



Related-Party Transactions Procedure

(pursuant to Article 2391-bis of the Italian Civil Code, and to CONSOB (Italian securities & exchange commission) Related-Party Regulation approved with resolution no. 17221 of 12 March 2010 and subsequently amended and supplemented)

Document approved by the Board of Directors of
Sabaf S.p.A.

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1. Foreword and regulatory terms of reference

In order to implement the CONSOB (Italian securities & exchange commission) Regulation comprising “rules for transactions with related parties”, adopted with resolution 17221 of 12 March 2010 and subsequently amended and supplemented (hereinafter also “Regulation”) – as well as to come into line with current international best practices and with the requirements of the Italian Corporate Governance Code (Article 9.C.1) and of the Italian Civil Code (Article 2391-bis) – Sabaf S.p.A. (hereinafter also “Sabaf” or “Company”) has adopted this procedure. The main objective of the procedure is to establish the guidelines and criteria for identifying related-party transactions and spell out roles, responsibilities and operating approaches able to assure, for such transactions, appropriate transparency in terms of disclosure and related procedural and substantive fairness.

2. Definitions

RELATED PARTY

A party is a related party of Sabaf if he/she/it:

- (a) Directly or indirectly, also via subsidiaries, fiduciaries or interposed person:
 - (i) controls Sabaf, is controlled by it, or is under common control with it;
 - (ii) Owns an equity interest in Sabaf such as to be able to exercise significant influence over the latter;
 - (iii) Exercises control of Sabaf jointly with other parties;
- (b) Is an associate company of Sabaf;
- (c) Is a joint venture in which Sabaf is a participant;
- (d) Is one of the managers with strategic responsibilities [i.e. key managers] of Sabaf or of the reference shareholder Giuseppe Saleri S.a.p.A.;
- (e) Is an immediate family member of one of the parties indicated in (a) or (d);
- (f) Is an entity in which one of the parties indicated in (d) or (e) exercises control, joint control or significant influence or holds, directly or indirectly a significant share, in any case not less than 20%, of voting rights;
- (g) Is an Italian or foreign, collective or individual complementary pension plan, set up for employees of Sabaf, or of any other associated entity of Sabaf.

Sabaf also considers to be related parties all participants of the shareholder syndicate agreement in place between the shareholders and the reference shareholder Giuseppe Saleri S.a.p.A.

RELATED-PARTY TRANSACTIONS

“Related-party transaction” means any transfer of resources, services or obligations between related parties, regardless of whether a price has been agreed.

Such transactions are in any case considered to include:

- (a) Mergers, demergers by incorporation or non-proportional demergers in the strict sense, when undertaken with related parties;
- (b) All decisions concerning the assignment of remuneration and economic benefits, in any form whatsoever, to members of the management and control bodies and to key managers of Sabaf S.p.A. or of the reference shareholder Giuseppe Saleri S.a.p.A.

CONTROL AND JOINT CONTROL

Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. Control is presumed to exist when a party owns, either directly or indirectly via its subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such possession does not constitute

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control. Control also exists when a party owns half, or less than half, of voting rights exercisable at shareholders' meetings if the party has:

- (a) Control of more than half of voting rights by virtue of an agreement with other investors;
- (b) The power to govern the entity's financial and operating policies under a statute or agreement;
- (c) The power to appoint or remove the majority of the members of the Board of Directors or of the entity's equivalent governing body, and control of the entity is vested in that board or body;
- (d) The power to cast the majority of votes at meetings of the Board of Directors or of the entity's equivalent governing body, and control of the entity is vested in that board or body.

Joint control is the contractually established sharing of control of an economic activity.

SIGNIFICANT INFLUENCE

"Significant influence" is the power to participate in the financial and operating policy decisions of an entity without having control of the same. Significant influence can be obtained by means of share ownership, statutory clauses or agreements.

If a party owns either directly or indirectly (via subsidiaries, for example) 20% or more of the votes exercisable at the investee company's shareholder meeting, it is presumed to have significant influence unless it can clearly be demonstrated otherwise. Conversely, if the party owns either directly or indirectly (via subsidiaries, for example) less than 20% of the votes exercisable at the investee company's shareholder meeting, it is presumed not to have significant influence, unless this influence can be clearly demonstrated. The presence of a party owning the outright or relative majority of voting rights does not necessarily preclude another party from having significant influence.

The existence of significant influence is typically indicated by the occurrence of one or more of the following circumstances:

- (a) Representation on the Board of Directors or equivalent governing body of the investee company;
- (b) Participation in the decision-making process, including participation in decisions concerning dividends or other types of earnings distribution;
- (c) The presence of material transactions between the investor and investee;
- (d) Interchange of managerial personnel;
- (e) Provision of essential technical information.

MANAGERS WITH STRATEGIC RESPONSIBILITIES [KEY MANAGERS]

Managers with strategic responsibilities [hereinafter "key managers"] are those parties having the power and responsibility – direct or indirect – for planning, directing and controlling the company's activities. They include directors (executive or otherwise) of the company and the statutory auditors.

Key managers, other than directors and statutory auditors, are identified by the Board of Directors.

IMMEDIATE FAMILY MEMBERS

A party's "immediate family members" are considered those members of his/her family expected to be able to influence or be influenced by the party concerned in their dealings with the company. They may include:

- (a) The spouse not legally separated and the cohabiting partner;
- (b) The children and dependents of the party, of the spouse not legally separated or of the cohabiting partner,

SUBSIDIARY COMPANY¹

¹ As also defined by Article 2359 of the Italian Civil Code: "Controlled companies [i.e. subsidiaries] are considered to be (1) companies in which another company has the majority of votes that can be cast at the ordinary shareholders' meeting; (2) companies in which another company has sufficient votes to exercise dominant influence at the ordinary shareholders' meeting; and (3) companies that are under the dominant influence of another company by

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A subsidiary, i.e. a “controlled company”, is an entity, including unincorporated entities, as in the case of a partnership, controlled by another entity.

ASSOCIATE COMPANY²

An associate company is an entity, including unincorporated entities, as in the case of a partnership, in which a shareholder has significant influence but not control or joint control.

JOINT VENTURE

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

SMALLER COMPANIES

These are companies where neither assets nor revenues, as reported in the last set of annual consolidated financial statements approved by shareholders, exceed € 500 million.

As it comes within the scope of this category as per Article 10 of the Regulation, Sabaf avails itself of the possibility of departing from the provisions of Article 8 applying for management of more significant material transactions the same procedure adopted for management of less significant transactions (pursuant to Article 7 of the same Regulation) as detailed in paragraph 5.4 of this Procedure. This process equally rigorous is more aligned to the Company's need for simplicity and streamlined operation. This procedure reflects that choice.

INDEPENDENT DIRECTORS

Directors are independent if they meet the independence requirements established by Article 148, paragraph 3, of the TUF (D.Lgs. 24 febbraio 1998, n.58 - “Italian Consolidated Financial Act”), the further requirements identified in the procedures envisaged by Article 4 of the Regulation or established by any sector regulations applicable by virtue of the company's business activity and - if the company declares, pursuant to Article 123-bis, paragraph 2, of the TUF, that it adheres to a code of conduct endorsed by companies managing regulated markets or by trade associations that envisages independence requirements at least equivalent to those of Article 148, paragraph 3,, of the TUF - directors and board members are recognized as such by the company based on application of that code.

Sabaf adheres to the Corporate Governance Code of listed Italian companies; Directors are therefore considered independent when they are recognized as such by the Board of Directors based on application of that Code.

UNRELATED DIRECTORS

Directors other than the counterparty of a given transaction and its related parties.

UNRELATED SHAREHOLDERS

Parties, other than the counterparty of a given transaction and parties related both to the counterparty of a given transaction and to the company, who have voting rights.

MATERIAL RELATED-PARTY TRANSACTIONS

Without prejudice to CONSOB Regulation, Sabaf considers all related-party transactions amounting to more than € 2,000,000 (two million euros) to be material.

virtue of specific contractual links with the same. For the purposes of application of (1) and (2) of the first paragraph, the calculation also includes the votes appertaining to subsidiaries, fiduciaries and agents; entitled votes on behalf of third parties are not counted ...”

² As also defined by Article 2359 of the Italian Civil Code: “ ... Companies over which another company exercises significant influence are considered to be associated. Influence is presumed when at least one fifth of votes can be cast at the ordinary shareholders' meeting or one tenth if the company's shares are listed on the stock market”..

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DIRECTOR'S INTEREST

A director has an interest whenever he or she can gain any type of benefit, personally or on behalf of others, from the corporate transaction being assessed, even if the benefit is not strictly financial, regardless of the effects for the company of the transaction concerned.

The term "Interest on behalf of third parties" also means an interest arising from legally relevant relationships, including any offices held in other companies or cohabitation relationships and de facto social relationships, potentially able to influence the director and induce him/her to give preference to non-corporate interests.

SIGNIFICANT INTERESTS

For the purposes of this document, identification of the degree of significance of an interest is the joint responsibility of the Chief Financial & Administration Officer and the Chairman of the Control and Risk Committee based on both formal and substantive items such as, by way of non-exhaustive example, (i) sharing, among the companies involved, of one or more directors or key managers whose remuneration is variable and largely or totally dependent on the results of the companies forming the subject of/involved in the transaction and (ii) presence of the same controlling shareholders/companies at the head of the companies forming the subject of/involved in the transaction, such as to render possible, in theory, transfers of resources between companies theoretically causing economic, tax, financial and other benefits for one party involved to the detriment of the others.

3. Scope of application

What is described in this document is applicable, in general, to all related-party transactions executed by Sabaf S.p.A. and by all its subsidiary and associate companies, including the reference shareholder Giuseppe Saleri S.a.p.A..

This procedure is not applicable, however, to:

- Related-party transactions amounting individually to less than € 25,000 (twenty-five thousand euros);
- Compensation plans based on financial instruments approved by shareholders' meeting pursuant to Article 114-bis of the TUF and related implementation transactions;
- Resolutions relating to the remuneration of managers and directors with special duties, as well as executives with strategic responsibilities in Sabaf group companies, provided that:
 - i. Sabaf has adopted a remuneration policy;
 - ii. a committee consisting exclusively of non-executive, mostly independent, managers or directors was involved in defining the remuneration policy;
 - iii. a report detailing the remuneration policy was submitted to the Sabaf shareholders' meeting for approval or an advisory vote;
 - iv. the remuneration granted was consistent with this policy.
- Transactions with or between subsidiaries and transactions with associate companies, as long as other related parties of the Company have no significant interests in such companies. The significance of interests must be evaluated by the Director of Administration, Finance and Control, in agreement with the Chairman of the Control and Risk Committee.

4. Roles and responsibilities

Sabaf Shareholders' Meeting: resolves on (i) execution of related-party transactions and (ii) on the disclosure document for material transactions, to the extent of its responsibility.

Sabaf Board of Directors: resolves on (i) adoption of this procedure and subsequent updates; (ii) execution of related-party transactions; and (iii) disclosure document for material transactions, to the extent of its responsibility. It approves the annual and interim management report, also containing information on the related-party transactions executed by the Group.

Sabaf Related Parties Committee: provides a preliminary opinion concerning the Board of Directors' approval of the procedure in question and related amendments. In light of Sabaf's characteristics, size and organisational structure, the

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Board of Directors considered it appropriate – as matters currently stand – to assign the functions of the Related Parties Committee to the Control and Risks Committee, composed by independent directors only.

Sabaf Control & Risks Committee: analyses related-party transactions, issuing its reasoned opinion on the company’s interest in completing the transaction, as well as on the benefits and substantive fairness of the related conditions. The President of the Committee is responsible, together with the Director of Administration, Finance and Control, for identifying any significant interests in intercompany transactions.

Sabaf Administration, Finance and Control Director (CFO): coordinates the process of maintaining the list of related parties, and identifies any significant interests in intercompany transactions (in agreement with the Chairman of the Control and Risk Committee).

Sabaf Board of Statutory Auditors: oversees observance of the procedure and its compliance with the Regulation and reports on this to the Shareholders’ Meeting.

Sabaf Chief Executive Officer: validates the periodic report on transactions executed with the dissenting opinion of the Control & Risks Committee.

Sabaf Administration, Finance and Control Department: prepares, for each related-party transaction, the documentation necessary for internal evaluations and decisions and, if appropriate, the disclosure document. It prepares the periodic report on related parties.

Investor Relator: executers, if appropriate, public disclosures pursuant to Article 114 of the TUF.

Managing Directors of subsidiaries: assure coordination with Sabaf, sending the necessary information flows to the parent company.

5. Management of related-party transactions

5.1 Criteria for identifying related parties

The CFO coordinates gathering of the information necessary to Sabaf’s related parties and keep the list of such parties up to date.

To do this, once a year, at the beginning of the corporate financial year, the CFO identifies and asks all natural persons coming with the categories of letters (a) and (d) in the definition of a Related Party (see Section 2 – Definitions) and those participating in shareholder agreements concerning Sabaf to complete the “Related-Party Declaration Form” (Annex A of this procedure) indicating (i) the list of immediate family members and (ii) the list of parties controlled by them or by their immediate family members or over which they, or their immediate family members exercise significant influence. It is the responsibility of the addressees of the census to complete the Form indicating the items of information requested, as defined in Section 2 of this document, consistently with their actual family situation.

The Administration, Finance and Control Department assigns to each counterparty identified as a related party an identification “attribute” in the corporate ERP to permit monitoring of transactions with these parties and assure initiation of the process specified later on in the procedure.

It is also the responsibility of the parties identified above to notify the CFO immediately of any subsequent change to what they have been declared in the form so that the CFO can inform the staff responsible for managing the databases.

Information flows to subsidiaries

The CFO sends the results of the annual census to the Boards of Directors of subsidiaries so that the latter can apply this procedure, for the part within their sphere of responsibility.

5.2 Preparation of documentation relating to transactions

For each related-party transaction falling within the scope of this procedure, Sabaf’s Administration, Finance & Control Department prepares a dossier - ensuring its completeness and accuracy – that summarizes the transaction’s key

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characteristics, the nature of the relationship, related execution approaches, economic and financial conditions, the interest, underlying motivations and any risks for the Company.

This documentation must be delivered to the members of the Control & Risks Committee and of the Board of Directors within the 5 working days preceding the meeting when discussion of the transaction is on the agenda, except in extremely urgent cases.

5.3 Non-material transactions - consultation and approval process

A) Issue of a reasoned opinion by the Control & Risks Committee

The Control & Risks Committee analyses the dossiers received and expresses a reasoned opinion on the Company's interest in completing the transaction, as well as on its benefits and on the substantive fairness of its related conditions.

The Committee immediately issues its reasoned opinion to the Board of Directors, which is the sole body, together with the Shareholders' Meeting, with competence for resolutions on related-party transactions.

B) Involvement of independent experts

If it deems it necessary, the Committee can request the involvement, at Sabaf's expense, of an independent specialist, for whose choice the possibility is envisaged of not applying Sabaf's house procedures as long as:

- The reasons underlying the choice of the professional are formalized, together with an assessment of the reasonableness of the rates applied by the professional;
- The relationship is formalized in a contract or letter of engagement;
- The fee for the professional service is commensurate with the value and nature of the transaction but in any case not more than € 20,000, saving approval by the Board of Directors.

C) Board of Directors' resolution and/or Shareholder Meeting's resolution

The Board of Directors analyses the dossiers received and, having received the reasoned opinion of the Control & Risks Committee, decides in a reasoned manner on the motivations, benefits and substantive fairness for the Company of the transaction's conditions. The Board of Director's resolution of approval can be passed, as long as it is explicitly reasoned, notwithstanding the dissenting opinion of the Control & Risks Committee.

The resolution, complete with detailed supporting motivations, is documented by the secretary and put on record in the relevant corporate book.

The provisions of paragraph 5.3 of the Procedure are applied even if a minor transaction falls within the competence of the Shareholders' Meeting; related operating procedures of reference are those established by legal regulations and by the company bylaws³.

D) Transactions undertaken by subsidiaries

All related-party transactions involving other Group companies are normally managed directly c/o Sabaf S.p.A., observing this Procedure. More specifically, the subsidiary's Managing Director informs Sabaf S.p.A., in the person of the CFO, reasonably in advance and in a formal manner, so that the latter can initiate the process described in the previous paragraphs and, if appropriate, the transparency procedures (described later on).

5.4 Material transactions - consultation and approval process

For material related-party transactions, Sabaf applies the same operating procedures established for non-material transactions (please refer to Section 5.3 above, paragraph A, B, C,D), with the additional provision of the following rules:

³ Available on the website www.sabaf.it in the section Investor Relation/Corporate Governance/Corporate Documentation.

⁴ For the reasons underlying the choices outlined below, readers should refer to the paragraph "Smaller companies" In Section 2 - Definitions.

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A) Expression of the motivated opinion of the Control and Risk Committee

The Control & Risks Committee has the faculty to be involved in the negotiation phases and in the preliminary phase, through the receipt of a complete and timely information flow. The Committee has also the right to request information and to make observations to the executive directors and to the persons responsible for conducting the negotiations and the preliminary investigation.

B) Board of Directors' resolution and/or Shareholder Meeting's resolution

The Board of Directors analyses the received dossiers and approves the transaction with a related-party, upon the reasoned favourable opinion of the Control and Risk Committee on the company's interest in completing the transaction, as well as on the convenience and substantial certainty of the related conditions (the opinion of the Control and Risks Committee is of a binding nature).

Pursuant to Article 11 of the Regulation, in the event of a negative opinion expressed by the Control & Risks Committee, the Board of Directors has the faculty to refer the resolution to the Shareholders' Meeting.

In such a case, it will not be possible to proceed with execution of the transactions if unrelated shareholders present at the meeting account for at least 5% of share capital with voting rights and if the majority of the unrelated shareholders who vote – therefore excluding any abstainers – express a vote against the transaction. The proposal for the shareholders' resolution specifies the above conditions of efficacy to which the resolution is subject.

6. Transparency

6.1 Public disclosure of related-party transactions

In addition to the rules established in the previous paragraph, material related-party transactions require preparation – by the Finance & Administration Department, with external legal support if appropriate – of a disclosure document, the minimum contents of which are established in the Regulation.

The Board of Directors or the Shareholders' Meeting, depending on the sphere of competence involved, approves the disclosure document at the same session when the transaction is approved or, if it is decided to present a contractual proposal, when the contract, even if preliminary, has been concluded according to the rules applicable. The disclosure document, complete with any opinions of directors and, if involved, of experts, is made available at the Company's registered headquarters and disclosed, as legally required⁵, within 7 days after approval.

At the same time, the Investor Relator sends the disclosure documents to the CONSOB, complete with opinions as per current legislation.

Publication of the document in question does not exempt the company from performing any other notifications such as, for example, those required pursuant to Article 114 of the TUF.

The company also prepares the disclosure document indicated above, in the same way as described, if, during the financial year, it concludes with the same related party, or with parties related both to the latter and to Sabaf, like transactions or transactions executing the same overall design that cumulatively amount to a material transaction based on the criteria established by Sabaf. In contrast with the requirement for the disclosure document concerning an individual transaction, the disclosure document concerning several transactions must be published within 15 days after approval of the transaction or after conclusion of the contract causing the materiality threshold to be exceeded. It contains information, also on an aggregate basis for like transactions, for all the transactions concerned.

If the transactions causing materiality thresholds to be exceeded are undertaken by Sabaf's subsidiaries, the disclosure document is made available to the public within 15 days after the time when Sabaf S.p.A. receives news of approval of the transaction or of conclusion of the contract, which triggers the shift to "material" status.

Transactions undertaken by subsidiaries

⁵ Art.5, para.3 of CONSOB resolution no. 17221/2010 "Regulations governing Related-Party Transactions".

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If related-party transactions executed directly by a Sabaf subsidiary come within the transactions considered to be material (see above), it is the responsibility of the subsidiary's Managing Director to inform the parent company formally and beforehand of the intention of initiating the transaction so that the parent company can initiate transparency procedures.

6.2 Periodic disclosure obligations

Internal periodic information flows to the Board of Directors and Board of Statutory Auditors

The Administration, Finance & Control Department, prepares on a half-yearly basis, a schedule summarizing exempted related-party transactions executed in the period, falling within the cases of exclusion, to be submitted to the members of the Board of Directors and of the Board of Statutory Auditor

Information to be provided in the management report

In the annual and interim management report, the Company's Board of Directors – also via references to the documents published previously - discloses:

- Individual material related-party transactions completed during the financial year/period;
- Other individual related-party transactions completed in the period that, although not considered material, have had a significant effect on the Company's assets & liabilities or earnings
- Transactions disclosed in previous reports that have undergone changes or developments with a significant effect on the Company's assets & liabilities or earnings.

More specifically, for each of these transactions, the annual report must at least contain:

- Where applicable, the description of the policies within which related-party transactions can be set, also as regards the strategy pursued by means of such transactions;
- The indication, for each transaction, also in the form of a table, of the following items of information: (i) name of the counterparty; (ii) nature of the relationship with the related party; (iii) the object of the transaction; (iv) transaction price; and (v) any other information necessary for comprehension of the effects of the related-party transaction on the entity's financial statements.

The interim report must instead contain at least:

- Any change in related-party transactions described in the last annual report that have had a material effect on the Company's assets & liabilities or results in the period concerned;
- The indication, for each transaction, also in the form of a table, of the following items of information: (i) name of the counterparty; (ii) nature of the relationship with the related party; (iii) the object of the transaction; (iv) transaction price; and (v) any other information necessary for comprehension of the effects of the related-party transaction on the entity's financial statements.

Information on transactions executed with the dissenting opinion of the Control & Risks Committee

On a quarterly basis, at the end of each quarter of the financial year, the Administration, Finance & Control Department prepares a document summarizing any related-party transactions concluded in the period in the presence of a negative opinion expressed by the Control & Risks Committee. For each of such transactions the document must indicate the

- Counterparty
- Object
- Price
- Reasons for which it was decided not to accept the Committee's opinion.

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The document in question, validated by the Chief Executive Officer, is made available at the company's registered headquarters and disclosed as legally required⁶ within 15 days after approval after the end of each quarter in the financial year.

7. Supervision by the Board of Statutory Auditors

The Company's Board of Statutory Auditors oversees compliance of the procedures adopted with the principles indicated in the Regulation as well as their observance. The Board of Statutory Auditors reports on this in its periodic report to the Shareholders' Meeting.

8. Management of cases of conflict of interest

If related-party transactions submitted for evaluation by the Control & Risks Committee or resolution by the Board of Directors feature the interests of one or more members of such bodies, the director(s) with such interest must promptly and exhaustively inform the Committee/Board of this before the start of discussion, specifying the nature, terms, origin and extent of the underlying interest (also if potential or on third parties' account) and must leave the meeting at the time of discussion and subsequent resolution.

9. Coordination with the body of corporate procedures

This document forms part of the body – the corpus – of Sabaf's procedures. As regards rules for the processes that intersect the one in question, reference should be made to the specific corporate documents involved, i.e.

- The Corporate Governance Model and related Operating Guidelines, as regards the membership, powers, tasks and responsibilities of Sabaf's Committees and Board of Directors;
- The Audit Control Model, risk and control matrixes for the purposes of financial reporting and accounting administration procedures, as regards the roles, responsibilities, operating procedures and control systems relating to processes relevant for the purposes of Italian Law 262/2005 [containing provisions for the protection of savings and the regulation of financial markets];
- The Organization, Management & Control Model, as regards the principles of control and conduct relevant for the purposes of Italian Legislative Decree 231/2001 [concerning legal and other entities' administrative liability for certain types of criminal offences involving such entities].

10. Records management

All documentation prepared is filed in the official records of the relevant body and kept in the Finance & Administration Department.

11. Approval, updating and validity of the procedure

This procedure, on which the specifically created Control & Risks Committee has expressed a favourable opinion, was adopted for the first time by the Board of Directors at its meeting on 9 November 2010 as amended, and came into operation on 1 January 2011.

It will be reviewed at least biennially to identify any needs for revisions and updates stemming from changes occurring in the structure of the Company and Group, from the results of the supervisory activity performed by the Board of Statutory Auditors and from any difficulties encountered as regards application. Responsibilities for the preparation, analysis, evaluation and approval of this procedure in any case remain unchanged.

⁶ Title II, Head I of CONSOB resolution no. 11971/1999 concerning "Public Purchase Offers and Public Exchange Offers".

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12. Dissemination of the procedure

This procedure is published on the Company's website www.sabaf.it, in the section Investors/Corporate Governance.

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Annexes

Annex A - Related-party declaration form

RELATED PARTY DECLARATION FORM

Place and date

SABAF S.p.A.
Via dei Carpini, 1
25035 Ospitaletto (BS)
Italy

Attn. Administration, Finance and Control Director

Re: Related-party transactions

The undersigned _____, born in _____ on _____, tax code _____, resident in _____ at the address of _____, in his/her capacity as a Director/Statutory Auditor/Manager of the company _____, are that non-declaration or untruthful declaration can give rise to all relevant legal consequences, herewith - for the purposes of regulations concerning related-party transactions and after having fully understood the definitions shown in the explanatory letter delivered by Sabaf together with this Form - *(tick the appropriate box)*

DECLARES that his/her IMMEDIATE FAMILY MEMBERS are:

Last and first name	Place and date of birth	Tax code	Degree of kinship [or close relationship]

and that the said persons control/jointly control/exercise significant influence in the companies/entities listed below:

Company	Registered offices	Tax code	Degree of relationship

He/she further declares that he/she controls/jointly controls/exercises significant influence in the companies/entities listed below:

Company	Registered offices	Tax code	Degree of relationship

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OR:

DECLARES, fully aware of the definition of “related party” as well as of the definitions of immediate family member, control, joint control and significant influence, as indicated in the explanatory letter delivered by Sabaf together with this Form - that he/she:

- Does not have any immediate family members relevant pursuant to the rules in question
- Does not exercise control, joint control or significant influence over any company or entity.

The undersigned undertakes to notify the company promptly of any future change to the information provided herein.

This declaration is issued for the purposes of acquiring the information necessary to comply with regulations concerning related-party transactions. It is of a confidential nature and will be treated observing Italian Legislative Decree 196/2003 [the “Privacy Law”]

In witness thereof,

Place and date

Signature

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Annex B - Explanatory annex to Related-Party Declaration Form

Place and date

_____(addressee's name and address)

Re: Completion of Related-Party Declaration Form

Dear _____,

As it does every year, Sabaf S.p.A., in compliance with its internal procedures, is performing this census of its related parties. This year, as is usual, in accordance with the "Procedure Governing Related-Party Transactions" adopted by SABAF S.p.A., implementing CONSOB (Italian securities & exchange commission) resolution no. 17221, we remind you of the importance of correct and accurate completion of the Form to which this letter is attached.

We hope that, for this purpose, you will appreciate the brief glossary shown below, which is useful for completion the Form:

RELATED PARTY - A party is a related party of Sabaf if he/she/it:

- (a) *Directly or indirectly, also via subsidiaries, fiduciaries or agents:*
 - (i) *controls Sabaf, is controlled by it, or is under common control with it;*
 - (ii) *Owens an equity interest in Sabaf such as to be able to exercise significant influence over the latter;*
 - (iii) *Exercises control of Sabaf jointly with other parties;*
- (b) *Is an associate company of Sabaf;*
- (c) *Is a joint venture in which Sabaf is a participant;*
- (d) *Is one of the managers with strategic responsibilities [i.e. key managers] of Sabaf or of the reference shareholder Giuseppe Saleri S.a.p.A.;*
- (e) *Is an immediate family member of one of the parties indicated in (a) or (d);*
- (f) *Is an entity in which one of the parties indicated in (d) or (e) exercises control, joint control or significant influence or holds, directly or indirectly a significant share, in any case not less than 20%, of voting rights;*
- (g) *Is an Italian or foreign, collective or individual complementary pension plan, set up for employees of Sabaf, or of any other associated entity of Sabaf.*

IMMEDIATE FAMILY MEMBERS - A party's "immediate family members" are considered to be those members of his/her family expected to be able to influence or be influenced by the party concerned in their dealings with the company. They may include:

- (a) *The spouse not legally separated and the cohabiting partner;*
- (b) *The children and dependents of the party, of the spouse not legally separated or of the cohabiting partner,*

CONTROL AND JOINT CONTROL - Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. Control is presumed to exist when a party owns, either directly or indirectly via its subsidiaries, more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such possession does not constitute control. Control also exists when a party owns half, or less than half, of voting rights exercisable at shareholders' meetings if the party has:

- (a) *Control of more than half of voting rights by virtue of an agreement with other investors;*
- (b) *The power to govern the entity's financial and operating policies under a statute or agreement;*
- (c) *The power to appoint or remove the majority of the members of the Board of Directors or of the entity's equivalent governing body, and control of the entity is vested in that board or body;*
- (d) *The power to cast the majority of votes at meetings of the Board of Directors or of the entity's equivalent governing body, and control of the entity is vested in that board or body.*

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Joint control is the contractually established sharing of control of an economic activity.

SIGNIFICANT INFLUENCE - "Significant influence" is the power to participate in the financial and operating policy decisions of an entity without having control of the same. Significant influence can be obtained by means of share ownership, statutory clauses or agreements.

If a party owns either directly or indirectly (via subsidiaries, for example) 20% or more of the votes exercisable at the investee company's shareholder meeting, it is presumed to have significant influence unless it can clearly be demonstrated otherwise. Conversely, if the party owns either directly or indirectly (via subsidiaries, for example) less than 20% of the votes exercisable at the investee company's shareholder meeting, it is presumed not to have significant influence, unless this influence can be clearly demonstrated. The presence of a party owning the outright or relative majority of voting rights does not necessarily preclude another party from having significant influence.

The existence of significant influence is typically indicated by the occurrence of one or more of the following circumstances:

- (a) Representation on the Board of Directors or equivalent governing body of the investee company;*
- (b) Participation in the decision-making process, including participation in decisions concerning dividends or other types of earnings distribution;*
- (c) The presence of material transactions between the investor and investee:*
- (d) Interchange of managerial personnel;*
- (e) Provision of essential technical information.*

Thank you very much for your cooperation. We take this opportunity of informing you that the Procedure for related-party transactions adopted by Sabaf is available on the company's website, www.sabaf.it, in the Investor Relations/Corporate Governance section.

Yours sincerely,

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Annex C – Calendar for fulfilment of recurrent obligations

TYPE	ACTIVITY	RESPONSIBILITY	TIMING
MANAGEMENT OF RELATED-PARTY TRANSACTIONS	Periodic census of related parties, updating and dissemination of list	CFO	January of each year
PERIODIC DISCLOSURE OBLIGATIONS	Preparation for the Board of Directors and Board of Statutory Auditors of a schedule summarizing exempt related-party transactions executed in the period.	Administration, Finance & Control Department	Half-yearly, for the meetings to approve quarterly and half-yearly consolidated financial statements (March and August of each year)
PERIODIC DISCLOSURE OBLIGATIONS	Inclusion in the management report of information concerning related-party transactions executed in the period	Administration, Finance & Control Department	Half-yearly, for the meetings to approve quarterly and half-yearly consolidated financial statements (March and August of each year)
PERIODIC DISCLOSURE OBLIGATIONS	Preparation of a document of related-party transactions executed with the dissenting opinion of the Control & Risks Committee.	Administration, Finance & Control Department	Quarterly, for the meetings to approve quarterly and half-yearly consolidated financial statements (February, May, August and November, of each year)
SUPERVISION BY BOARD OF STATUTORY AUDITORS	Performance of supervision and reporting on this to the Shareholders' Meeting	Board of Statutory Auditors	Annually, at the time of the meeting to approval the draft consolidated annual financial report (April of each year)
UPDATING OF THE PROCEDURE	Analysis of the needs for updates, amendments or additions	Company	Every two years or more frequently

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