

**Shareholders' Meeting of 6 May 2021
Explanatory Report by the Board of Directors**

Item 1 on the agenda

Presentation of the 2020 Annual Report

The publication of the Annual Report of the Sabaf Group, now in its sixteenth edition, confirms the Group's commitment, undertaken since 2005, to an integrated reporting of its economic, social and environmental performance.

Sabaf, one of the first international-level companies to embrace the trend of integrated reporting, intends to continue along this path, aware that integrated, complete and transparent reporting can benefit both the companies themselves, through a better understanding of the structure of the strategy and greater internal cohesion, and the community of investors, which can thus more clearly understand the connection between strategy, governance and company performance.

The Annual Report overviews the Group's business model and the process of creating corporate value. The business model and the main results achieved (key performance indicators in short) are in fact presented from the standpoint of the capital employed (financial; social and relational; human; intellectual, infrastructural, and natural) to create value over time, thereby generating results for the business, with positive impacts on the community and on stakeholders as a whole. The "non-financial indicators" include the results achieved in managing and exploiting intangible assets, the main driver that allows the corporate strategy's ability to create value in a perspective of medium/long-term sustainability to be monitored.

On 30 December 2016, Italian Legislative Decree no. 254 came into force, which, in implementation of Directive 2014/95/EU on Non-financial and diversity information, requires relevant public interest entities to disclose non-financial and diversity information starting from the 2017 financial statements. As a relevant public-interest entity, Sabaf prepared for the fourth year the Consolidated non-financial statement presenting the main policies practiced by the company, the management models, the risks, the activities carried out by the Group during 2020, and the related performance indicators as pertains to the topics expressly referred to by Italian Legislative Decree no. 254/2016 (environmental, social, personnel-related, respect for human rights, fight against corruption) and to the extent needed to ensure understanding of the business activity, its trend, its results, and the impacts it produces.

The Group's commitment was also confirmed by the "Oscar di Bilancio" award over the years (2004, 2013, 2017 and 2018), historic contest promoted and organised by the Italian Public Relations Federation (Federazione Relazioni Pubbliche Italiana, FERPI), which for over fifty years has been awarding prizes to the most virtuous businesses in financial reporting and in dealing with all stakeholders.

On this item on the agenda, the shareholders and those holding voting rights are not asked to cast a vote.

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

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Item 2 on the agenda

Financial report at 31 December 2020

- 2.1 Approval of the Financial statements at 31 December 2020; Management Report prepared by the Board of Directors; Independent Auditors' Report and Report of the Board of Statutory Auditors; Related and consequent resolutions;**
- 2.2 Resolution on the dividend proposal**

The description of the financial statements is contained in the management report by the Board of Directors available at the Company's registered office, on the website www.sabafgroup.com and in the other methods envisaged by the regulations in force, along with the draft of the separate financial statements and the consolidated financial statements, the Report by the Board of Statutory Auditors, and the Report by the Independent Auditors, in compliance with the applicable provisions of law and regulations.

As we thank our employees, the Board of Statutory Auditors, the independent auditors and the Supervisory Authorities for their effective collaboration, we ask the shareholders to approve the financial statements for the year ended 31 December 2020, with the proposal to allocate the profit for the year of €6,409,674 in the following manner:

- a dividend of €0.55 per share to be paid to shareholders as from 2 June 2021 (ex-date 31 May 2021 and record date 1 June 2021). With regard to treasury shares, we ask you to allocate an amount corresponding to the dividend on the shares held in portfolio on the ex-date to the Extraordinary Reserve;
- the remainder to the Extraordinary Reserve.

Dear Shareholders,

We therefore ask you to approve the following draft resolution:

1. *"The Ordinary Shareholders' Meeting:*

- *having taken note of the Board of Directors Management Report, the Board of Statutory Auditors Report, and the Independent Auditors' Report;*
- *having examined and discussed the draft financial statements at 31 December 2020, which ended with a profit for the year of €6,409,674*

resolved

to approve the financial statements at 31 December 2020.

2. *"The Ordinary Shareholders' Meeting:*

resolved

to allocate the profit for the year of €6,409,674 in the following manner:

- *a dividend of €0.55 per share to be paid to shareholders as from 2 June 2021 (ex-date 31 May 2021 and record date 1 June 2021). With regard to treasury shares, we ask you to allocate an amount corresponding to the dividend on the shares held in portfolio on the ex-date to the Extraordinary Reserve;*
- *the remainder to the Extraordinary Reserve.*

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

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Item 3 on the agenda

Report on remuneration policy and remuneration paid

3.1 Resolution on the first section pursuant to paragraphs 3-*bis* and 3-*ter* of Article 123-*ter* of Italian Legislative Decree 58/1998

3.2 Resolution on the second section pursuant to paragraph 6 of Article 123-*ter* of Italian Legislative Decree 58/1998

Dear Shareholders,

Taking account of Consob resolution no. 21623/20 of 10 December 2020, which amended Article 84-*quarter* of Consob Regulation no. 11971/19 (Issuers' Regulation), as well as the recommendations expressed by the Corporate Governance Code for listed companies, the Company's Board of Directors, at the suggestion of the Remuneration and Nomination Committee, introduced amendments to the previous remuneration policy.

The Report on remuneration policy and remuneration paid has been prepared in compliance with Annexe 3A, schemes 7-*bis* and 7-*ter*, of the regulations adopted with CONSOB resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, and was made available to the public by the deadlines and in the manner pursuant to the law. The report may also be consulted at the website www.sabafgroup.com.

Therefore, pursuant to Article 123-*ter* of Italian Legislative Decree no. 58/1998 as amended by Italian Legislative Decree no. 49/19, this Shareholders' meeting is called upon to express:

- a) its binding vote on the first section of the Report on remuneration policy and remuneration paid, containing:
 - (i) the policy adopted by the company on remuneration of members of the board of directors, general managers and executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, of the members of the control bodies;
 - (ii) the procedures used for the adoption and implementation of this policy.

- b) its advisory vote on the second section of the Report on remuneration policy and remuneration paid, containing – with regard to the administration and control bodies, general managers and, in aggregate form, executives with strategic responsibilities –:
 - (i) the representation of the items making up the remuneration;
 - (ii) an analytical illustration of the remuneration paid in the financial year under review for any reason and in any form by the Company or by subsidiaries or associates.

We acknowledge that, pursuant to Article 123-*ter*, paragraph 8-*bis* of Italian Legislative Decree No. 58/1998, as amended by Italian Legislative Decree No. 49/19, the company appointed to audit the financial statements has checked the preparation by the directors of the second section of the report.

Dear Shareholders,

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We therefore ask you to approve the following draft resolutions:

1. *"The Ordinary Shareholders' Meeting:*

- *having taken note of and examined the Report on remuneration policy and remuneration paid;*

resolved

to approve the first section of the Report on remuneration policy and remuneration paid, with a binding vote pursuant to Article 123, paragraphs 3-bis and 3-ter of Italian Legislative Decree 58/1998.

2. *"The Ordinary Shareholders' Meeting:*

- *having taken note of and examined the Report on remuneration policy and remuneration paid;*
- *having taken note of the fact that the independent auditors have checked the provisions of Article 123, paragraph 8-bis of Italian Legislative Decree no. 58/1998, regarding the preparation by the directors of the second section of this Report*

resolved

to approve the second section of the Report on remuneration policy and remuneration paid, with an advisory vote pursuant to Article 123, paragraph 6 of Italian Legislative Decree 58/1998,

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

Item 4 on the agenda

Appointment of the Board of Directors

4.1 Determination of the number of members of the Board of Directors

4.2 Determination of the term of office

4.3 Appointment of directors

4.4 Determination of the annual remuneration of the members of the Board of Directors

Dear Shareholders,

We inform you that, on the occasion of the Shareholders' Meeting approving the financial statements at 31 December 2020, the term of office of the Board of Directors appointed by resolution of the ordinary Shareholders' Meeting of 8 May 2018 for the years 2018-2020, has expired.

Therefore, the ordinary Shareholders' Meeting is called upon to appoint the new Board of Directors, upon determination of the number of Board members, and to resolve as to their term of office and remuneration.

4.1 Determination of the number of members of the Board of Directors

Article 12 of the Articles of Association establishes that the Company's Board of Directors consists of 3 to 15 members, and sets a maximum term of office of three financial years.

With reference to the quantitative composition, the outgoing Board of Directors, after obtaining the opinion of the Remuneration and Nomination Committee and having regard to the Principles expressed in the Policy on the composition of corporate bodies available on the Company's website, asks shareholders to confirm that the number of members is 9 (nine).

The Board of Directors, with its 9 members, has shown that it allows for constructive debate within the Board and expresses adequate diversity and plurality in terms of skills, gender and length of service. The proposed number is also adequate to maintain a proper balance between executive and non-executive and/or independent directors and to meet the needs of setting up internal committees.

4.2 Term of office of the Board of Directors

With regard to the term of office, the Board of Directors believes that the determination of three financial years can be confirmed.

4.3 Appointment of the Board of Directors for the years from 2021 to 2023

Pursuant to Article 12 of the Articles of Association, the Board of Directors is appointed on the basis of lists, in accordance with the provisions and criteria referred to below.

Lists may be submitted by those holding voting rights who, alone or together with others, are owners of shares representing, at the date the list is filed, at least 2.5% of capital with voting rights in the ordinary Shareholders' Meeting.

The Board of Directors can submit a list in the manner and within the time limits envisaged for lists submitted by shareholders.

The lists of sequentially numbered candidates must be signed by those who submitted them and filed at the Company's registered office, by means of certified email at the address sabaf@legal.sabaf.it, at least 25 days prior to the date scheduled for the ordinary Shareholders' Meeting (and therefore no later than 11 April 2021), or at the company's registered office (in this latter case, given the actual health emergency and provided that the deadline is a public holiday it is suggested to contact the Company at the following addresses gianluca.beschi@sabaf.it - +390306843001 in order to arrange the access). Each list is to be filed along with the candidates' acceptance of their nomination, and the declarations by which they certify, on their own responsibility, that none of the grounds of disqualification or incompatibility laid down by

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law exist, and that they meet the requirements laid down for the respective offices by law, the Articles of Association or other provisions, including the independence requirements. Along with the declarations, documentation must also be filed for each candidate concerning his or her personal and professional characteristics, indicating the administration and control offices held by each in other publicly listed companies or in financial, banking, insurance or large companies, indicating where applicable the suitability for being qualified as independent on the strength of the criteria of law and of those established by the Corporate Governance Code (January 2020) of Borsa Italiana.

Those submitting a list must indicate their identity as well as the total percentage of shares they hold in the Company's ordinary share capital, attaching suitable certification issued by financial intermediaries, proving ownership of the number of shares needed to submit the lists. The certification issued by authorised financial intermediaries attesting to ownership of the number of shares needed to submit the lists may also be produced after filing, by the deadline established for the Company to publish the lists (15 April 2021).

Each person entitled to vote may submit or take part in the submission of one list only, and each candidate may appear on one list only, failing which he/she will be disqualified.

The submitted lists will be numbered in ascending order, depending on the date of filing with the Company.

Pursuant to Article 12 of the Articles of Association and to paragraph 4 of Article 147-ter of the Consolidated Law on Finance (TUF), each list must include at least one candidate, or at least two if it includes more than seven candidates, meeting the independence requirements laid down in the regulations applicable to Statutory Auditors of companies listed on the Italian regulated market.

Pursuant to Article 12 of the Articles of Association, each list that has a number of candidates equal to or greater than three must have a number of candidates belonging to the less represented gender in order to ensure that the new Board of Directors is composed of at least two-fifths of members of the less represented gender, rounded up to the higher unit in the event of a fraction, with the exception of lists consisting of three candidates, which are rounded down to the lower unit.

Lists submitted without complying with the provisions of Article 12 of the Articles of Association will be considered as not submitted.

The members of the Board of Directors must meet the requirements established by Article 12 of the Articles of Association.

In the light of the importance of the responsibilities that members of the Board of Directors will have to assume for the purpose of submitting lists, Shareholders are asked to consider with due awareness the contents of the "Policy on the composition of corporate bodies" approved by the Board of Directors on 11 February 2021, at the suggestion of the Remuneration and Nomination Committee, which defines the individual requirements and the qualitative and quantitative profile that collectively the new Board should reflect. The Policy is available on the Company's website www.sabafgroup.com in the Investors section.

Without prejudice to the reiterated need for a careful reading of the entire document, it should be noted, in particular, that, also pursuant to the Corporate Governance Code (January 2020) with which the Company complies, it is required that one member has adequate knowledge and experience in financial matters or remuneration policies and one member has adequate experience in accounting and finance or

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risk management. The Board of Directors also reiterates the need to ensure the presence of an adequate number of independent and/or non-executive members, inter alia, for the effective management and organisation of Board Committees. Also in compliance with the aforementioned Corporate Governance Code, we ask you to include the name of the candidate for Chairman in the lists.

In compliance with the above, the outgoing Board of Directors, having obtained the opinion of the Remuneration and Nomination Committee, intends to present its own list of candidates for the office of director and will proceed to take the consequent resolution and to the identification of the candidates during a subsequent meeting, in accordance with the aforementioned Policy on the composition of corporate bodies. The list itself once issued will be communicated by means of a press release and will be filed and published in accordance with the law and the Articles of Association.

At least 21 days prior to the date of the ordinary Shareholders' Meeting convened in a single call (and therefore by 15 April 2021), all lists filed in compliance with the above terms and conditions are made available to the public at the company's registered office, on the website of the Company www.sabafgroup.com, as well as in the other ways provided for by the applicable regulatory provisions.

Shareholders who intend to submit lists for the appointment of members of the Board of Directors are invited to read the recommendations contained in Consob Communication no. DEM/9017893 of 26 February 2009 and the contents of the Explanatory Report prepared on the item on the agenda.

The Directors will be elected as follows:

- a) a number of directors equal to the number of the directors to be elected less two will be taken from the list that obtained the majority of the votes, in the ascending order indicated in the list;
- b) the remaining two directors will be taken, the first from the list that received the second highest number of votes, and the second from the list that received the third highest number of votes, in ascending order and provided that these lists are not connected with each other and that none of these lists is connected in any way, directly or indirectly, with the list that received the highest number of votes. If only two lists are submitted, both Directors are taken from the list that received the second highest number of votes in ascending order.

If more than two lists that are not connected in any way, directly or indirectly, with the list that obtained the highest number of votes obtain the same number of votes, a director will be taken from each of said lists, in the ascending order indicated therein, and the older candidate will be elected based on the minimum required for the genders provided for by laws and regulations, as applicable from time to time. For the purpose of allocating the directors to be elected, no account will be taken of lists that do not obtain a percentage of votes amounting to at least one half the percentage required by the Articles of Association for the submission of lists.

If the candidates elected by the aforesaid procedures do not include the minimum number of directors who meet the independence requirements referred to in Article 12 hereof – i.e. at least one independent director or at least two if the Shareholders' Meeting has set the number of members of the Board of Directors at more than seven – the elected non-independent candidate(s) listed last in ascending order on the list that obtained the highest number of votes will be replaced by unelected independent candidate(s) from the same list in ascending order.

If the aforementioned procedure is not applicable, the replacement is done by the Shareholders' Meeting with the majorities required by law.

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If a single list is submitted, or if no list is submitted, the ordinary Shareholders' Meeting will resolve in accordance with the majorities required by law, and based on the balance between the genders in accordance with current laws and regulations.

4.4 Determination of the remuneration of the members of the Board of Directors

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

Pursuant to the policy adopted by the company in the matter of remuneration of the members of the boards of directors and of the executives with strategic responsibilities, the subject matter of the resolution as per item 3 of the agenda, the following is noted.

The fixed component of the remuneration of the Directors is such that it is able to attract and motivate individuals with appropriate expertise for the offices entrusted to them within the Board, and is set with reference to the remuneration paid for the same positions by other Italian industrial groups listed in the STAR segment, of a similar size.

The Shareholders' Meeting is called upon to determine the remuneration paid to the Board of Directors.

The outgoing Board of Directors, having obtained the opinion of the Remuneration and Nomination Committee, resolved to propose to the Shareholders' Meeting that the Board receive a gross annual remuneration of €198,000 (one hundred and ninety-eight thousand), which excludes the remuneration paid to Directors who are employees by virtue of their employment relationship and any remuneration of Directors holding special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code, the determination of which is delegated, pursuant to law, to the Board of Directors.

The total remuneration will be distributed by the new Board.

For the purposes of the aforementioned remuneration proposal, the Board of Directors considered, inter alia, the following elements:

- the proposal to confirm that the number of Directors is 9;
- the need to be able to ensure the presence of professional profiles of high standing on the Board, taking account of the high level of commitment required also in terms of time, including the activity in the Board committees, the responsibilities related to the role and the limits imposed for the assumption of other positions;
- the positioning of the proposed remuneration for Board members is in line with that of the main comparable companies in terms of complexity.

In consideration of the provisions of Article 125-bis of Italian Legislative Decree no. 58/1998, with regard to the need to make resolution proposals available, the following are the resolution proposals with regard to the fourth item on the agenda of the ordinary Shareholders' Meeting.

Dear Shareholders,

All this being stated, having taken note of the provisions of the Articles of Association concerning the composition and methods of appointment of the Board of Directors, you are asked:

- 4.1 to set the number of members of the Board of Directors at 9 (nine);
- 4.2 to approve the term of office of the Board of Directors for a period of three financial years;
- 4.3 to appoint the new Board of Directors for the financial years 2021, 2022, 2023 according to the list voting procedure pursuant to the law and the articles of association;

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4.4 to set the gross annual remuneration of the Directors at €198,000 (one hundred and ninety-eight thousand), excluding from the above amount the remuneration paid to Directors who are employees by virtue of their employment relationship and any additional remuneration of Directors holding special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code established by the Board itself.

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

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Item 5 on the agenda

Appointment of the Board of Statutory Auditors for the three-year period from 2021 to 2023

5.1 Appointment of the members of the Board of Statutory Auditors

5.2 Appointment of the Chairman of the Board of Statutory Auditors

5.3 Determination of the annual remuneration

Dear Shareholders,

We inform you that, on the occasion of the Shareholders' Meeting approving the financial statements at 31 December 2020, the term of office of the Board of Statutory Auditors, appointed by resolution of the ordinary Shareholders' Meeting of 8 May 2018 for the years 2018-2020, has expired.

Therefore, the ordinary Shareholders' Meeting is called upon to appoint the Board of Statutory Auditors, which, pursuant to the applicable regulations and Article 18 of the Articles of Association, consists of 3 Standing Statutory Auditors and 2 Alternate Statutory Auditors, with a three-year term of office; their term expires on the date of the ordinary Shareholders' Meeting called to approve the financial statements for their final year in office, and they may be re-elected.

5.1 Appointment of the members of the Board of Statutory Auditors

Pursuant to Article 18 of the Articles of Association, the Board of Statutory Auditors is appointed on the basis of lists submitted by those holding voting rights, in which the candidates are listed by means of a sequential number. The list consists of two sections: one for candidates for office as Standing statutory auditors and the other for candidates for office as Alternate statutory auditors.

Statutory Auditors must meet the requirements of eligibility, professionalism, respectability, and independence laid down by law and by other applicable provisions. Without prejudice to the situations of disqualification provided for by law, Statutory Auditors who have exceeded the limits on holding multiple offices established by Article 144-ter decies of the regulations adopted with CONSOB resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, will not be elected, and if elected will be debarred from office.

Only those holding voting rights who, alone or together with others, are owners of shares with voting rights accounting for at least 2.5% of capital with voting rights in the Shareholders' Meeting, may submit lists.

Each holder of voting rights, as well as shareholders who are part of a group pursuant to Article 2359 of the Italian Civil Code, or shareholders who enter into a shareholders' agreement relating to the Company's shares, cannot submit – not even by proxy or through a trust company – more than one list, and cannot vote for several lists.

Each candidate may be presented in only one list, failing which he/she will be disqualified.

The lists of candidates must be filed with the company's registered office by means of certified email at the address sabaf@legal.sabaf.it no later than the twenty-fifth day prior to the date of the ordinary Shareholders' Meeting (and therefore no later than 11 April 2021), or at the company's registered office (in this latter case, given the actual health emergency and provided that the deadline is a public holiday it is suggested to contact the Company at the following addresses gianluca.beschi@sabaf.it - +390306843001 in order to arrange the access), and will be made available to the public by the Company at the company's registered office and on the Company's website, and in compliance with the other procedures established by CONSOB regulation, at least 21 days prior to the date of the ordinary

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Shareholders' Meeting (15 April 2021). Pursuant to Article 144-sexies, paragraph 5 of the regulation adopted with CONSOB resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, if, no later than the twenty-fifth day prior to the date of the ordinary Shareholders' Meeting called upon to appoint the Statutory Auditors (and therefore no later than 11 April 2021), only a single list has been submitted, or only lists that are connected to one another pursuant to current regulations, additional lists may be submitted up to the third day following said deadline (therefore, no later than 14 April 2021). In this case, the minimum shareholding required to submit a list is reduced to 1.25% of ordinary shares.

When filed, 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;
- 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 a declaration by the candidates that they meet the requirements laid down by law, and accept the nomination.

Each list that has a number of candidates equal to or greater than three must have a number of candidates belonging to the less represented gender in order to ensure that the new Board of Statutory Auditors is composed of at least two-fifths of members of the less represented gender, rounded down to the lower unit in the event of a fraction.

The certification issued by authorised financial intermediaries attesting to ownership of the number of shares needed to submit the lists may also be produced after filing, by the deadline established for the Company to publish the lists (14 April 2021).

The submitted lists will be numbered in ascending order, depending on the date of filing with the Company.

Lists submitted without complying with the provisions of Article 12 of the Articles of Association will be considered as not submitted.

Shareholders who intend to submit lists for the appointment of members of the Board of Statutory Auditors are invited to read the recommendations contained in Consob Communication no. DEM/9017893 of 26 February 2009 and the contents of the Explanatory Report prepared on the item on the agenda.

The Statutory Auditors are elected as follows:

- 1) two standing auditors and one alternate auditor will be taken from the list obtaining the absolute highest number of votes at the Shareholders' Meeting, in the ascending order in which they are listed in the sections of the list;
- 2) the remaining Standing Auditor and the other Alternate Auditor will be taken from the list obtaining the highest number of votes, from among the lists submitted and voted by shareholders who are not connected, directly or indirectly, to major shareholders pursuant to the applicable regulations, in the ascending order with which they are listed on the same list.

In the event of a tie between two or more lists, the oldest candidates will be elected Statutory Auditors until all posts have been assigned.

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In the case where the minimum necessary number of standing or alternate Statutory Auditors belonging to the less represented gender is not elected, the last candidate elected of the more represented gender on the majority list is replaced with the next candidate of the less represented gender belonging to the same list.

If it is not possible to make all or part of the appointments according to the above procedure, the ordinary Shareholders' Meeting decides on the basis of relative majority.

5.2 Appointment of the Chairman of the Board of Statutory Auditors

Pursuant to current regulations and the Articles of Association, the Chairman of the Board of Statutory Auditors is the Standing Auditor taken from the list that has obtained the highest number of votes among those submitted and voted on by holders of voting rights not connected, directly or indirectly, in accordance with the applicable regulations, with holders of voting rights or majority shareholders pursuant to the applicable regulations.

5.3 Determination of the annual remuneration

Pursuant to Article 2402 of the Italian Civil Code, at the time of appointment of the Board of Statutory Auditors, the ordinary Shareholders' Meeting determines the annual remuneration paid to the Standing Auditors for the entire period of their term of office.

The outgoing Board of Directors, having obtained the opinion of the Remuneration and Nomination Committee, resolved to propose to the Shareholders' Meeting that the Board of Statutory Auditors receive a gross annual remuneration of €77,000 (seventy-seven thousand), of which €33,000 (thirty-three thousand) for the Chairman and €22,000 (twenty-two thousand) for each of the other two Statutory Auditors.

In consideration of the provisions of Article 125-bis of Italian Legislative Decree no. 58/1998, with regard to the need to make resolution proposals available, the following are the resolution proposals with regard to the fourth item on the agenda of the ordinary Shareholders' Meeting.

Dear Shareholders,

All this being stated, having taken note of the provisions of the Articles of Association concerning the composition and methods of appointment of the Board of Statutory Auditors, you are asked:

- to appoint the standing and alternate members of the Board of Statutory Auditors, expressing your preference for one of the lists filed at the company's registered office;
- to appoint the Chairman of the Board of Statutory Auditors, if only one list has been submitted, or no list has been submitted;
- to determine the annual gross remuneration for the members of the Board of Statutory Auditors at €77,000 (seventy-seven thousand), of which €33,000 (thirty-three thousand) for the Chairman and €22,000 (twenty-two thousand) for each of the other two Statutory Auditors.

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

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Item 6 on the agenda

Authorisation to renew an insurance policy in favour of the Company's directors, statutory auditors and managers for 2021-2023

Dear Shareholders,

We remind you that by a resolution passed on 8 May 2018, the Ordinary Shareholders' Meeting authorised the Board of Directors to renew an insurance policy for the period from 2018 to 2020 in favour of the Company's Directors, Statutory Auditors, and Managers.

Therefore, the Company has maintained for the entire period of the expiring term of office an annual insurance coverage aimed at indemnifying each Company Director, Statutory Auditor, and Manager against the amount they are required to pay, as liable parties, for financial losses arising from any claim for compensation made for the first time by third parties for any real or alleged unlawful act committed by the insured, also in the case of gross negligence, in the discharge of the duties of Company Director, Statutory Auditor, and Manager, following violations of obligations derived from law, the memorandum of association and the Articles of Association, with the sole exclusion of wilful act.

The Board of Directors proposes to take out a similar insurance policy for the next three years as well, with an annual cost of up to €20,000 and an aggregate amount insured not lower than €10 million.

Dear Shareholders,

In view of the above, we ask you to pass the following resolution:

"The ordinary Shareholders' Meeting, having taken note of the advisability of the Company renewing an insurance policy in favour of the Directors, Statutory Auditors and Managers, a liability insurance policy deriving from any unlawful act (real or alleged), committed by them in the discharge of the respective duties, following violations of obligations derived from law, the memorandum of association and the Articles of Association, with the sole exclusion of wilful act, for an amount insured of €10 million.

resolved

to authorise the Board of Directors to renew, for the period from 2021 to 2023, an annual insurance coverage aimed at indemnifying Directors, Statutory Auditors, and Managers against the amount they are required to pay, as liable parties, for financial losses arising from any claim for compensation made for the first time by third parties for any unlawful act, that has an aggregate amount insured of no less than €10 million, and a maximum yearly cost not to exceed €20,000."

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

Item 7 on the agenda

Authorisation for the purchase and disposal of treasury shares subject to revocation of the resolution of 4 May 2020 for the non-executed part; Related and consequent resolutions.

Dear Shareholders,

On the occasion of this ordinary Shareholders' Meeting, we deem it appropriate to submit to your attention the proposal of authorisation for the purchase and disposal, by the Company, of treasury shares, under the terms and following the procedures indicated hereunder.

A. Reasons why the authorisation for the purchase and disposal of treasury shares is requested

The reasons leading the Board of Directors to submit to the ordinary Shareholders' Meeting its request for authorisation to carry out operations of purchase of treasury shares and disposal thereof are set out hereunder:

- I dispose of treasury shares to be destined to serve the stock incentive plans reserved for directors and/or employees of the Company or subsidiaries and, in particular, the stock grant plan submitted for the approval of the Shareholders' Meeting under item 8 on the agenda;
- II use, in line with the Company's strategic lines, the treasury shares as part of operations related to industrial projects and agreements with strategic partners, or as part of investment operations, also through exchange, conferral, transfer, or other acts of disposal of the treasury shares for the acquisition of stakes or shareholding packages, or other operations of extraordinary finance that involve assigning or disposing of treasury shares;
- III offer shareholders an additional instrument to monetise their investment;
- IV carry out activities in support of market liquidity.

B. Maximum number, category and nominal value of shares to which the authorisation refers

As of the date hereof, the Company's share capital equals €11,533,450.00, and is represented by 11,533,450 ordinary shares of a nominal value of €1.00 each.

The maximum number of treasury shares for which the purchase is proposed, within the limits of the profits that can be distributed and the available reserves based on the latest, duly approved financial statements, is 1,153,345, which is to say the different number that represents, from time to time, the maximum limit of 10% of the share capital, in the event of a resolution to increase and/or reduce the share capital during the authorisation period as per point D below.

The request for authorisation regards the power of the Board of Directors to carry out repeated and successive operations of purchase and sale, or of other acts of disposal (including assignment, free of charge, at the service of the stock incentive plan) of treasury shares on a revolving basis, also for fractions of the maximum authorised amount, in such an amount that the treasury shares held by the Company might not at any rate exceed the maximum limit established by law.

C. Additional information of use for assessing compliance with the provision established by Article 2357, paragraph 3, of the Italian Civil Code

For the purposes of assessing compliance with the limits pursuant to Article 2357, paragraph 3 of the Italian Civil Code, it is pointed out that the Company's capital equals €11,533,450.00 and is represented by 11,533,450 ordinary shares of a nominal value of €1.00 each. It is pointed out that at the date hereof, the Company holds 346,748 treasury shares in its portfolio, equal to 3.01% of the share capital.

It is to be borne in mind that, pursuant to Article 2357, paragraph 1 of the Italian Civil Code, the purchase of treasury shares is permitted within the limits of the profits that can be distributed and of the available reserves resulting from the latest, duly approved financial statements.

The Company's financial statements at 31 December 2019, duly approved by the Shareholders' Meeting on 4 May 2020, show that the Company has available reserves totalling €90,595,622, as follows:

- share premium reserve of €10,001,935;

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- revaluation reserve, Italian law no. 413/91 of €42,207;
- revaluation reserve, Italian law no. 342/00 of €1,591,967;
- available retained earnings of €78,959,513.

Moreover, the draft of the Company's financial statements at 31 December 2020, approved by the Board of Directors on 23 March 2021 and to be submitted to the Shareholders' Meeting on 6 May 2021, in a single call, shows that the Company has available reserves totalling €88,420,133, as follows:

- share premium reserve of €10,001,935;
- revaluation reserve, Italian law no. 413/91 of €42,207;
- revaluation reserve, Italian law no. 342/00 of €1,591,967;
- revaluation reserve, Italian law no. 104/2020 of €4,727,313;
- available retained earnings of €72,056,711.

It is specified that the Board is bound to verify compliance with the conditions required by Article 2357 of the Italian Civil Code for the purchase of treasury shares at the moment in which it completes any authorised purchase.

On the occasion of the purchase of shares or their disposal, exchange, conferral, or write-down, the appropriate accounting entries must be done in compliance with the provisions of law and with the applicable accounting standards.

The subsidiaries and their respective board of directors will be given suitable provisions so that they may promptly signal any acquisition of shares done pursuant to Article 2359-*bis* of the Italian Civil Code. .

Pursuant to Article 44-bis of the regulation adopted with Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, it is pointed out that the treasury shares held by the company are excluded from the share capital upon which the relevant stake for the purposes of the obligations deriving from Article 106, paragraphs 1 and 3, letter b) of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, is calculated, except in the case in which the shares have been purchased in execution of a shareholders' meeting resolution that, without prejudice to the provisions of articles 2368 and 2369 of the Italian Civil Code, has also been approved with the favourable vote of the majority of the shareholders present at the shareholders' meeting, other than the shareholder or shareholders that, even jointly, hold the majority stake, or even the relative majority provided that it exceeds 10%. Moreover, pursuant to Article 44-*bis*, paragraph 3 of the aforementioned Consob regulation, it is pointed out that the share capital upon which the relevant stake for the purposes of the obligations derived from Article 106, paragraphs 1 and 3, letter b) of Italian Legislative Decree no. 58 of 24 February 1998 is calculated does not exclude the treasury shares held by the Company to serve the stock incentive plans, reserved for directors and/or employees of the Company or of subsidiaries.

D. Duration for which the authorisation is requested

The authorisation for the purchase of treasury shares is requested for a period of 18 months, starting from the date when the ordinary Shareholders' Meeting adopts the corresponding resolution.

The authorisation to dispose of the treasury shares that may be purchased, and/or of those already in the portfolio, is requested without time limits.

E. Minimum payment and maximum payment

The Board of Directors proposes that the unit payment for the purchase of the treasury shares, including the accessory purchase charges, not exceed 10% of the average of the official prices recorded on the screen-based market in the five sessions prior to the purchase, in compliance at any rate with the terms and conditions established by Delegated Regulation (EU) no. 1052 of 8 March 2016 and by the practices admitted and recognised by Consob pursuant to Article 13 of Regulation (EU) no. 596 of 16 April 2014 and Article 180, paragraph 1, letter c) of Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented with resolution no. 16839 of 19 March 2009 ("**Admitted Practices**"), where applicable.

The Board of Directors also proposes to be authorised to dispose of and/or use, on any grounds and at any time, in whole or in part, in one or more operations, the purchased treasury shares (even already in

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the portfolio), for the purposes indicated herein, in accordance with the procedures, terms and conditions determined from time to time by the Board of Directors, in compliance with the terms, conditions and requirements established by the applicable regulations and by the Admitted Practices.

F. Procedures through which the purchases and acts of disposal will be carried out

The treasury share purchase operations will start and end by the times established by the Board of Directors after any authorisation by this ordinary Shareholders' Meeting.

The purchase of treasury shares will be carried out, in one or more operations, on a revolving basis, through purchase on regulated markets, in accordance with operating procedures that do not permit the direct matching of offers to buy with offers to sell, in compliance with the laws and regulations from time to time in force, and in particular pursuant to Article 132 of Italian Legislative Decree no. 58 of 24 February 1998, and Article 144-bis, first paragraph, letter b) of the Issuers' Regulations.

The purchase of treasury shares may take place by procedures other than those indicated above, where permitted by Article 132, paragraph 3, of Italian Legislative Decree no. 58 of 24 February 1998, or by other provisions applicable from time to time at the moment of the operation.

As concerns the operations to dispose of the shares, the Board of Directors proposes that, in compliance with the applicable regulations and with market practice, the authorisation might permit the adoption of any procedure that is appropriate to correspond with the pursued purposes – including the use of the treasury shares at the service of the stock incentive plan –, and in particular that the disposal of the shares might take place, in one or more operations, even prior to having finished the purchases. Given the effects on the float that may derive from the performance of treasury share purchase and sale operations, the Board of Directors proposes that the authorisation provide for the obligation for the Board of Directors to carry out operations for the purchase and sale of the Company's shares in accordance with procedures and times that are such as not to impair the Company's maintenance of the maximum float required for STAR qualification.

G. Additional information, where the purchase operation is instrumental to the reduction in share capital through the cancellation of purchased treasury shares

It is specified that the request for authorisation for the purchase of treasury shares is not, in the present state of affairs, subordinated to operations reducing the share capital through cancellation of the purchased treasury shares.

Dear Shareholders,

For the reasons set out above, we therefore ask you to approve what was proposed by the Board of Directors with reference to the item on the agenda, and consequently to make the following resolution:

"The ordinary Shareholders' Meeting of Sabaf S.p.A., based on the report of the Board of Directors, considering articles 2357 and following of the Italian Civil Code, Article 132 of Italian Legislative Decree no. 58 of 24 February 1998, and the current regulations issued by Consob

resolved

1. to revoke, for the part not yet carried out, the resolution for the purchase and sale of treasury shares made during the ordinary Shareholders' Meeting of 4 May 2020;

2. to authorise, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more operations, of a maximum number, on a revolving basis (with this to be understood as the maximum amount of treasury shares from time to time held in the portfolio), of 1,153,345 ordinary shares, or such different maximum number as will represent 10% of the share capital in the event of resolutions and implementation of increases and/or reductions in the share capital during the period of the authorisation, taking account of the shares that may from time to time be held by the Company's subsidiaries, and at any rate in compliance with the limits of law, for the pursuit of the purposes better described in the Board of Directors Report and under the following terms and conditions:

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- the shares may be purchased until the expiry of the eighteenth month starting from the date of this resolution;
 - the purchase may be carried out through purchase on regulated markets in accordance with operating methods that do not permit the direct matching of offers to buy with offers to sell, in compliance with the laws and regulations from time to time in force, and in particular pursuant to Article 132 of Italian Legislative Decree no. 58 of 24 February 1998, and Article 144-bis, first paragraph, letter b) of the Issuers' Regulations, or by other procedures, where permitted by Article 132, paragraph 3, of Italian Legislative Decree no. 58 of 24 February 1998, or by other provisions applicable from time to time at the moment of the operation;
 - the unit payment for the purchase of shares may not exceed 10% of the average of the official prices recorded on the screen-based market in the five sessions prior to each individual purchase operation, in compliance at any rate with the terms and conditions established by Delegated Regulation (EU) no. 1052 of 8 March 2016 and by the Admitted Practices, where applicable;
 - the operations for the purchase and sale of the Company's shares must be carried out by the Board of Directors with procedures and times that are such as not to impair the Company's maintenance of the maximum float required for STAR qualification;
3. to authorise, pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code, the completion of acts of disposal, in one or more operations, on the purchased treasury shares, even if already held in the portfolio, in compliance with the laws and regulations from time to time in force, for the pursuit of the purposes as per the Board of Directors report to the shareholders, and under the following terms:
- the treasury shares held from time to time may be disposed of or otherwise transferred at any time, and with no time limits;
 - the disposal operations may also be carried out before having completed the purchases, and may take place in one or more operations on the market, also in fulfilment of the provisions of the stock incentive plans in favour of the directors and/or employees of the Company or subsidiaries, in accordance with any procedure permitted by the regulations in force, at the discretion of the Board of Directors;
 - the criteria, procedures, terms and conditions for employment of the treasury shares in the portfolio that are appropriate for corresponding to the pursued purposes may be established by the Board of Directors in compliance with the terms, conditions and requirements established by the applicable regulations and by the Admitted Practices;
4. to grant the Board of Directors, with express power of delegation to one or more of its members, all the broadest powers necessary and appropriate for implementing this resolution, also approving any and every executive order related to the programme for the purchase and sale of treasury shares."

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri

Item 8 on the agenda

Remuneration plan based on financial instruments in favour of directors and employees of the Company and its subsidiaries; Resolution pursuant to Article 114-*bis* of Italian Legislative Decree 58/1998; Granting of proxies to the Board of Directors

Dear Shareholders,

The Shareholders' Meeting of 4 May 2018 approved a stock grant plan for directors and managers of the Company and its associated companies, linked to the achievement of certain business and individual targets over the three-year period from 2018 to 2020.

On the occasion of today's ordinary Shareholders' Meeting, we deem it appropriate to submit to your attention the proposals for approving a new stock grant plan in favour of directors and employees of the Company and of subsidiaries (the "**Plan**"), related to the achievement of financial and non-financial targets in the three-year period from 2021 to 2023, as well as for vesting the Board of Directors with the powers needed to manage, administer and review the Plan.

Should the Plan be approved by the ordinary Shareholders' Meeting, the detailed definition of the terms and conditions will be made in a regulation for this purpose (the "**Regulation**"), which will be approved by the Board of Directors.

For a detailed description of the contents of the Plan, prepared pursuant to Article 114-*bis* of Italian Legislative Decree no. 58/98, please refer to the information document prepared pursuant to Article 84-*bis* of the regulation adopted by Consob with resolution no. 11971 of 14 May 1999 (the "**Information Document**"), as subsequently amended, which is made available to the public along with this report.

The following is a brief overview of the information provided for by Article 114-*bis*, paragraph 1, of Italian Legislative Decree no. 58/98, letters, a) to f).

*

a) Reasons for adopting the Plan

The Plan aims to promote and pursue, above all, the following targets:

- (i) involving and incentivising the beneficiaries whose activity is deemed important for the implementation of the contents and the achievement of the targets pursuant to the business plan, approved by the Board of Directors on 23 March 2021 (the "**Business Plan**");
- (ii) fostering loyalty development and motivation of managers, increasing their entrepreneurial approach.

The adoption of the Plan also aims to align the interests of the management and those of the shareholders of the Company more closely, ultimately promoting the sustainable success of the Company and the Group and achieving certain levels of growth and development at the end of the 2023 financial year.

*

b) Beneficiaries of the Plan

The beneficiaries are identified in the Plan or will be identified by the Board of Directors among the members of the Board of Directors and/or among the managers who hold or will hold key positions in the implementation of the Business Plan.

In the case of the Chief Executive Officer and/or Executives with strategic responsibilities, the identification will be made on the suggestion of the Remuneration and Nomination Committee. In the cases envisaged by Article 2389, paragraph 3 of the Italian Civil Code, the opinion of the Board of Statutory Auditors will be obtained.

On the date of the preparation of this report, note that the already identified beneficiaries of the Plan include only the Chief Executive Officer for the three-year period from 2021 to 2023, and the manager who holds the position of CFO of the Company, who also holds the position of director of the Company.

*

c) The procedures and clauses for implementing the plan, specifying whether its implementation is

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subordinated to the occurrence of conditions and, in particular, to the achievement of given results

If the Shareholders' Meeting authorises the Plan, the Board of Directors will normally assign the share options – up to a total of 260,000 (two hundred sixty thousand) options – by 30 June 2021. If there are unallocated share options remaining within the limit of 34,000 (thirty-four thousand) options out of a total of 260,000 (two hundred and sixty thousand) options indicated in the Information Document, the Plan provides the right to assign the remaining unallocated options by the deadline of 30 June 2022.

There will be a vesting period - between the date of assignment of the options and the date of the possible allocation of the shares - at the end of which - if the conditions set out in the Plan are met - the shares will be allocated.

More specifically, the allocation of shares will take place after the approval of the financial statements for the year 2023 and within 7 days of such approval.

The free allocation of Sabaf S.p.A. shares is conditional on:

- (i) the achievement, in whole or in part, on a progressive basis, of financial and non-financial performance targets.

The financial performance targets with an overall weight of 75% will be related to the EBITDA indicators with a weight of 40%, and ROI (an indicator measuring the profitability of the Group's ordinary operations in relation to invested capital) with a weight of 35%.

The non-financial targets are aimed at promoting the social and environmental sustainability of the Group's activities and will have an overall weight of 25%. These will be of three types: a first target with a weight of 5% measured in average hours of training per capita at Group level according to the Business Plan forecasts; a second target with a weighting of 5% measured on the injury rate at Group level in relation to hours worked, again in relation to the forecasts of the Business Plan; a third target with a weight of 15% measured on the rate of CO2 emissions within the Group's industrial activity, in relation to the Group's turnover, again in relation to the forecasts of the Business Plan.

The specific performance targets will be concretely determined by the Board of Directors with regard to reference periods of annual duration (coinciding with the financial years 2021, 2022 and 2023 except for any share options assigned in the period between 1 July 2021 and 30 June 2022, with respect to which the reference periods will coincide with the 2022 and 2023 financial years);

- (ii) the circumstance that the relationship with the beneficiary is in place at the date of approval of the financial statements for the year 2023.

The detail of performance targets will be made known to each beneficiary in a letter of assignment, which must be signed by said beneficiary for acceptance by no later than 10 days after it is received, under penalty of loss of effectiveness thereof, and therefore of the beneficiary's exclusion from participation in the Plan.

The delivery (payment) to the beneficiaries of the allocated shares will take place within 10 days from the date of allocation, as specified above.

The Plan's conditions will be analytically governed in the Regulations.

d) Support, where applicable, for the plan by the special Fund for the encouragement of worker participation in companies, pursuant to article 4, paragraph 112, of Italian law no. 350 of 24 December 2003.

The plan receives no support from the special Fund for the encouragement of worker participation in companies, pursuant to article 4, paragraph 112, of Italian law no. 350 of 24 December 2003.

*

e) Procedure for determining prices or criteria for determining the prices for the subscription or purchase of shares.

The shares are allocated free of charge.

*

f) Availability restrictions on shares or share options assigned, with particular reference to the deadlines by which the subsequent transfer to the company or third parties is permitted or forbidden.

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If shares are allocated, the Plan envisages a lock-up period for each beneficiary for a total of 40% of the allocated shares. For shares related to options assigned before 30 June 2021, the lock-up period will be two years, for each beneficiary, with reference to a number of shares equal to 20% of those allocated; and one year, for each beneficiary, with reference to a number of additional shares equal to 20% of those allocated. For shares related to any remaining options assigned in the period between 1 July 2021 and 30 June 2022, the lock-up period will be two years, with reference to the entire 40% of the allocated shares. During the lock-up period, the shares will be subject to inalienability restriction except as authorised by the Board of Directors.

Dear Shareholders,

For the reasons set out above, we therefore ask you to approve what was proposed by the Board of Directors with reference to the item on the agenda, and consequently to pass the following resolution:

“The ordinary Shareholders’ Meeting of Sabaf S.p.A., based on the report by the Board of Directors, having examined the Information Document prepared pursuant to Article 84-bis of the regulations adopted by Consob with resolution no. 11971 of 14 May 1999, as subsequently amended,

resolved

- to approve the Plan for the free allocation of shares, up to a total of 260,000 (two hundred and sixty thousand) shares, to directors and managers of the Company and its subsidiaries as indicated in the Information Document prepared pursuant to Article 84-bis of the regulations adopted by Consob with resolution no. 11971 of 14 May 1999;

- to grant the Board of Directors – with sub-delegation powers and having heard, to the extent necessary, the opinion of the Remuneration and Nomination Committee – all the broadest powers to execute the Plan, and in particular:

- (i) identify by name the beneficiaries, if not already identified;*
- (ii) determine the number of share options to be assigned to each beneficiary, if this has not already been determined;*
- (iii) assign share options;*
- (iv) set performance targets on which the allocation of shares is conditional and check their achievement;*
- (v) approve the allocation of shares;*
- (vi) prepare and approve the documents related to the implementation of the Plan, including the Regulations, as well as carry out any obligation, formality or communication that is necessary or appropriate for the purposes of the management and/or implementation of the Plan, in compliance with the terms and conditions described in the Information Document;*
- (vii) amend the Plan as set out in the Information Document”.*

Ospitaletto, 23 March 2021

For the Board of Directors
The Chairman
Giuseppe Saleri