However, if no Independent Directors pursuant to article 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 article 147-ter is elected, when the Board has more than seven members, the first Independent Director pursuant to article 147-ter in the Minority List will be elected, rather than 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 however be taken into account.

If the lists receive an equal number of votes, the winning list shall be the one submitted by the shareholders with the highest shareholding at the time the list is submitted or, subordinately, by the highest number of shareholders.

If the Board of Directors formed in this way does not include at least the minimum number of directors of the less represented gender required by the legislation in force at the time, the last candidate elected from the majority list shall be replaced by the first unelected candidate of the same list belonging to the less represented gender, and so on up the majority list. If the minimum number of members of the less represented gender is not reached, they will be appointed by the Shareholders' Meeting with the ordinary majorities established by law, replacing the candidates in the majority list belonging to the more represented gender, starting from the last elected candidate, and so on up the list.

If only one list has been presented, the Shareholders' Meeting shall vote on that list, and if the list obtains a relative majority of voters, not counting abstentions, candidates listed in progressive order are elected as directors up to the maximum number established by the Shareholders' Meeting, provided, however, that if the Board comprises more than seven members, the second Independent Director pursuant to article 147-ter is also elected, in addition to the one in the first seven places, and that this complies with the gender equality provisions in force at the time. If the minimum number of members of the less represented gender is not reached, they will be appointed by the Shareholders' Meeting with the ordinary majorities established by law, replacing the candidates in the only list belonging to the more represented gender, starting from the last elected candidate, and so on up the list.

In the absence of lists, or of the number of directors elected based on the lists submitted is lower than the number established by the Shareholders' Meeting, the members of the Board of Directors shall be appointed by the Shareholders' Meeting with the majorities established by law, subject to the appointment by the Shareholders' Meeting of a number of Independent Directors pursuant to article 147-ter equal to the minimum number established by law, and to the Shareholders' Meeting'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 in force at the time.

Independent Directors pursuant to article 147-ter identified as such at the time of their appointment must report if they no longer meet the requirement of independence, and will thereby leave office, as prescribed by law.

If one or more directors leave office, for any reason, they will be replaced in accordance with the provisions of article 2386 of the Civil Code, subject to the obligation to maintain the minimum number of Independent Directors pursuant to article 147-ter established by law, and the obligation to maintain gender equality 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 leave office, the entire Board shall be considered as removed from office, effective at the time of the subsequent reconstitution



*of the Board. A meeting to make the new appointments shall be called urgently by the remaining directors, and will take place pursuant to the provisions of this article.*

## 6. Appointment of the Honorary Chairman

Dear Shareholders,

The Shareholders' Meeting on 17 October 2017 amended the company By-Laws introducing the possibility of the Ordinary Shareholders' Meeting appointing an Honorary Chairman, chosen among people who have contributed to the company's success and/or development.

The 24 April 2018 Shareholders' Meeting appointed Ennio Franceschetti as Honorary Chairman, charge that, as per the provisions of the By-Laws into force at that time, expires upon approval of the 31 December 2019 financial statements.

In view of the proposed changes to article 14 of the By-Laws submitted to the 28 April 2020 Extraordinary Shareholders' Meeting, it will now be possible to appoint an Honorary Chairman with an unlimited term of office.

The person appointed Honorary Chairman can be a director or not a member of the Board, in which case the term of office can be longer than that of members of the Board of Directors.

Even if the Honorary Chairman is not a director, he or she can take part in Board of Directors' meetings and can be given special powers of attorney to represent the company.

The Honorary Chairman's fees shall be determined by the Board of Directors, based on the contribution made and powers of attorney granted.

You are therefore invited to appoint an Honorary Chairman of Gefran S.p.A., pursuant to Article 14 of the By-Laws.

In the light of what stated under the Law Decree n. 18 dated 17 March 2020 so called "Decreto Cura Italia" ("Decree"). In order to reduce minimize the risks associated with the ongoing health emergency, Gefran S.p.A. has decided to make use of the right - established by the Decree - to provide in the notice of call that the shareholders' attendance at the Shareholders' Meeting shall be made exclusively through the Company-Designated Proxy Holder provided for by article 135-undecies of the Consolidated Finance Act ("TUF"),

In order to facilitate this voting modality, the Board proposes to appoint Mr. Ennio Franceschetti as Honorary Chairman with an unlimited term of office.

Provaglio d'Iseo, 12 March 2020

**For the Board of Directors**  
**Chairman**  
Maria Chiara Franceschetti

## **7. Revoking of the previous authorisation to buy and sell own shares and release of new authorisation**

Dear Shareholders,

In its 12 March 2020 meeting, the Board decided to submit for the approval of the Shareholders' Meeting – convened in ordinary session for 28 April 2020 – pursuant to sections 2357 and 2357-ter of the Italian Civil Code and Article 132 of Legislative Decree 58 of 24 February 1998 (the Consolidated Finance Act or "TUF"), authorisation to purchase and sell, on one or more occasions, a number of ordinary shares in the company representing a maximum of 10% of the share capital (at the date of this report, a maximum of 1,440,000.00 ordinary shares with a nominal value of Euro 1.00 per share).

It is also proposed to revoke the previous authorisation granted by the Shareholders' Meeting on 03 May 2019, which will be replaced by the new authorisation mentioned in this report.

There therefore follows a brief outline of the reasons and procedures for purchasing and selling own shares in the company for which the Board of Directors seeks authorisation.

### **1. Reasons for requesting authorisation to purchase and sell own shares**

The request for authorisation to purchase and sell own shares is in order to give the company a valuable tool providing strategic and operational flexibility that would enable it to:

- act directly or through authorised brokers to limit any irregular movement in trading of the share and to regulate trading performance and runs due to excessive volatility or lack of liquidity in trading; these measures shall be taken without prejudice to the equal treatment of shareholders;
- offer shareholders an additional tool to monetise investments.

The Board of Directors recommends that the company have this option at its disposal, particularly when disposing of the own shares

purchased, also in order to capitalise on opportunities to maximise value that may arise on the market, therefore for the purpose of trading.

As of the date of this report, the share capital was Euro 14,400,000.00, represented by 14,400,000 ordinary shares with a nominal value of Euro 1.00 per share.

### **2. Maximum number, category and nominal value of the shares to which the authorisation relates**

The maximum number of own shares to be purchased is 1,440,000.00, or a maximum of 10% of the share capital, taking into account the own shares held directly and any shares held by subsidiaries in the case of

resolutions for increases and reductions while this authorisation remains effective.

In any case, the number of own shares that may be purchased shall not exceed the amount that can be covered, in relation to the purchase price, by the available reserves shown in the last set of approved financial statements.

In this regard, it should be noted that the following figures were shown in the financial statements for the year ending 31 December 2018, duly approved on 24 April 2019:

- available reserves: € 39,303,671 (as of today € 42,334,415).

### **3. Provisions pursuant to Article 2357, paragraph 3 of the Italian Civil Code**

In order to assess compliance with the limits set out in section 2357, paragraph three, as of today's date, the company and its subsidiaries hold 27,220 own shares in their portfolio.

### **4. Duration of authorisation**

The authorisation to purchase own shares is requested for a period of 18 months from the date of the Shareholders' Meeting that voted to grant the authorisation.

Authorisation to dispose of any own shares purchased is requested without a time limit.

### **5. Minimum and maximum payments and market valuation**

The Board of Directors proposes that own shares should be purchased at a unit price that is no less than their nominal value and no higher than the average price over the last three trading days prior to the purchase date plus 15%.

Concerning the price at which to sell own shares purchased, the Board of Directors shall have discretionary power to determine at the time any additional condition, procedure and deadline, while taking into consideration the procedures used, the share prices in the period prior to the transaction and the company's best interests. The minimum price may not be more than 10% lower than the price registered during the trading session prior to each disposal.

This price minimum shall not be applied in the case of disposal by means of exchange, transfer or any other means possible for acquiring shareholdings, implementation of industrial projects and other extraordinary financial transactions that involve assigning or disposing of own shares (such as, but not limited to, mergers, spin-offs, etc.).

The Board of Directors also proposes that, based on a prudent appraisal, own shares may be assigned, in full or partially, as dividends.

### **6. Procedures for the purchase and sale of shares**

Purchase transactions shall start and end within the time frame established by the Board of Directors following this authorisation.

Own shares shall be purchased in compliance with applicable law and regulatory provisions in force and, in particular, with Article 132 of the Consolidated Finance Act and Article 144-*bis*, letters a) and b) of the Regolamento Emittenti:

- a) through a public tender or exchange offer;
- b) on regulated markets in accordance with the operational procedures set out in the rules of the markets in question, which do not allow direct association of purchase proposals with pre-determined sales offers.

Amongst the various procedures allowed by the Regolamento Emittenti, conducting purchases on regulated markets is considered preferable for the purposes mentioned above, particularly with a view to stabilising the share price. This objective can be achieved more effectively through a simple, flexible mechanism such as direct purchase on the market in a timely and gradual manner according to need. Possible recourse to a public tender or exchange offer is therefore not ruled out.

Own shares may be purchased in a different manner from those set out above where allowed by Article 132, paragraph 3 of the Consolidated Finance Act or other provisions applicable as of the date of the transaction.

Furthermore, share purchases may be conducted in accordance with Article 3 of Regulation (EC) 2273/2003, in order to benefit, where possible, from the derogation from the provisions on market abuse pursuant to Article 183 of the Consolidated Finance Act, concerning insider dealing and market rigging.

Shareholders and the market shall be given timely information pursuant to Article 144-*bis*, paragraphs 3 and 5 of the Issuer Regulation.

Concerning sales transactions, the Board proposes that the authorisation should enable these to be conducted, on one or more occasions, without time limits, and in the manner deemed appropriate to achieve the objective in question, including selling on the stock market, lot trading, institutional placement, through the placement of structured securities of any kind and nature or as payment for the acquisition of shareholdings in companies and/or goods and/or assets.

It should be pointed out that the request for authorisation concerns the ability to carry out repeated and consecutive transactions to buy, sell or dispose of own shares in a revolving manner (meaning the maximum amount of own shares held in the portfolio at the time) also for fractions of the maximum amount authorised.

The Board proposes that the authorisation should provide an obligation for the Board of Directors to carry out transactions to buy and sell own shares while guaranteeing not to jeopardise the company's capacity to maintain the minimum amount of floating securities required for STAR qualification.

In view of the upcoming renewal of the Board of Directors, it is proposed that new proxies and powers of attorney be granted for transactions on own shares, similar to those granted by the Board in accordance with the previous authorisation dated 20 April 2018.

## 7. Other business

The purchase of own shares shall not be used to reduce share capital by cancelling the own shares purchased.

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For the reasons set out above, the Board of Directors of Gefran S.p.A. asks you to adopt the following resolutions:

*“The Ordinary Shareholders' Meeting of Gefran S.p.A.*

- *having acknowledged the Board of Directors' Report;*
- *having considered Articles 2357 et seq. of the Italian Civil Code, Article 132 of Italian Legislative Decree 58 of 24 February 1998, Article 144-bis of the regulation adopted with Consob resolution 11971 of 14 May 1999 as subsequently amended;*
- *having taken into consideration the 27,220 own shares in the portfolio of Gefran S.p.A. and its subsidiaries as of 12 March 2020;*
- *having considered the annual financial statements for the year ending 31 December 2019*

### **votes**

**1.** *to revoke the previous authorisation to purchase and sell own shares, approved by the Shareholders' Meeting of 03 May 2019, lasting 18 months;*

**2.** *to authorise the Board of Directors, pursuant to Article 2357 et seq. of the Italian Civil Code, to purchase a maximum number of 1,440,000.00 ordinary shares or a different amount representing 10% of the share capital in the case of resolutions to increase and/or reduce the share capital during the authorisation period, also taking into account shares that may be held by the company's subsidiaries, and in any case in compliance with the limits laid down by law, in order to pursue the objectives set out in the Board of Directors' Report, and in accordance with the following terms and conditions:*

- *transactions to buy own shares may be conducted on one or more occasions in a revolving manner (meaning the maximum amount of own shares held in the portfolio at the time), until the end of the eighteenth month starting from the date of this resolution;*
- *purchases may be conducted according to one of the methods provided for by Article 132 of Legislative Decree 58 of 24 February 1998 and Article 144-bis, letters a) and b) of the Regolamento Emittenti adopted with Consob resolution 11971/1999, taking into consideration – where necessary – the exception provided by paragraph 3 of Article 132 of Legislative Decree 58/1998, and in any case using any other method provided for by the laws and regulatory provisions in force at the date of the purchase;*
- *the unit price to purchase own shares may not be less than their nominal value and may not be higher than the average price over the last three trading days prior to the purchase date plus 15%.*
- *transactions to buy and sell own shares shall be conducted by the Board of Directors in a manner so as not to jeopardise the company's capacity to maintain the minimum amount of floating securities required for STAR qualification;*

**3.** *to authorise the Board of Directors, pursuant to section 2357-ter of the Italian Civil Code, to sell, on one or more occasions, the own shares purchased from time to time and held in the portfolio, in accordance with the regulatory provisions and legal rules in force at the time and to pursue the objectives set out in the*

*Board of Directors' Report to the shareholders, and under the following terms and conditions:*

- *the shares may be disposed of or sold at any time and without any time limit, and may also be assigned, also partially, as dividends;*
- *transactions may be conducted even before all purchases have been made, and may be conducted on one or more occasions in the manner deemed appropriate to achieve the objective in question, including selling on the stock market, lot trading, institutional placement, through the placement of structured securities of any kind and nature or as payment for the acquisition of shareholdings in companies and/or goods and/or assets;*
- *the minimum price may not be more than 10% lower than the price registered during the trading session prior to each disposal. This price limit shall not be applied in the case of a disposal other than sale, and in particular, in the case where the disposal is by exchange, transfer or other means possible for acquiring shareholdings, implementing industrial projects or other extraordinary financial transactions that involve assigning or disposing of own shares;*

**4.** *to grant the Board of Directors, with the express right to delegate, the broadest powers, without exception, necessary and useful for the execution of this resolution, also approving all provisions of the purchase plan, in accordance with any requirements set by the competent authorities; as well as the introduction in the wording of the resolutions passed of any amendments required by the aforementioned authorities, the Notary or the competent Companies' Register for registration.*

Provaglio d'Iseo, 12 March 2020

**For the Board of Directors**  
**Chairman**  
Maria Chiara Franceschetti