



ANTI-CORRUPTION POLICY

Approved by Sabaf Board of Directors on 12 February 2019

FOREWORD

Sabaf is highly committed in carrying out fair, honest and ethical business worldwide, in compliance with applicable laws and regulations wherever the Group operates.

Business ethical conduct brings various benefits - such as improving reputational image, enhancing value proposition to the market and strengthening business partners' confidence.

This Group Anti-Corruption Policy supplies a helpful tool in carrying out daily activities ethically, ensuring value creation and protecting those core values on which Group's activities are founded.

Sabaf has ZERO TOLERANCE FOR CORRUPTION: such statement applies both to public and to private sectors.

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INTRODUCTION AND PURPOSE OF THE DOCUMENT

1. WHY A GROUP ANTI-CORRUPTION POLICY

Sabaf is an international Organization that operates in different institutional, economic, political, social and cultural settings, which are continuously and rapidly evolving. Global presence leads to great challenges and key responsibilities, including the ability to **abide by all applicable laws, regulations and social responsibilities** in the many jurisdictions in which the Group operates.

For this reason, Sabaf has adopted the **Charter of Values**, written according to the legislation, guidelines and writings existing both in Italy and globally on the subject of human rights, corporate social responsibility and corporate governance. The Group Charter of Values is the tool of governance with which Sabaf Group lays down its **values, principles of conduct** and **commitments** to its stakeholders.

Current trends show that regulatory and social environments around the world are more and more focused on specific anti-bribery or anti-corruption legislations¹; Sabaf promotes the **prevention of corruption practices** as one of its guiding principle, willing to strengthening the battle against corruption, a phenomenon that could lead to both **ethical and business damages**. From an ethical point of view, corruption harms the integrity of all those involved and undermines the basics of the organizations to which they belong. From a business point of view, corruption leads to sub-optimal outcomes for companies, legal risks, reputation disruption and financial costs, including fines.

2. ANTI-CORRUPTION POLICY PURPOSE

The introduction of this Anti-Corruption Policy is a further confirmation of the **Group's commitment to combating illegal conducts** and, in synergy with the existing rules, it ensures the achievement of this purpose.

The provisions and guidelines contained in this Policy are inspired by Group culture and the behavioral principles set out in the Charter of Values and have been developed analyzing the potential activities that can expose the Group to the risk of corruption. They promote the **highest standards in all business dealings**, conducting activities with **loyalty, fairness, transparency, honesty** and **integrity** and provide specific rules for preventing, detecting and managing corruption risks within the Group's sphere of influence.

¹ According to Transparency International (<https://www.transparency.org>), **Bribery** is defined as “*the offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust*”, while **Corruption** is “*the abuse of entrusted power for private gain*”.

For the sake of simplicity, only the term “Corruption” will be used hereinafter to indicate both phenomena.

3. ANTI-CORRUPTION POLICY RECIPIENTS

This Anti-Corruption Policy **applies globally to Sabaf S.p.A., Group Subsidiaries and all their personnel**, which include directors, officers, managers, employees, workers, and all other individuals who act in name and/or on behalf of Sabaf Group Companies, in every country in which the Group operates (“**Recipients**”).

Sabaf guarantees that, under any circumstance, personnel will not be subjected to termination, demotion, suspension, threat, mobbing or discrimination in the workplace for refusing to put in place a prohibited conduct, even if such refusal results in a loss of business or other adverse consequence to the business.

4. POLICY STATEMENT

Even if anti-corruption laws and regulations may vary from Country to Country, they generally forbid corruption, which is considered as payments and provisions of any kind of benefit to persons operating in private or public sector in order to secure illicit advantages.

Breaches of law by individuals connected to an organization **may entail significant negative consequences and reputational damages**, as anti-corruption laws and regulations may provide for the imposition of hefty administrative fines, exclusion of the company from negotiation with public administrations, mandatory dissolution, temporary or permanent suspension of activities, as well as plant closings among other negative consequences.

Therefore, in accordance with the Charter of Values statements and national and international anti-corruption laws and regulations, **Sabaf Group prohibits corruption under any circumstance.**

PRINCIPLES AND RULES

In relation to current or potential Sabaf Group business and to all its areas of interest, **Recipients must comply with:**

- applicable anti-corruption laws and regulations,
- the provisions of Sabaf Charter of Values,
- the provisions of the Models of Organization, Management and Control (adopted by Sabaf SpA and Faringosi Hinges srl) pursuant to the Italian Legislative Decree 231/2001,
- the internal procedures and rules established by each Sabaf company.

To complete such framework and ensure compliance with this Policy, Sabaf has developed **a set of principles and rules** that all Recipients have to comply with in their daily business activities.

5. GENERAL PRINCIPLES

FORBIDDEN CONDUCTS

In relation to the Group's current or potential business and for any of its areas of interest, **it is strictly forbidden to:**

- offer, promise, give, pay, authorize a third party to give or pay, directly or indirectly, undue benefits or advantages of any value or other compensation to a third public or private party as an incentive or reward to act or refrain from acting in relation to its duties (*Active Corruption*);
- accept or solicit, or authorize a third party to accept or solicit, directly or indirectly undue benefits and advantages of any value or other compensation by a third public or private party as an incentive or reward to act or refrain from acting in relation to its duties (*Passive Corruption*).

The above **prohibitions are not limited to cash payments** and include for the purpose to bribe: gifts, hospitality and public relations expenses, sponsorships, non-profit initiatives and personnel selection and recruitment.

Facilitation payments (i.e. payments in favor of Public Officials aimed at expediting, supporting or securing the realization of a routine activity) **are also forbidden**.

In addition, **any questionable or illegal practice will not be justified or tolerated because it is "customary"** in the industrial sector or in the countries where Sabaf Group operates, nor the conviction of acting for the benefit of the Group can validate in any way the adoption of conduct that goes against ethic principles.

KEY PRINCIPLES OF CONDUCT

As a general principle, in order to prevent and monitor breaches in applicable anti-corruption laws and regulations, Sabaf requires all Recipients, whenever possible and applicable, to:

1. **Adhere to the segregation of duties principles:** the party in charge of performing an operational activity must be different from the party that controls and authorizes such activity or transaction; assigning responsibility of completing one task/activity to a unique process owner shall be avoided.
2. **Comply with the signatory powers:** signatory powers must be adequately formalized, clearly defined and be attributed consistently with the specific organizational and management responsibilities assigned and exercised in accordance with the value and scope limits defined.
3. **Ensure impartiality and absence of conflicts of interest:** it is mandatory to operate with professionalism, transparency, and impartiality. Any situation that might give rise to a conflict of interest must be avoided and reported promptly. To prevent similar situations to occur, it is forbidden whilst carrying out duties for Sabaf Group, to enter into economic relationships, either personally or through immediate family members, which would be in conflict with the interests of the Group.
4. **Ensure Clarity and simplicity:** duties and responsibilities of all those involved in the Group processes, including activities and controls, must be clearly and simply defined.
5. **“Know your partner”:** all process owners must implement, within the scope of their duties and responsibilities and in accordance with reasonableness and proportionality criteria, proper procedures to check the reliability, reputation and adequacy of any third party with whom the Group is considering the establishment of a professional and business relationship.
6. **Guarantee the formalization and traceability of the decision making process:** all the activities carried out and the relevant controls performed must be traceable and auditable *ex post*. The documentation produced must be filed properly and be easily retrievable.

6. PRINCIPLES OF CONDUCT IN KEY SENSITIVE AREAS

The following areas have been assessed as potentially exposed to corruption risks, based on Sabaf activities, as well as on international best practices:

- 1) Relations with Public Institutions Representatives
- 2) Business relationships with Intermediaries and Agents
- 3) Business relations with Clients, Suppliers and other third parties
- 4) Relationships with political and trade union organizations
- 5) Human Resources management
- 6) Managing gifts, entertainment expenses, free of charge utilities, donations and sponsorships
- 7) Accounting and Financial procedures and controls.

6.1. RELATIONS WITH PUBLIC INSTITUTIONS REPRESENTATIVES

WHY YOU SHOULD TAKE CARE - Sabaf may interact with different public authorities' and governmental bodies' representatives for obtaining authorizations, licenses and permits, upon inspections / requests for information by Public Authorities and Customs, etc.

Relationships with Public Institutions representatives could lead to a potential risk, as the Company may promise or offer money or other benefits to public officials in order to influence their behavior and decisions (e.g. with regard to the results of an in-progress investigation).

GUIDING PRINCIPLE(S) - All relationships with public authorities and governmental bodies must be based on correctness, transparency and traceability and may be held only by authorised Group managers or individuals who act in name and/or on behalf of Sabaf Group. The Group does not improperly influence independent judgment and objectivity of public officials in order to obtain or favor any kind of undue benefit.

DOs & DON'Ts - In managing relations with Public Institutions Representatives ...

... **It is mandatory** to avoid any kind of relationship with Public Institutions Representatives that may be perceived as ambiguous or inappropriate to an impartial external third.

... **It is mandatory** to keep track of all relations with Public Institutions Representatives, ensuring full traceability.

... **It is forbidden** to try to influence the independent judgment and objectivity of representatives of public authorities and governmental bodies in order to obtain any kind of advantage or undue benefit. Payments and any other provision (including gifts and hospitalities) aimed at influencing the behaviour or judgment of public officials are thus forbidden.

... **It is forbidden** to agree to any kind of request for bribes made by Public Institutions Representatives.

6.2. BUSINESS RELATIONSHIPS WITH INTERMEDIARIES AND AGENTS

WHY YOU SHOULD TAKE CARE - Sabaf operates in different markets with various business models. In some markets, the Group uses Agents to support business and sales activities. Due to the contractual bond and specificity, Agents represent the Group and act on its behalf. For this reason, any illicit conduct (e.g. in order to influence government action) could directly affect Sabaf. Actually, anti-corruption laws and regulations do not always differentiate between acts made by companies or by someone acting on their behalf.

GUIDING PRINCIPLE(S) - The Group shall only deal with intermediaries and agents who apply the same standards of business conduct as the Group does itself. Business relations have to be formalized in written contracts, to be signed according to Powers of Attorney; all relations have to be managed according to transparency, integrity and fairness principles. Business activities performed by agents and intermediaries on Sabaf behalf shall be traceable.

DOs & DON'Ts - In managing relations with intermediaries and sales agents ...

.... Prior to start a business relation with a new agent, **it is mandatory** to require a self-declaration to be filled in and signed by the counterparty, containing minimum information (such as legal proceeding, ownership), aimed at having a better understanding of the intermediary and highlighting potential corruption risks.

... **It is mandatory** to include reference to Sabaf Charter of Values and to Anti-Corruption Policy in the agreements with agents and intermediaries. Such agreements have to include full detail of intermediary fees that must be fair and aligned with market values.

... **It is mandatory** to pay expense reimbursement only when it is foreseen by the agreement and when adequate receipts support the request of the agent.

... **It is forbidden** to select agents and intermediaries that are Sabaf's related parties or imposed by a client (actual or prospect).

... **It is forbidden** to use payment methods other than bank transfer; different payment methods can be exceptionally allowed only upon prior written approval of Group CFO.

6.3. BUSINESS RELATIONS WITH CLIENTS, SUPPLIERS AND OTHER THIRD PARTIES

WHY YOU SHOULD TAKE CARE - It is critical to remember that, under anti-corruption laws and regulations, clients and suppliers should not be asked to do anything that the Group is prohibited from doing itself as Sabaf may be held liable for clients' or suppliers' illicit acts whether committed on behalf of Sabaf or for Sabaf's benefit.

GUIDING PRINCIPLE(S) - Sabaf establishes business relationships only with clients, suppliers and third parties that fulfil the Group's principles of correctness, fairness, integrity, loyalty and professional uprightness. All Group companies shall manage relationships with third parties in a correct, transparent, fair and cooperative way. Relations shall always be formalized in written contracts / orders, to be authorized and signed-off in accordance with Powers of Attorney.

DOs & DON'Ts - In managing relations with clients and suppliers ...

... **It is mandatory** to perform a preliminary screening of potential counterparties, in order to investigate their backgrounds and to verify compliance with ethical principles.

... **It is mandatory** to base suppliers' selection process on objective methods that take under consideration the level of quality, innovation, costs and services offered, as well as their social and environmental performance and the values outlined by Sabaf Charter of Value.

... **It is mandatory** to trace the decisions made during suppliers' selection process and it is suggested to compare at least two different offers, before selecting a new supplier.

... **It is mandatory** to include reference to Sabaf Charter of Values in the agreements with third parties, which ensure the counterparty's commitment to anti-corruption.

... **It is mandatory** to approve and execute payments only if the service has been duly rendered or goods have been duly delivered in accordance with the terms of the agreement and upon receipt of proper invoices, approved in accordance with the Delegation of Authority.

... **It is forbidden** to accept or to offer money, benefits and free of charge advantages to influence others' behaviour and obtain undue benefits or preferential treatments.

6.4. RELATIONS WITH POLITICAL AND TRADE UNION ORGANIZATIONS

WHY YOU SHOULD TAKE CARE - As a general rule, Sabaf does not allow direct or indirect financing to political parties and trade unions as it may be considered as an improper way to obtain an undue benefit

(e.g. obtain permits and licenses or formalize agreements favorable to the business). Financing refers to contributions of anything of value to support political parties and trade unions' goals. Examples include local, regional or national political fundraising events, providing goods or services or paying for campaign expenses. Please consider that contributions to industry associations or fees for memberships in organizations that serve business interests are not to be considered as political contributions.

GUIDING PRINCIPLE(S) - The Group may have relationships with political parties and trade unions that should always be fairly and transparently managed. The Group does not provide contributions of any kind, directly or indirectly, to political parties, movements, committees or political and trade union organizations, or to their representatives or candidates, either in Italy or abroad. Sabaf does not sponsor any event whose exclusive purpose is political propaganda.

DOs & DON'Ts - In managing this kind of relations ...

... **It is mandatory** to conduct any relations with political parties, representatives, candidates and trade union organizations with the highest level of transparency and fairness, in strict compliance with applicable laws and regulations, and the rules of the Charter of Values.

... **It is forbidden** to provide contributions of any kind, directly or indirectly, to political parties, movements, committees or political and trade union organizations, or to their representatives or candidates, in order to obtain any kind of favour or undue benefit.

6.5.HUMAN RESOURCES MANAGEMENT

WHY YOU SHOULD TAKE CARE - Sabaf is committed to valuing the contribution of human capital in decision-making processes, fostering continuous education, professional advancement and the knowledge sharing. However, human resources management may be instrumental to corruption purposes (e.g. if the activity is aimed at corrupting a counterparty through employment or promotion offers).

GUIDING PRINCIPLE(S) - Human resources management processes have to be based on the principles of fairness and impartiality, with respect of the applicable labor laws and regulations. Decisions concerning recruitment, selection processes, career advancement and performance appraisal shall be based on objective and unbiased factors such as performance evaluation, technical professional competences and talent assessment

DOs & DON'Ts - In managing human resources ...

... **It is mandatory** to involve multiple functions / officers / managers in the selection, hiring and evaluation processes, in order to guarantee fairness and transparency. In particular, separation between the person who declares that it is necessary to recruit a member of staff, approves the budget for recruitments and selects and recruits the job candidates

... **It is mandatory** to trace all the process steps; decisions made shall always be formalized in complete and correct documentation.

... **It is mandatory** to perform checks on candidates' previous professional experience and on suitability for the role, in accordance with and as permitted by applicable local laws.

... upon employees' selection, and in accordance with the applicable laws and regulations, **it is mandatory** to verify the existence of any situations and circumstances that might affect the selection

process and its positive outcome (e.g. potential conflicts of interest, kinship with representatives of Public authorities and governmental bodies, criminal sentences, incompatibility, etc.).

... **It is mandatory** to formalize all employment relationships in written form, to be signed by people with adequate Powers of Attorney. The employment contract shall always include reference to Sabaf Group's Charter of Values.

... **It is forbidden** to grant performance bonuses, targets and other incentivizing elements of remuneration without formal approval, in accordance with the Delegation of Authority.

6.6. MANAGING GIFTS, ENTERTAINMENT EXPENSES, FREE OF CHARGE UTILITIES, DONATIONS AND SPONSORSHIPS

WHY YOU SHOULD TAKE CARE - Providing and receiving gifts and free of charge services is often considered as a form of courtesy and is common in many countries. Providing donations and engaging in sponsorship activities can be a form of community commitment.

Anti-Corruption laws and regulations prohibit offering and accepting anything of value, including gifts and free of charge services, in order to obtain undue or improper advantage.

GUIDING PRINCIPLE(S) - Sabaf Group refrains from initiatives not allowed by law or commercial practice. Actions of commercial courtesy are allowed provided that:

- they do not compromise Sabaf integrity and reputation;
- they do not influence the independence of judgment and actions of the third-party;
- they are in line with the industry / country common practice where Sabaf operates.

As gifts and free of charge services should always be received on Company premises, Recipients should never disclose their personal address for this purpose.

Donations are allowed, provided that they do not compromise Group integrity and reputation. Due to that, donations shall never appear to be linked to seeking or obtaining an improper advantage.

DOs & DON'Ts - With regard to gifts, entertainment expenses and free of charge utilities ...

... **It is mandatory** to keep track of all entertainment expenses; they have to be approved in accordance with Delegation of Authority, correctly recorded and the related supporting documentation shall be complete, correct and appropriately filed.

... **It is mandatory** to provide hospitality (transportation, accommodation, meals, entertainment, etc.) for business purposes only, to promote the Group's activities and to develop commercial relationships and partnerships.

... **It is forbidden** to offer or accept cash and gifts that are cash equivalent, even of very small amount.

With regard to donations and sponsorships ...

... **It is mandatory** to conduct a prior ethical screening of "non institutional" recipients for donations (e.g. charity organizations) and for sponsorships, in order to identify possible counterparty risks. The Group shall enter into relationships only with counterparties that have a respectable reputation, which are engaged exclusively in lawful activities, inspired by ethical principles.

... **It is mandatory** to regulate all sponsorships and donations by formal agreements / contracts, to be signed by people with adequate Powers of Attorney.

... **It is forbidden** to provide sponsorships and non-profit initiatives donations to individuals.

6.7. ACCOUNTING AND FINANCIAL PROCEDURES AND CONTROLS

WHY YOU SHOULD TAKE CARE - Accounting and Financial processes are essential to ensure the validity and accuracy of each Company Financial Statements, as well as the Group Consolidated Financial Statements.

GUIDING PRINCIPLE(S) - Every transaction or operation must be authorized, verifiable, lawful, consistent and fair. Furthermore, it must be properly entered in the Group's accounting system, in accordance with the applicable laws, regulations and accounting standards, in order to reflect accurately the facts of each transaction / operation.

DOs & DON'Ts - In managing accounting and financial ...

... **It is mandatory** to enter all costs and charges, revenues and proceeds, receipts, payments and commitments into the accounting system in timely, complete and accurate way

... **It is mandatory** to keep adequate and complete supporting documentation for every transactions in its records, to make it possible to:

- enter the amounts in the books accurately;
- determine the characteristics and the reasons for the transaction;
- easily trace back the transaction;
- check the decision-making, authorisation and implementation process, as well as the identification of the various levels of responsibility.

... **It is mandatory** for all Group directors, officers, managers, employees and workers to give utmost and prompt collaboration to the internal control bodies, the Statutory Auditors and the Supervisory Board who, in the carrying out of their duties, may request information and documentation about the accountability of any Sabaf Group Company.

ENFORCEMENT

7. TRAINING AND AWARENESS

All Sabaf companies shall promote and ensure adequate knowledge of provisions set forth by this Policy.

To this end, Human Resources Department of Sabaf S.p.A. is responsible to coordinate training and awareness programs, to be locally deployed by each Group entity, in order to reinforce the Group compliance culture and, specifically, to enhance the understanding and awareness of the Anti-Corruption Policy.

The Policy shall be made available to all Recipients through the publication on the Group website (www.sabaf.it).

8. AUDIT ACTIVITIES

The Internal Audit Function may conduct periodic auditing activities to verify (i) compliance with Group guidelines (ii) whether measures to prevent corruption risks are adequately designed and work effectively (iii) non-compliance notifications received.

9. HOW TO ADVISE NON-COMPLIANCE

In line with Charter of Value provisions, any stakeholder of Sabaf Group may report a violation of this Policy, by sending a signed and non-anonymous complaint to the Internal Audit Function.

Reports can be:

- sent to Sabaf S.p.A. – Via dei Carpini, 1 – Ospitaletto (BS) - *for the attention of the Internal Audit Function*
- sent by email to the address: internal.audit@sabaf.it.

The Corporate Internal Audit Function acts in such a way as to protect those making reports from any form of reprisal, discrimination or penalization or any consequence resulting from these, keeping their identity confidential, without prejudice to legal obligations and protection of the rights of the Company or of persons wrongly or falsely accused.

10. SANCTIONS

Violations of the Anti-Corruption Policy by Recipients belonging to Sabaf Group will result in the adoption, by the Group Company concerned, of disciplinary measures. If necessary, Sabaf will also fully cooperate with relevant Public Authorities and governmental bodies. Every violation shall be pursued with the application of adequate and proportionate disciplinary measures, taking into account also the criminal relevance of the related conduct.

Violations of the Anti-Corruption Policy by third parties will be examined to evaluate whether it is necessary to adopt appropriate measures, such as unilateral termination of the contract, and will be provided by specific contractual clauses.

11. CONTINUOUS IMPROVEMENT

Sabaf will regularly review this Policy, at least annually, in order to ensure its full effectiveness and make potential improvements, based on the evolution of regulations in the countries in which the Group operates, international best practices, the results of the risk assessment, requests from stakeholders and suggestions from audit activities.

Last update on 4 September 2025