

**Ordinary Shareholders' Meeting of 5 May 2015
Explanatory Report by the Board of Directors**

Item 1 on the agenda

Presentation of the 2014 Annual Report

The publication of Sabaf's Annual Report, in its tenth edition this year, confirms the Group's commitment, undertaken in 2005, to providing integrated reporting of its economic, social and environmental performance.

Confirming the importance of integrated reporting as the new emerging corporate reporting model, work continued on the area at international level. In December 2013, the International Integrated Reporting Council (IIRC) presented the international framework on sustainability reporting, "The International <IR> Framework", which sets the guidelines to follow in the preparation of an integrated report and its key contents. Integrated reporting represents a significant development in corporate reporting, which is increasingly focused on promoting cohesion and efficiency in the reporting process and adopting "integrated thinking".

Sabaf was one of the first companies at international level to adopt integrated reporting, and intends to continue along this path, guided by the International Framework, in the knowledge that integrated, complete and transparent disclosure can benefit both companies themselves - through a better understanding of the various strategic strands and greater internal cohesion - and the investor community, which can thereby gain a clearer understanding of the link between strategy, governance and company performance.

Having won the 2013 *Oscar di Bilancio* in the Small and Medium-Sized Listed Company category, the jury also recognised Sabaf's commitment to integrated reporting in 2014 by shortlisting it for the prestigious financial communication award.

Shareholders and holders of voting rights are not required to vote on this item.

Item 2 on the agenda

The financial statements to 31 December 2014:

- 2.1 Approval of the financial statements for the year ending 31 December 2014; the Directors' Report on Operations; the Independent Auditor's Report and the Board of Statutory Auditors' Report; related and consequent resolutions;**
- 2.2 Decisions in respect of the allocation of 2013 earnings; related and consequent resolutions.**

The comments on the separate financial statements are contained in the Directors' Report on Operations deposited at the Company's registered office, on the website www.sabaf.it and in the manner established by the laws in force, along with the draft consolidated and separate financial statements, the Board of Statutory Auditors' Report, and the Independent Auditor's Report, in accordance with applicable laws and regulations.

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The comments on the separate financial statements are contained in the Directors' Report on Operations deposited at the Company's registered office, on the website www.sabaf.it and in the manner established by the laws in force, along with the draft consolidated and separate financial statements, the Board of Statutory Auditors' Report, and the Independent Auditor's Report, in accordance with applicable laws and regulations.

As we thank our employees, the Board of Statutory Auditors, the Independent Auditor and the supervisory authorities for their invaluable cooperation, we would kindly ask the shareholders to approve the financial statements as at 31 December 2014, with the recommendation to allocate the year's profits of €7,877,868 as follows:

the payment of a dividend of €0.40 per share to shareholders, with payment date on 27 May 2015 (ex-date: 25 May 2015). With regard to own shares, we recommend allocating an amount corresponding to the dividend of company shares in the portfolio on the ex-date to the extraordinary reserve; the remainder to the extraordinary reserve.

Dear Shareholders,

We invite you to approve the following resolutions:

1. "The Ordinary Shareholders' Meeting:

- having acknowledged the Directors' Report on Operations, the Board of Statutory Auditors' report, and the Independent Auditor's Report;
- having examined and discussed the draft financial statements at 31 December 2014, which show a net profit of €7,877,868

resolves

to approve the financial statements at 31 December 2014."

2. "The Ordinary Shareholders' Meeting:

resolves

to allocate the year's profits of €7,877,868 as follows:

- the payment of a dividend of €0.40 per share to shareholders, with payment date on 27 May 2015 (ex-date: 25 May 2015). With regard to own shares, we recommend allocating an amount corresponding to the dividend of company shares in the portfolio on the ex-date to the extraordinary reserve;
- the remainder to the extraordinary reserve.

Item 3 on the agenda

Resolution on the first section of the Report on Remuneration pursuant to article 123-ter of Legislative Decree 58/1998

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Dear Shareholders,

Pursuant to article 123-ter of Legislative Decree 58/1998, this Shareholders' Meeting is asked to cast an advisory vote on the policy adopted by the Company regarding the remuneration of directors, auditors and executives with strategic responsibilities, and on the procedures used for its adoption and implementation.

The Report on Remuneration, prepared in compliance with Appendix 3A, models 7-bis and 7-ter, of CONSOB Regulation 11971 of 14 May 1999, has been made available to the public in accordance with the deadlines and procedures prescribed by the law (21 days before the Meeting). It may also be viewed on the website www.sabaf.it.

Item 4 on the agenda

Appointment of the Board of Directors

4.1 Determination of the numbers of Board members

4.2 Determination of the duration of the mandate

4.3 Appointment of directors

4.4 Appointment of Chairman of the Board of Directors

4.5 Determination of the annual remuneration to Board members

Dear Shareholders,

We inform you that the mandate of the Board of Directors appointed for the financial years 2012-14 by resolution of the Ordinary Shareholders' Meeting of 8 May 2012 expires at the Shareholders' Meeting called to approve the separate financial statements at 31 December 2014.

Determination of the numbers of Board members and the duration of their mandate

Therefore, the shareholders are called upon to appoint a new Board of Directors and its Chairman, having previously determined the number of its members, and to decide on the duration of the board and the remuneration of its members.

In that regard, Article 12 of the Company's by-laws states that the Board of Directors is to comprise between 3 and 15 members serving terms of no more than three financial years, and further establishes that, upon appointing the board, the shareholders may approve a mandate of less than three years and that the directors may be re-elected.

The outgoing Board of Directors invites the shareholders to reduce the number of board members and set their term of office at three financial years, it being understood that the shareholders may formulate other proposals on these topics during the Shareholders' Meeting.

Appointment of the Board of Directors for 2015-17

It should also be noted that, in accordance with prevailing legislation and the aforementioned Article 12 of the by-laws, appointment of the Board of Directors takes place based on lists presented by persons who, as at the list submission date, either individually or jointly, hold a total of at least 2.5% of the Company's ordinary voting capital, or a different threshold established by CONSOB (which, with its Resolution 19109 of 28 January 2015, set the same 2.5% threshold for the Company established in the by-laws).

The candidates are to be listed sequentially, and the lists must be signed by those presenting them. These lists are to then be submitted to the Company's headquarters, and made available to anyone who

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should request them, at least 25 days prior to the date set for the Ordinary Shareholders' Meeting (10 April 2015). The letters of acceptance of candidacy from each of the candidates, as well as their declarations, under their own responsibility, that there are no reasons for which they could not be elected or for which they are not suited to the position, pursuant to the law, and that they meet the requirements of their respective positions, pursuant to the law, the by-laws or other provisions, including independence requirements, are to be filed along with each list. Also to be filed together with such declarations is documentation for each candidate providing sufficient information concerning their personal and professional qualifications, indicating any positions held on boards of directors or of statutory auditors for other publicly listed companies or for banks, insurance companies, or other financial companies, or for any other company of significant size, as well as whether the requirements of independent director are met as defined by applicable law and in accordance with the code of corporate governance of Borsa Italiana.

Those persons presenting lists must identify themselves and specify their total stake in the Company, and must also include the appropriate certification of the financial intermediaries attesting to their ownership of the number of shares required for the presentation of such lists. The authorised financial intermediaries' certification of the ownership of the number of shares required for the presentation of the lists may be produced after the lists have been submitted but no later than the date on which the Company expects to publish the lists (14 April 2015).

Each shareholder may present, either individually or jointly, just one list, and each candidate may appear on just one list under penalty of ineligibility.

The lists are numbered sequentially based on when they were submitted to the Company.

Any lists that fail to comply with the provisions of Article 12 of the Company's by-laws will be considered null and void.

At least 21 days before the date of the Ordinary Shareholders' Meeting (single call), i.e. 14 April 2015, the Company publishes the lists submitted by the shareholders at its registered office, on the corporate website www.sabaf.it and in the other ways provided for by applicable regulations.

The election of directors is conducted as follows:

- 1 as many directors as the directors to be elected minus one are drawn, in sequential order as indicated on the list itself, from the list that received the greatest number of votes;
- 2 also according to the sequence specified on the list itself, the remaining director is taken from the list that received the second-highest number of votes and that is not connected in any way, directly or indirectly, with the list that received the highest number of votes.

The members of the Board of Directors must fulfil the requirements set forth in Article 12 of the by-laws.

Pursuant to said Article, each list must include at least one candidate, or at least two if there are more than seven candidates, who fulfils the independence requirements established by applicable legislation for statutory auditors of companies listed in Italian regulated markets.

Also pursuant to Article 12 of the by-laws, lists with three or more candidates must include candidates of both genders in order to ensure that at least one third (rounded up to the nearest whole number in the case of a fraction) of the new Board of Directors is made up of members of the least represented gender.

If two or more lists which are not connected in any way, even indirectly, with the list that obtained the

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highest number of votes obtain the same number of votes, a director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected. For the purpose of allocating the directors to be elected, no account will be taken of lists which do not obtain a percentage of the votes amounting to at least half the percentage required by the Company's by-laws for submission of lists.

If only one list is submitted, or if no list is submitted, the Ordinary Shareholders' Meeting appoints the Board of Directors based on the majorities specified by law.

Appointment of the Chairman

Pursuant to article 13 of the by-laws, the Chairman is appointed by the Board of Directors unless otherwise appointed by the Ordinary Shareholders' Meeting.

Determination of the remuneration of the members of the Board of Directors; related and consequent resolutions

Pursuant to article 2389 of the Italian Civil Code, the remuneration of the members of the Board of Directors is established at the time of their appointment or, failing that, by the Shareholders' Meeting.

The outgoing Board of Directors refrains from formulating specific proposals on the matter, partly because of the proposed reduction in the number of directors, and thus invites you to determine the remuneration of the members of the Board of Directors based on proposals formulated by the shareholders, including at the Shareholders' Meeting.

In view of the provisions of article 125-bis of Legislative Decree 58/1998, and with regard to the need for transparency in draft resolutions, listed below are the draft resolutions concerning the fourth item on the agenda of the Ordinary Shareholders' Meeting. Please be aware that since this report, which was prepared by the outgoing Board of Directors, is concerned with the appointment of the new board, it does not contain all the elements of the draft resolutions that will be put to the vote, pursuant to the lists submitted and the proposals formulated during the Shareholders' Meeting.

Each item of the following resolutions will be put to a separate vote, in order to ensure that each party with voting rights, as well as each proxy based on the voting intentions specified for each item, can vote.

Dear Shareholders,

In light of the above, and in accordance with the by-laws as they concern the composition and appointment of the Board of Directors, you are invited to:

- determine the number of members of the Board of Directors at between 3 and 15;
- determine the duration of the mandate of the Board of Directors at a period not greater than three financial years;
- appoint the members of the Board of Directors by expressing your preference for one of the lists submitted to the Company's registered office;
- appoint the Chairman of the Board of Directors;
- determine the remuneration of the Board of Directors.

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Item 5 on the agenda

Appointment of the Board of Statutory Auditors for the three years 2015-2017

5.1 Appointment of three standing auditors and two alternate auditors

5.2 Appointment of the Chairman of the Board of Statutory Auditors

5.3 Determination of the annual remuneration of the members of the Board of Statutory Auditors

Dear Shareholders,

We inform you that the mandate of the Board of Statutory Auditors appointed for the financial years 2012-14 by resolution of the Ordinary Shareholders' Meeting of 8 May 2012 expires at the Ordinary Shareholders' Meeting called to approve the separate financial statements at 31 December 2014.

As such, the Ordinary Shareholders' Meeting is asked to appoint the Board of Statutory Auditors, which, pursuant to applicable legislation and article 18 of the by-laws, comprises three standing auditors and two alternate auditors. These persons remain in office for three financial years until the date of the Ordinary Shareholders' Meeting called to approve the financial statements for the final year of their term (i.e. the date of the meeting called to approve the financial statements at 31 December 2017), and can be re-elected.

Appointment of the Board of Statutory Auditors for 2015-2017

The Board of Statutory Auditors is appointed on the basis of lists presented by shareholders in which candidates numbered sequentially. Each list has two sections: one for standing auditor candidates and the other for alternate auditor candidates.

The statutory auditors must fulfil the requirements of eligibility, professionalism, respectability and independence, as set forth in the law and other applicable provisions. Notwithstanding the situations of ineligibility pursuant to law, persons cannot be appointed, or if they are appointed they must resign immediately upon taking up their position, if they exceed the limits on holding multiple offices established by article 144-terdecies of the Issuer Regulations issued by CONSOB by way of Resolution 11971 of 14 May 1999, as subsequently amended and supplemented.

Lists may be presented only by persons who, individually or jointly, hold a total of at least 2.5% of the Company's voting capital, or a different threshold established by CONSOB (which, with its Resolution 19109 of 28 January 2015, set the same 2.5% threshold for the Company established in the by-laws).

Each shareholder is permitted to present and vote for one list only, even if they use a proxy or trust company. Shareholders belonging to a single group or adhering to a single shareholders' agreement pursuant to article 122 of Legislative Decree 58/1998 are permitted to present (or contribute to the presentation of) and vote for one list only, even if they use a proxy or trust company. Candidates nominated in more than one list shall be disqualified.

The lists of candidates must be submitted to the Company's registered office by the twenty-fifth day before the date of the Ordinary Shareholders' Meeting called to appoint the statutory auditors (i.e. by 10 April 2015) and will be published by the Company at its registered office, on its corporate website and by the other means envisaged in CONSOB regulations at least 21 days before the date of the Ordinary Shareholders' Meeting (14 April 2015). Upon submission, each list must be accompanied by:

- a) information about the identity of the holders of voting rights who submitted the lists, stating the total percentage shareholding owned;

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- b) a declaration by those holding voting rights other than those who can express the absolute or relative majority at the Shareholders' Meeting or individually or jointly hold a controlling interest or relative majority, certifying that they have no connection with the latter;
- c) detailed information about the personal and professional characteristics of the candidates, and declarations by the candidates that they meet the requirements laid down in law and the Company's by-laws and they accept the nomination.

Each list with three or more candidates must include enough candidates of the least represented gender in order to ensure that at least one third (rounded up to the nearest whole number in the case of a fraction) of the new Board of Statutory Auditors is made up of members of the least represented gender. The authorised financial intermediaries' certification of the ownership of the number of shares required for the presentation of the lists may be produced after the lists have been submitted but no later than the date on which the Company expects to publish the lists (14 April 2015).

If, 25 days before the Ordinary Shareholders' Meeting called to appoint the Board of Statutory Auditors (10 April 2015), only one list has been presented (or only connected lists have been presented), lists may be submitted for an additional three days (up to 13 April 2015). In such a case, the aforementioned minimum threshold is halved.

The lists are numbered sequentially based on when they were submitted to the Company. Any lists that fail to comply with the provisions of Article 12 of the Company's by-laws will be considered null and void.

The election of statutory auditors takes place according to the following procedure:

- 1) two standing auditors and an alternate auditor are elected from the list that received the greatest absolute number of votes at the Shareholders' Meeting, and they are chosen according to their sequential placing on the relevant section of the list;
- 2) the remaining standing auditor and the other alternate auditor are elected, according to their sequential placing on the list itself, from the list that received the greatest absolute number of votes among the lists submitted and voted for by shareholders unrelated, either directly or indirectly, to the reference shareholders as defined by applicable law.

In the event of a tie between two or more lists, the oldest candidates shall be elected statutory auditors until all posts have been assigned. If it is not possible to proceed, either totally or partly, with appointments according to the above procedure, the Ordinary Shareholders' Meeting decides on the basis of a relative majority.

Appointment of the Chairman

In accordance with applicable law and the Company's by-laws, the Chairman of the Board of Statutory Auditors is identified as the standing auditor on the list receiving the greatest number of votes among the lists submitted and voted for by persons with voting rights who are unrelated, either directly or indirectly, pursuant to applicable legislation, to the persons with voting rights or shareholders who submitted or voted for the list receiving the greatest number of votes.

Determination of the remuneration of the standing auditors

Pursuant to article 2402 of the Italian Civil Code, when the Board of Statutory Auditors is appointed, the Ordinary Shareholders' Meeting determines the annual remuneration of the standing auditors for their entire term of office.

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The outgoing Board of Directors refrains from formulating specific proposals on the matter and thus invites you to determine the remuneration of the members of the Board of Statutory Auditors based on proposals formulated by the shareholders, including at the Shareholders' Meeting.

In view of the provisions of article 125-bis of Legislative Decree 58/1998, and with regard to the need for transparency in draft resolutions, listed below are the draft resolutions concerning the fifth item on the agenda of the Ordinary Shareholders' Meeting. Please be aware that since this report, which was prepared by the outgoing Board of Directors, is concerned with the appointment of the new Board of Statutory Auditors, it does not contain all the elements of the draft resolutions that will be put to the vote, pursuant to the lists submitted and the proposals formulated during the Shareholders' Meeting. Each item of the following resolutions will be put to a separate vote, in order to ensure that each party with voting rights, as well as each proxy based on the voting intentions specified for each item, can vote.

Dear Shareholders,

In light of the above, and in accordance with the by-laws as they concern the composition and appointment of the Board of Statutory Auditors, you are invited to:

- appoint the standing and alternate members of the Board of Statutory Auditors by expressing your preference for one of the lists submitted to the Company's registered office;
- appoint the Chairman of the Board of Statutory Auditors in the event that only one list is presented or no list is presented;
- determine the gross annual remuneration of the members of the Board of Statutory Auditors.

Item 6 on the agenda

Authorisation to renew an insurance policy for company directors, auditors and executives for the period 2015-2017

Dear Shareholders,

We would like to remind you that, by way of a resolution adopted on 8 May 2012, the Ordinary Shareholders' Meeting authorised the Board of Directors to renew for the period May 2012 - April 2014 an insurance policy taken out on 28 April 2009 for the Company's directors, statutory auditors and executives.

As such, the Company has maintained for the entire period of the mandate an annual insurance policy aimed at protecting each director, statutory auditor and executive from liability concerning amounts they are required to pay, as responsible parties, for pecuniary damages arising from any claims for damages brought about, for the first time, by third parties for any illegal acts, either real or alleged, committed by the insured, including serious offences, in exercising their responsibilities as director, statutory auditor and executive of the Company, as a result of violations of obligations established by the law, the deed of incorporation or the by-laws, with the sole exception of deliberate intent.

The current policy with Chartis Europe costs around €10,700 per year and has a maximum aggregate coverage of €12,500,000.

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The Board of Directors recommends that the aforementioned insurance policy be renewed for the next three years at similar terms and conditions to those in place for the previous three years.

Dear Shareholders,

Given the above, we recommend passing the following resolution:

“Having acknowledged the opportunity for the Company to renew a civil-liability insurance policy for directors, statutory auditors, and executives, covering liability resulting from any illegal act (real or alleged) they should commit in exercising their respective responsibilities, as a result of violations of obligations established by the law, the deed of incorporation or the by-laws, with the sole exception of deliberate intent, with a coverage limit of €12,500,000, the Ordinary Shareholders' Meeting hereby

resolves

to authorise the Board of Directors to renew for 2015-17 an annual insurance policy aimed at protecting directors, statutory auditors and executives from liability concerning amounts they are required to pay, as responsible parties, for pecuniary damages arising from any claims for damages brought about, for the first time, by third parties for any illegal acts, with a maximum aggregate coverage of at least €12,500,000 and an annual cost of no more than €15,000”.

Item 7 on the agenda

Authorisation to buy and sell treasury shares; related and consequent resolutions

Dear Shareholders,

On the occasion of today's Ordinary Shareholders' Meeting, we would like to present a proposal to authorise the Company to buy and sell treasury shares, in accordance with the terms, conditions and procedures set out below.

The reasons for which authorisation is requested for purchase and utilisation of treasury shares

The reasons for which the Board of Directors recommends that the shareholders authorise the purchase and utilisation of treasury shares, in equal treatment of shareholders and in accordance with applicable laws and regulations, are set out below:

- I. in accordance with Company strategy, to use treasury shares as part of the transactions related to business plans or agreements with strategic partners or in the framework of investment transactions, including by means of swap, loan, assignment, or transfer or other utilisations of the treasury shares for acquisition of shareholdings or share packages or other extraordinary financial transactions that imply assignation or utilisation of treasury shares;
- II. to offer shareholders an additional tool to liquidate their investments;
- III. to carry out operations to support market liquidity.

Maximum number, category and par value of the shares involved in this authorization

At today's date, the Company's share capital amounts to €11,533,450.00 and is represented by 11,533,450 ordinary shares with a par value of €1.00 each. The maximum number of shares to acquire,

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within the limits of retained earnings and available reserves, based on the most recent, regularly approved financial statements is 1,153,345, or another number that represents the threshold limit of 10% of the share capital at any time, in the event of resolution or execution of increases and/or reductions in the capital during the period of authorisation under Item 4 below.

The request for authorization concerns the ability of the Board of Directors to make repeated and successive buy and sale transactions (or other deeds relating to use thereof) of treasury shares on a revolving basis, including for fractions of the maximum authorized quantity, to such a degree that the treasury shares held by the company do not exceed the maximum limit established by law.

Other useful information for evaluating compliance with the provisions set forth by article 2357, paragraph 3 of the Italian Civil Code

For the purposes of evaluating compliance with the limits under article 2357, paragraph 3 of the Italian Civil Code, note that the Company's share capital amounts to €11,533,450.00 and is represented by 11,533,450 ordinary shares with a par value of €1.00 each. It should be noted that, as at the date of this explanatory report, the Company holds 507 treasury shares, equal to 0.004% of the share capital.

Note that, in accordance with article 2357, paragraph 1 of the Italian Civil Code, companies are allowed to purchase treasury shares up to the amount of retained earnings and available reserves, shown on the most recent approved financial statements, while also considering any restrictions on availability arising subsequent to and until the date of the respective resolution. The Company's financial statements at 31 December 2013, approved on 29 April 2014, show that the Company has the following available reserves for a total of €7,127,353, as follows:

- the share premium reserve, for €10,001,935;
- the revaluation reserve, pursuant to Law 413/91, for €42,207;
- the revaluation reserve, pursuant to Law 342/00, for €1,591,967;
- retained earnings available, for €75,491,244.

In addition, the Company's draft financial statements at 31 December 2014, approved by the Board of Directors on 23 March 2015 and which will be submitted for shareholder approval on 5 May 2015, show that the Company has available reserves totalling €74,582,155, as follows:

- the share premium reserve, for €10,001,935;
- the revaluation reserve, pursuant to Law 413/91, for €42,207;
- the revaluation reserve, pursuant to Law 342/00, for €1,591,967;
- retained earnings available, for €62,946,046.

Note that the Board is required to verify compliance with the conditions required by article 2357 of the Italian Civil Code for the purchase of treasury shares at the time that every authorised purchase is made. For acquisition of shares and subsequent sale, loan, transfer or write-down thereof, specific notes have to be made in the accounts, in compliance with the legal provisions and the applicable accounting standards.

Subsidiary companies and the respective administrative bodies will be given appropriate instructions so that they can make timely reports on the acquisition of shares made in accordance with article 2359-bis of the Italian Civil Code.

Pursuant to article 44-bis of the Issuers' Regulation adopted with CONSOB Resolution 11971 of 14 May 1999 (the "Issuers' Regulation"), the treasury shares held by the Company are excluded from the share capital based on which significant shareholdings are calculated for the purposes of obligations resulting from article 106, paragraphs 1 and 3, letter b) of Legislative Decree 58 of 24 February 1998, except in cases where the shares are purchased in execution of a shareholders' resolution that, notwithstanding the provisions of articles 2368 and 2369 of the Italian Civil Code, has also been approved by a majority of shareholders who individually or jointly hold a majority or relative majority interest, provided it is more than 10%.

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Term for which authorisation is requested

A period of 18 months is requested for the authorisation to acquire treasury shares, commencing from the date on which the Ordinary Shareholders' Meeting will adopt the corresponding resolution.

The Board asks authorisation for the utilisation of the treasury shares to be granted without time constraints.

Minimum and maximum consideration

Purchases must be made at prices that comply with article 5, paragraph 1 of European Commission Regulation (EC) 2273/2003 of 22 December 2003. Specifically, this article provides that the issuer does not purchase shares at a price exceeding the higher of the share price of the last independent trade and the highest current independent offer price on the screen-based equity market (MTA) organised and managed by Borsa Italiana S.p.A.

The Board of Directors recommends setting the per-unit price for acquisition of treasury shares, inclusive of accessory charges, to no more or less than 10% above or below the average official price recorded on the MTA for the five sessions prior to purchase.

As regards the consideration for utilisation of the treasury shares acquired, the Board of Directors recommends that the shareholders only set the minimum amount, granting the Board of Directors the power to determine any other condition, method, and term of each utilisation on a case-by-case basis. This minimum consideration cannot be 10% less than the average official prices reported on the MTA market in the five sessions prior to each sale transaction. However, this limit on the price will not be applied in the event of swap, loan, assignment, transfer or other utilisation of treasury shares made as part of acquisitions of shareholdings or implementation of business plans or other extraordinary financial transactions that imply assignment or utilisation of treasury shares (such as mergers, spin-offs, issue of convertible bonds or warrants, etc).

In this case, other criteria can be used to determine the transfer price of treasury shares acquired, with the assistance of independent experts, in line with the purposes pursued by the assignment transactions and considering market practices and the instructions of Borsa Italiana S.p.A.

In the event that the shares are used to conduct operations to support market liquidity, sales must be carried out in accordance with the criteria established by the CONSOB resolution on accepted market practices (CONSOB Resolution 16839 of 19 March 2009).

Methods through which purchases and utilisation will be made

Treasury share purchase transactions will begin and end at the times established by the Board of Directors subsequent to authorisation at this Ordinary Shareholders' Meeting.

Treasury share purchases will be executed, in one or more transactions, on a revolving basis by means of acquisition on regulated markets according to operating methods that preclude direct matching between offers of purchase with predetermined offers of sale, in compliance with regulatory standards and other regulations as they apply and in particular in accordance with article 132 of Legislative Decree 58 of 24 February 1998 and article 144-bis, paragraph 1, letter b) of the Issuers' Regulation.

Treasury shares can be acquired using methods other than those indicated above where allowed by article 132, paragraph 3 of Legislative Decree 58 of 24 February 1998, or by other provisions as applicable at the time of the transaction.

As regards utilisation of the shares, the Board of Directors recommends that, in accordance with the applicable regulations of market practices, the authorisation granted allows any method considered appropriate to achieve the objectives pursued and in particular, that utilisation of the shares takes place in one or more transactions, including before all acquisitions have been completed. To limit the effects arising from execution of the buy and sell transactions of treasury shares on outstanding shares in circulation, the Board of Directors recommends that authorisation include the obligation for the Board to execute the acquisition and sale transactions of Company shares according to methods and times such as not to undermine the Company's minimum outstanding shares required for qualification for the STAR

SABAF S.p.a.

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segment.

Other information in the event that the acquisition should be contingent on reducing Company share capital by voiding the treasury shares acquired

Note that the request for authorisation to purchase treasury shares is not, at present, contingent on reducing the share capital by voiding the treasury shares acquired.

Dear Shareholders,

For all the reasons illustrated above, we recommend that you approve the matters proposed by the Board of Directors, vis-à-vis the items posted on the agenda and, as a result, to pass the following resolution:

“Based on the report by the Board of Directors and in view of articles 2357 et seq. of the Italian Civil Code, article 132 of Legislative Decree 58 of 24 February 1998 and the regulations in force issued by CONSOB, the Ordinary Shareholders' Meeting of Sabaf S.p.A. hereby

resolves

1. to revoke, for the portion yet to be executed, the resolution authorising the purchase and sale of treasury shares passed by the Ordinary Shareholders' Meeting of 29 April 2014;

2. to authorise, pursuant to article 2357 of the Italian Civil Code, the purchase in one or more instalments, on a revolving basis (i.e. concerning the maximum number of treasury shares held in the portfolio at any one time) of 1,153,345 ordinary shares or other number that represents 10% of the share capital in the event of resolutions or execution of increases and/or reductions in the share capital in the period of authorisation, while also considering the shares that may be held by subsidiaries. This transaction will be executed in compliance with the legal limits in order to achieve the purposes more fully described in the Board of Directors' report and under the following terms and conditions:

- the shares may be purchased for up to eighteen months, commencing from the date of this resolution;
- the purchase may take place by means of acquisition on regulated markets according to operating methods that preclude direct matching between offers of purchase with predetermined offers of sale, in compliance with regulatory standards and other regulations as they apply and in particular in accordance with article 132 of Legislative Decree 58 of 24 February 1998, and article 144-bis, paragraph 1, letter b) of the Issuers' Regulation, or using other methods, where allowed by article 132, paragraph 3 of Legislative Decree 58 of 24 February 1998, or by other provisions as applicable at the time of the transaction;
- the unit price for purchase of the shares may not be 10% higher or lower than the average official prices recorded on the MTA for the five sessions prior to each sale transaction;

acquisition and sale transactions of the treasury shares must be executed by the Board of Directors according to such procedures and times as do not undermine the Company's minimum outstanding shares required for qualification for the STAR segment of the MTA market;

3. to authorise, pursuant to article 2357-ter of the Italian Civil Code, the sale, in one or more instalments, of the treasury shares acquired or held in the portfolio, in compliance with the regulatory and legislative provisions in force, to pursue the purposes described in the Board of Directors' report at the following terms and conditions:

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- treasury shares held in the portfolio may be sold or otherwise assigned at any time, without limits;
- utilisation transactions may be executed before all acquisitions are completed and can take place in one or more instalments on the market, en bloc or by means of sale or swap, or as consideration in the event of swap, loan, transfer, assignment or other utilisation of treasury shares made as part of the acquisition of shareholdings, companies, business units, or implementation of business plans or other extraordinary financial transactions that imply assignment or utilisation of treasury shares (including mergers, spin-offs, issue of convertible bonds, warrants, etc), as well as according to any other methods allowed by the provisions in force, at the discretion of the Board of Directors;
- the unit price for utilisation of the shares cannot be 10% less than the average of the official prices reported on the MTA market in the five sessions prior to each individual sale transaction. This limit on the price will not be applied in the event of swap, loan, assignment, transfer or other utilisation of treasury shares made as part of acquisitions of shareholdings or implementation of business plans or other extraordinary financial transactions that imply assignment or utilisation of treasury shares (such as mergers, spin-offs, issue of convertible bonds or warrants, etc).

4. grant the Board of Directors the widest necessary and appropriate powers, with explicit ability to delegate such powers to one or more of its members, to execute this resolution, including by approving any and all executive orders relating to the plan to acquire and sell treasury shares.”

Ospitaletto, 23 March 2015
On behalf of the Board of Directors
The Chairman
Giuseppe Saleri