

**Shareholders' Meeting of 4 May 2020
Explanatory Report by the Board of Directors**

GENERAL PART

Item 1 on the agenda

Presentation of the 2019 Annual Report

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

One of the first international-level companies to embrace the trend of integrated reporting, Sabaf intends to continue on the path it has undertaken, inspired by the recommendations contained in the international Framework on sustainability reporting of the International Integrated Reporting Council (IIRC), aware that integrated, complete and transparent reporting can benefit both the companies themselves, through better understanding of the articulation of strategy and greater internal cohesion, and the community of investors, who will more clearly grasp the linkage between strategy, governance and corporate 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 (summary Performance Indicators) 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.

Sabaf also adopts a virtuous approach with regard to compliance with the new regulatory obligations in the matter of non-financial reporting. In fact, on 30 December 2016, Legislative Decree no. 254 entered force; implementing Directive 2014/95/EU on Non-financial and diversity information, it requires public interest entities to announce non-financial and diversity information starting from the 2017 financial statements. As a public-interest entity, Sabaf drafted for the third year the Consolidated non-financial statement presenting the chief policies practiced by the company, the management models, the risks, the activities performed by the Group during 2019, and the related performance indicators as pertains to the issues expressly referred to by Legislative Decree no. 254/2016 (environmental, social, personnel-related, respect for human rights, struggle against corruption) and to the extent needed to ensure understanding of the company's activity, its trend, its results, and the impacts it produces.

SABAF S.p.a.

Via Dei Carpini, 1 - 25035 Ospitaletto - Brescia - Italia

Cap. Soc. Euro 11.533.450 int.vers. - Reg. Imp. di Brescia N. 52821

Tel: +39 030 6843001 - Fax +39 030 6848249 - info@sabaf.it - sabaf@legal.sabaf.it - www.sabaf.it



We burn for technology and safety.

The Group's commitment was also confirmed by the "Oscar di Bilancio" it garnered over the years (2004, 2013, 2017 and 2018) in the historic competition promoted and organized by Federazione Relazioni Pubbliche Italiana (FERPI), that for more than fifty years has honoured the companies most virtuous in financial reporting activities and in overseeing relations with stakeholders.

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

Ospitaletto, 24 March 2020

For the Board of Directors
The Chairman
Giuseppe Saleri

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Item 2 on the agenda

Financial report at 31 December 2019

- 2.1 Approval of the Financial statements at 31 December 2019; 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 as to the allocation of 2019 profit

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.sabaf.it, and in the other modes provided for 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.

While thanking employees, the Board of Statutory Auditors, the Independent Auditors and the Supervisory Authorities for their substantial collaboration, we ask the shareholders to approve the financial statements for the year ended 31 December 2019.

The Directors, having acknowledged the significant change in the global economic scenario following the spread of the coronavirus pandemic, on a prudential basis, propose to the Shareholders' meeting to allocate the profit for 2019 of the parent company Sabaf S.p.A. entirely to the extraordinary reserve.

Dear Shareholders,

We therefore ask you to approve the following draft resolution:

1. *"The Ordinary Shareholders' Meeting:*

- *having acknowledged the Management Report of the Board of Directors, the Report of the Board of Statutory Auditors and the Independent Auditors' Report;*
- *having examined and discussed the draft financial statements at 31 December 2019, which ended with a profit for the year of €3,821,876*

resolves

to approve the financial statements at 31 December 2019".

2. *"The Ordinary Shareholders' Meeting*

resolves

to allocate the profit for the year of € 3,821,876 to the extraordinary reserve".

Ospitaletto, 24 March 2020

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; Resolutions regarding the first and second section pursuant to paragraphs 3-*bis* and 3-*ter* and paragraph 6, respectively, of art. 123-*ter* of Legislative Decree 58/1998, as amended by Legislative Decree 49/19

Dear Shareholders,

pursuant to art. 123-*ter* of Legislative Decree no. 58/1998 as amended by 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 art. 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 affiliates.

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.sabaf.it.

We acknowledge that, pursuant to art. 123-*ter*, paragraph 8-*bis* of Legislative Decree No. 58/1998, as amended by 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,

We therefore ask you to approve the following draft resolutions:

1. “*The Ordinary Shareholders’ Meeting:*
 - *having acknowledged and examined the Report on remuneration policy and remuneration paid;*
resolves

*to approve the first section of the Report on remuneration policy and remuneration paid, with a binding vote pursuant to art. 123, paragraphs 3-*bis* and 3-*ter* of Legislative Decree 58/1998, as amended by Legislative Decree 49/19”.*

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2. “*The Ordinary Shareholders’ Meeting:*

- *having acknowledged and examined the Report on remuneration policy and remuneration paid;*
- *having acknowledged that the independent auditors have checked the provisions of art. 123, paragraph 8-bis of Legislative Decree no. 58/1998, as amended by Legislative Decree no. 49/19, regarding the preparation by the directors of the second section of this Report*

resolves

to approve the second section of the Report on remuneration policy and remuneration paid, with an advisory vote pursuant to art. 123, paragraph 6 of Legislative Decree 58/1998, as amended by Legislative Decree 49/19”.

Ospitaletto, 24 March 2020

For the Board of Directors
The Chairman
Giuseppe Saleri

Item 4 on the agenda

Authorisation for the purchase and disposal of treasury shares, upon revocation, for the non-executed part of the resolution of 7 May 2019; 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 used for equity-based incentive plans, reserved for directors and/or employees of the Company or of subsidiary companies and, in particular, the stock grant plan in force;
- 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 art. 2357, paragraph 3, of the Italian Civil Code

For the purposes of assessing compliance with the limits pursuant to art. 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 227,738 treasury shares in its portfolio, equal to 1.949% of the share capital.

It is to be borne in mind that, pursuant to art. 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.

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The Company's financial statements at 31 December 2018, duly approved by the Shareholders' Meeting on 7 May 2019, show that the Company has available reserves totalling €70,293,339, as follows:

- share premium reserve of €10,001,935;
- revaluation reserve, law no. 413/91 of €42,207;
- revaluation reserve, law no. 342/00 of €1,591,967;
- available retained earnings of €58,657,230.

Moreover, the draft of the Company's financial statements at 31 December 2019, approved by the Board of Directors on 24 March 2020 and to be submitted to the Shareholders' Meeting on 4 May 2020, in a single call, shows that the Company has available reserves totalling €90,595,622, as follows:

- share premium reserve of €10,001,935;
- revaluation reserve, law no. 413/91 of €42,207;
- revaluation reserve, law no. 342/00 of €1,591,967;
- available retained earnings of €78,959,513.

It is specified that the Board is bound to verify compliance with the conditions required by art. 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 shall be done in compliance with the provisions of law and with the applicable accounting standards.

The subsidiaries and their respective governing bodies shall be given suitable provisions so that they may promptly signal any acquisition of shares done pursuant to art. 2359-*bis* of the Italian Civil Code. .

Pursuant to art. 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 stake of relevance for the purposes of the obligations deriving from art. 106, paragraphs 1 and 3, letter b) of 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 art. 44-*bis*, paragraph 3 of the aforementioned CONSOB regulation, it is pointed out that the share capital upon which the majority stake for the purposes of the obligations derived from art. 106, paragraphs 1 and 3, letter b) of Legislative Decree no. 58 of 24 February 1998 is calculated do 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 art. 13 of Regulation (EU) no. 596 of 16 April 2014 and art. 180, paragraph 1, letter c) of 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.

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The Board of Directors also proposes being 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 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 shall be carried out

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

The treasury share purchase operations shall be carried out, in one or more operations, on a revolving basis, through purchase on regulated markets, in accordance with modes of operation that do not permit the direct combination of purchase negotiation proposals with predetermined sale negotiation proposals, in compliance with the laws and regulations from time to time in force, and in particular pursuant to art. 132 of Legislative Decree no. 58 of 24 February 1998, and art. 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 art. 132, paragraph 3, of 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 all the reasons set out above, we thus ask you to approve what the Board of Directors proposed 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, art. 132 of Legislative Decree no. 58 of 24 February 1998, and the current regulations issued by CONSOB

resolves

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 7 May 2019;

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2. to authorise, pursuant to and to the effects of art. 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 shall represent 10% of the share capital in the event of resolutions and execution of increases and/or reductions of 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:

- 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 combination of purchase negotiation proposals with predetermined sale negotiation proposals, in compliance with the laws and regulations from time to time in force, and in particular pursuant to art. 132 of Legislative Decree no. 58 of 24 February 1998, and art. 144-bis, first paragraph, letter b) of the Issuers' Regulations, or by other procedures, where permitted by art. 132, paragraph 3, of 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 shall 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 to the effects of art. 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 confer to the Board of Directors, with express power of delegation to one or more of its members, all the broadest powers necessary and appropriate for executing this resolution, also approving any and every executive order related to the programme for the purchase and transfer of the treasury shares."

Ospitaletto, 24 March 2020

For the Board of Directors
The Chairman
Giuseppe Saleri

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EXTRAORDINARY PART

Item 1 on the agenda

Assignment to the Board of Directors of the power to increase the share capital with the exclusion of the right of option pursuant to Articles 2443 and 2441, paragraph 4, second sentence, of the Italian Civil Code; Amendment to Article 5 of the Articles of Association; Related resolutions and delegation of powers;

Dear Shareholders,

this report, prepared pursuant to Article 72 of the regulation adopted by Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "Issuers' Regulations") and Annexe 3A to the Issuers' Regulations, illustrates the proposal that the Board of Directors of Sabaf S.p.A. (hereinafter "Sabaf" or "Company") intends to submit for your approval with regard to the granting to the Board of Directors of a power to increase the share capital, all at once or in multiple instalments, with the exclusion of the right of option, pursuant to art. 2443 and art. 2441, paragraph 4, second sentence, of the Italian Civil Code (the "Delegation of Power").

The terms and conditions of the Delegation of Power that the Board of Directors is submitting to you for the purpose of granting the relative authorisation by the Extraordinary Shareholders' Meeting called for 4 May 2020 are briefly set out below.

Subject matter and amount of the Delegation of Power

Pursuant to art. 2443 of the Italian Civil Code, the Articles of Association can grant directors the power to increase the share capital all at once or in multiple instalments up to a specified amount and for a maximum period of five years from the date of the resolution approving the amendment.

For the reasons and objectives better described below in this Report, the Delegation of Power that we propose to grant to the Board of Directors is aimed at increasing the share capital pursuant to art. 2441, paragraph 4, second sentence of the Italian Civil Code..

The Delegation of power entails the assignment to the Board of Directors of the power to increase the share capital against payment and by subscription in cash, all at once or in multiple instalments and through splitting shares, with the exclusion of the right of option pursuant to art. 2441, paragraph 4, second sentence, of the Italian Civil Code, through the issue, also in several tranches, of a number of ordinary shares not exceeding 10% of the share capital existing before the date of exercise of the power, if any, and in any case for a nominal amount not exceeding €1,153,450.00 (one million one hundred and fifty-three thousand four hundred and fifty), with the right to establish any additional share premium.

Considering that the Delegation of Power envisages the exclusion of right of option, any increases in share capital approved by the Board of Directors would have dilutive effects on the current shareholders.

Reasons of the Delegation of Power and criteria for its exercise

The purpose of the Delegation of Power is to provide the Board of Directors with the necessary flexibility and timeliness in the carrying out of one or more increases in share capital in order to seize the most favourable conditions for the conclusion of agreements with possible partners and/or investors, which would contribute money to the pursuit of the strategic objectives set out in the 2018-2022 Business Plan (the "**Business Plan**"), approved by the Board of Directors on 13 February 2018, including those relating to possible acquisitions.

With reference to the exclusion of the right of option, the possibility of offering newly issued shares to third parties would make it possible to make acquisitions and carry out extraordinary transactions with strategic partners, as well as to expand the shareholding structure with a special reference to Italian and foreign

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professional investors.

The Delegation of Power would also bring the further benefit of reducing the risk of fluctuations in the Sabaf share during the period between the announcement and the start of the operation, which would occur if the operation were decided by the shareholders' meeting and which, on the other hand, in case of recourse to the instrument of Delegation of Power, would be significantly reduced.

The Board of Directors also believes that the Delegation of Power to increase the Share Capital is the most suitable instrument to ensure the satisfaction of the interest of the Company and its Shareholders, allowing the Board of Directors to promptly seize the opportunities that may arise on the market.

In addition to the strategies mentioned above, the resources obtained through the exercise of the Delegation of Power may also be allocated, more generally, to the satisfaction of financial needs that may arise in the period following the date of the Shareholders' Meeting's approval resolution.

Criteria for determining the issue price

For the purposes of exercising the Delegation of Power, the Board of Directors is also vested with all powers to (a) set the number, the unit issue price (including the possible share premium) and the enjoyment of the ordinary shares to be issued, with the limits set forth in art. 2441, paragraph 4, second sentence and/or art. 2438 and/or paragraph 5 of art. 2346 of the Italian Civil Code; (b) set the deadline for the subscription of the Company's ordinary shares; as well as (c) implement the above delegations and powers, including, by way of example only, those necessary to make the consequent amendments to the articles of association required from time to time.

However, note that art. 2441, paragraph 4, second sentence of the Italian Civil Code establishes - as a condition for exercising the exclusion of the right of option up to a limit of 10% of the number of pre-existing shares - that the issue price must correspond to the market value of these shares and that this must be confirmed in a specific report by an external auditor or by independent auditors. The Board of Directors will acquire this report on the occasion of each exercise of the Delegation of Power.

Duration and timing for the exercise of the Delegation of Power

It is proposed to establish that the Delegation of Power may be exercised in one or more operations within the 5th year from the date of the shareholders' resolution. Without prejudice to the foregoing, the timing for the exercise of the Delegation of Power, pursuant to art. 2443 of the Italian Civil Code, as well as the terms and conditions of any issues will depend on the concrete opportunities that arise and will be promptly communicated to the market in accordance with the law and regulations as soon as they are determined by the Board of Directors.

When carrying out the Delegation of Power, the Board of Directors will provide the market with adequate information on the economic and financial effects of the transaction concerned from time to time, as well as the effects on the unit value of the shares and the dilution resulting from the transaction.

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Amendment to Article 5 of the Articles of Association

<i>Current Text</i>	<i>Proposed Text</i>
<p>Share capital is fixed as being EUR 11,533,450.00 (eleven million five-hundred and thirty-three thousand four-hundred and fifty) consisting of the number of 11,533,450.00 (eleven million five-hundred and thirty-three thousand four-hundred and fifty) shares of a nominal value of EUR 1.00 (one) each. The Extraordinary Shareholders' Meeting can attribute the Board of Directors with the power to increase share capital within the limits of Article 2443 of the Italian Civil Code.</p> <p>The company can issue shares with rights different to those of ordinary shares and also non-voting shares endowed with special privileges of a capital nature, as well as other possible financial instruments within the limits allowed by legal regulations.</p> <p>Capital can be increased also with conferment of receivables and of goods in kind.</p> <p>In the case of a paid increase, the option can be excluded within the limit of 10% of previously existing share capital, at the condition that the issue price matched the shares' market value and that this is confirmed in a specific report by the firm appointed as statutory auditor.</p>	<p style="text-align: center;">Unchanged</p>
	<p>The Extraordinary Shareholders' Meeting held on 4 May 2020 resolved to delegate to the Board of Directors the power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment and by subscription in cash, all at once or in multiple instalments and through splitting shares, no later than 4 May 2025, with the exclusion of the right of option pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, through the issue, also in several tranches, of a number of ordinary shares not exceeding 10% of the share capital existing before the date of exercise of the delegation of power, and in any case for a nominal amount not exceeding EUR 1,153,450 (one million one-hundred and fifty-three thousand four-hundred and fifty), with the right to establish any additional share</p>

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premium. For the purposes of exercising the above Delegation of power, the Board of is also vested with all powers to (a) set the number, the unit issue price (including the possible share premium) and the enjoyment of the ordinary shares to be issued, with the limits set forth in art. 2441, paragraph 4, second sentence and/or art. 2438 and/or paragraph 5 of art. 2346 of the Italian Civil Code; (b) set the deadline for the subscription of the Company's ordinary shares; as well as (c) implement the above delegations and powers, including, by way of example only, those necessary to make the consequent amendments to the articles of association required from time to time.

No right of withdrawal

The Board of Directors considers that the proposed amendment to the Articles of Association mentioned above does not fall within any of the cases of withdrawal pursuant to the Articles of Association and the applicable law and regulatory provisions.

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 Extraordinary Shareholders' Meeting of Sabaf S.p.A.

- (i) having examined the "Explanatory Report by the Board of Directors" on the first item on the agenda and the proposals contained therein;*
- (ii) having shared the reasons for the proposals contained therein; and*
- (iii) having acknowledged the certification of the Board of Statutory Auditors that Sabaf S.p.A.'s current share capital is Euro 11,533,450.00 (eleven million five hundred and thirty-three thousand four hundred and fifty), represented by 11,533,450.00 (eleven million five hundred and thirty-three thousand four hundred and fifty) shares with a par value of €1.00 (one) each, and is entirely subscribed and paid*

resolves

1. to delegate to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, the power to increase the share capital all at once or in multiple instalments, with the exclusion of the right of option pursuant to art. 2441, paragraph 4, second sentence, of the Italian Civil Code, under the terms and conditions set out in the aforesaid Report of the Board of Directors and the amendment to the Articles of Association referred to in point 2 below;

2. as a result, to amend article 5 of the Articles of Association by inserting the last paragraph below:

“The Extraordinary Shareholders' Meeting held on 4 May 2020 resolved to delegate to the Board of Directors the power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment and by subscription in cash, all at once or in multiple instalments and through splitting shares, no later than 4 May 2025, with the exclusion of the right of option pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, through the issue, also in several tranches, of a number of

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ordinary shares not exceeding 10% of the share capital existing before the date of exercise of the delegation of power, and in any case for a nominal amount not exceeding EUR1,153,450.00 (one million one-hundred and fifty-three thousand four-hundred and fifty), with the right to establish any additional share premium For the purposes of exercising the above Delegation of power, the Board of is also vested with all powers to (a) set the number, the unit issue price (including the possible share premium) and the enjoyment of the ordinary shares to be issued, with the limits set forth in art. 2441, paragraph 4, second sentence and/or art. 2438 and/or paragraph 5 of art. 2346 of the Italian Civil Code; (b) set the deadline for the subscription of the Company's ordinary shares; as well as (c) implement the above delegations and powers, including, by way of example only, those necessary to make the consequent amendments to the articles of association required from time to time”.

This Report is filed at the registered office of the Company in Ospitaletto, via dei Carpini n. 1, and is available on the website <https://www.sabaf.it>.

Ospitaletto, 24 March 2020

For the Board of Directors
The Chairman
Giuseppe Saleri

Item 2 on the agenda

Proposed amendment to Articles 5-*bis*, 12 and 14 of the Articles of Association and addition of the new Article 13-*bis* of the Articles of Association

Dear Shareholders,

the Board of Directors of Sabaf S.p.A. (hereinafter, the "Company") convened you to an Extraordinary Shareholders' Meeting to discuss and resolve on certain proposals to amend the Articles of Association, which will be described separately below.

This explanatory report, prepared by the Board of Directors pursuant to art. 125-*ter* of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the "TUF"), and art. 72 and 84-*ter*, as well as Annexe 3A, Scheme 3, of the Regulations adopted by CONSOB resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented (the "Issuers' Regulations"), is intended to illustrate:

1. the reasons for the proposed amendments to the Company's Articles of Association (the "Amendments to the Articles of association");
2. a comparison of the Articles of Association proposed for amendment in the current and proposed text, with an illustration of the changes made;
3. the possible effects of the proposed amendments with respect to the shareholders' right of withdrawal;
4. the draft resolutions of the Extraordinary Shareholders' Meeting.

1. Reasons for the proposals to amend the Articles of Association.

The proposed amendments to the Articles of Association and the reasons for amending them are summarised below.

*

Article 5-*bis* of the Articles of Association.

Articles 5-*bis*, 5-*ter* and 5-*quarter* of the Company's Articles of Association contain the regulations relating to the allocation of the increased voting rights in favour of the shares belonging to the same person for twenty-four months, under the conditions and in the manner provided for in the aforementioned articles.

With regard to this regulation, note that, in accordance with the most recent indications of CONSOB, the conditions required for the above-mentioned increase in voting rights are met after twenty-four months of uninterrupted ownership from the registration in the Special List, without the need for further separate requests by the person entitled.

Therefore, it is proposed to amend the second paragraph of Article 5-*bis* of the Articles of Association currently in force accordingly, eliminating the aforementioned expected additional request.

*

Article 12 of the Articles of Association.

Article 12 of the Articles of Association regulates, among other things, the procedures for electing the Board of Directors based on the list vote, setting forth, in this regard, the requirements and procedures for the submission of lists by shareholders who hold at least 2.5% of the share capital with the voting rights in the relevant resolutions of the Shareholders' Meeting.

In this regard, the opportunities envisaged by the legislation in force may be taken by supplementing the aforementioned regulations so as to give the Board of Directors the possibility to submit a list of candidates.

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Via Dei Carpini, 1 - 25035 Ospitaletto - Brescia - Italia

Cap. Soc. Euro 11.533.450 int.vers. - Reg. Imp. di Brescia N. 52821

Tel: +39 030 6843001 - Fax +39 030 6848249 - info@sabaf.it - sabaf@legal.sabaf.it - www.sabaf.it

The above amendment, in line with best practice, is suitable to allow shareholders to pass resolutions taking account of the managerial characteristics highlighted by the outgoing Board, also with a view to continuity of management, broadening the assessment spectrum for which the Shareholders' Meeting is responsible.

Therefore, it is proposed to supplement the provisions of the Articles of Association by envisaging that the Board of Directors may also submit a list in the manner and within the time limits envisaged for lists submitted by shareholders.

*

Article 13-bis of the Articles of Association.

This is a new article deriving from the proposal to introduce the position of Honorary Chairman, which has not been envisaged to date, with the specific aim of establishing an honorary function to be attributed to persons who have contributed to the success or development of the Company.

The Honorary Chairman would have the right to intervene in the meetings of the Corporate Bodies by expressing non-binding opinions, without the assignment of representation or powers.

In order to allow adequate flexibility, consistent with the purposes of the office, it is proposed that the relative appointment may be made both among the members of the Board of Directors and outside of it, with the competent Bodies determining at the time of appointment the duration of the office itself and the relative remuneration.

*

Article 14 of the Articles of Association.

The current Article 14 of the Articles of Association specifies that the Board of Directors is convened by the Chairman by letter or fax or, in urgent cases, by telegram or fax.

It is considered appropriate to propose the amendment of the aforementioned clause of the Articles of Association so as to extend the options to all means made available by technology, including the use of electronic mail and in any case any means suitable to provide proof of receipt of the notice of call.

That being said, we therefore propose that Articles 5, 5bis, 12 and 14 of the articles of association in force be amended and that the new Article 13bis be inserted, for the reasons set out above and in the text which is precisely the result of the comparison set out in the next paragraph.

2. Comparison of the amended and supplemented Articles of Association.

The articles of the current and proposed articles of association are compared below, with the amendments highlighted in bold.

Article 5-bis

<i>Current Text</i>	<i>Proposed Text</i>
1. The holder of ordinary shares, where the prerequisites and conditions of the current rules and regulations and of these Articles of Association are met, has, in relation to the shares held continuously for at least twenty-four months, and from the date referred to in the following paragraph, two votes per share.	Unchanged

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<p>2. The increase in voting is obtained upon entry in the specific list referred to in article 5-quater of the Articles of Association ("Special List"):</p> <p>a) subsequent to the holder's application, accompanied by a communication certifying the share ownership – which may also concern part of the shares owned by the holder – released by the intermediary with whom the shares are deposited in accordance with currently applicable regulations, certifying the legitimation of the entry in the Special List; the above-mentioned application, in the case of subjects other than physical persons, must specify whether the subject is subject to the direct or indirect control of third parties and the data identifying the possible parent, in accordance with applicable regulations;</p> <p>b) upon expiry of the period of twenty-four months of uninterrupted ownership from entry in the Special List (the "Period), certified by the appropriate certification and/or communication issued by the intermediary and therefore upon the continuous existence of the entry for this period;</p> <p>c) with effect from the fifth open market day of the calendar month following the expiry of the period specified in letter b) above.</p>	<p>2. The increase in voting rights is obtained upon entry in the specific list referred to in article 5-quater of the Articles of Association ("Special List"):</p> <p>a) at the request of the holder, accompanied by a communication certifying the ownership of the shares – which may concern even only part of the shares held by the holder – issued by the intermediary with whom the shares are deposited in accordance with the regulations in force, certifying the entitlement to be included in the Special List; the above request, in case of subjects other than natural persons, shall specify whether the subject directly or indirectly controlled by third parties and the identification data of the parent company, if any, in accordance with applicable regulations; b) a) after twenty-four months of uninterrupted ownership from entry in the Special List (the "Period") also certified by the appropriate communication issued by the intermediary and therefore upon the continuous existence of the entry for this period; e) b) with effect from the fifth open market day of the calendar month following the expiry of the period specified in letter b) a) above.</p>
<p>3. Once the increase in voting is already matured, or, if not matured, the period of ownership necessary for the maturation of the increased voting, are kept:</p> <p>a) In the case of succession due to death in favour of the heir and/or legatee;</p> <p>b) In the case of merger or demerger of the holder of the shares in favour of the company resulting from the merger or benefitting from the demerger, notwithstanding the provisions specified in paragraph 7 below;</p> <p>c) In the case of transfer from one portfolio to another of the UCITS managed by one and the same subject;</p> <p>d) In the case of pledging or usufruct constraints with preservation of the voting right to the pledgee or the bare owner.</p>	<p style="text-align: center;">Unchanged</p>

<p>4. The increase in voting rights is extended to the shares (the “New Shares”): (i) Converted shares with a free capital increase in accordance with articles 2442 and 2439 of the Italian Civil Code attributable to the holder in relation to the shares for which the increase in voting has already been matured (the “Original Shares”); (ii) Attributable in exchange for the Original Shares in the case of merger or demerger, provided that the draft merger or demerger provides for this and under the terms provided for there; (iii) Shares signed by the holder of the Original Shares in the exercise of the option right attributable in relation to these shares.</p>	<p>Unchanged</p>
<p>5. In the cases referred to in paragraph 4, the New Shares acquire the increase in voting from the time of the entry in the Special List, without the need for further expiry of the period.</p>	<p>Unchanged</p>
<p>6. In the cases provided for by paragraph 4 above, where the increase in voting for the Original Shares is not yet matured, but is in the course of being matured, the increase in voting will be attributable to the New Shares for which the entry in the Special List has taken place from the time of completion of the holding period calculated from the time of entry in the Special List of the Original Shares.</p>	<p>Unchanged</p>
<p>7. The increase in voting is nullified for the shares (i) subject to assignment on whatever grounds, against payment or free of charge, or pledging, the object of usufruct and other constraints which attribute the voting right to a third party, (ii) held by companies or entities (the “Participants”) which hold participations to a greater extent than the threshold specified in article 120, paragraph 2 of Legislative Decree 58/1998 in the case of assignment on whatever grounds, against payment or free of charge, of the control (namely the subject matter of article 2359, first paragraph no. 1, of the Italian Civil Code), directly or indirectly in the same Participants, it being noted that the subject matters set forth in paragraph three above do not constitute a relevant assignment for the purpose of the foregoing.</p>	<p>Unchanged</p>

<p>8. The increase in voting is nullified in the case of a waiver by the holder in whole or in part of the same increase in voting communicated by the intermediary upon the request of the holder in accordance with currently applicable regulations. The waiver is in any case irrevocable and the increase in voting may be acquired again with a new entry in the Special List and the expiry of the entire period.</p>	Unchanged
<p>9. The subject entered in the Special List consents to the intermediary indicating, and is itself obliged to communicate without undue delay, however by the date referred to in article 5 - quater paragraph 3 (record date), any circumstance and matter which nullifies, in accordance with currently applicable provisions and the provisions of the Articles of Association, the prerequisites for the increase in voting or has an impact on the holding of the same.</p>	Unchanged

Article 12

<i>Current Text</i>	<i>Proposed Text</i>
The company is managed by a Board of Directors, consisting, at the Ordinary Shareholder Meeting's discretion, of three to fifteen members, of which the less represented members must be at least the minimum requested by the current law and regulations. Management can also be entrusted to non-shareholders.	Unchanged
Directors hold office for the time established at the time of their appointment, but in any case for not more than three years, and can be re-elected.	Unchanged
Appointment to the office of Director is conditional on possession of the requirements laid down by the legislation and other applicable provisions. At least one member of the Board of Directors, or at least two if the Board of Directors has seven seats pursuant to resolution by the Shareholders' Meeting, must satisfy the requirements of independence set out in the laws and regulations applicable to the statutory auditors of companies listed on Italian regulated markets.	Unchanged
The Board of Directors shall be appointed on the basis of lists submitted by anyone having voting rights who, alone or together with anyone else having voting rights, hold at least 2.5% of the capital carrying the right to vote on the resolutions of the Shareholder's Meeting relating to the appointment of the members of the governing bodies, or such other amount as may be established by Consob Regulation taking account of the capitalisation, float and ownership of the company. The notice of call of the Shareholders' Meeting required to resolve on the appointment of directors shall specify the minimum shareholding required for submission of lists.	Unchanged
	The Board of Directors can submit a list in the manner and within the time limits envisaged for lists submitted by shareholders.

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Candidates nominated in more than one list shall be disqualified.	Unchanged
Without prejudice to any other cause of disqualification or debarment, candidates who do not meet the requirements laid down by the legislation, the Company Bylaws or the other provisions applicable to the various offices shall not be included in the lists.No party holding voting rights shall individually or jointly submit more than one list, even through an intermediary or trust company.	Unchanged
The candidates in each list shall be indicated with a sequential number. Each list shall contain at least a number of candidates who meet the independence requirements laid down in the legislation and other provisions applicable to the Company.	Unchanged
The lists, duly signed by each of the shareholders who submitted them and accompanied by a certificate showing the percentage shareholding held by the persons having voting rights and the ownership of that holding, shall be filed at the company's registered office and made available to the public at the HQ and on the company website, pursuant to the terms and in compliance with the provisions of applicable primary and secondary laws and regulations.	Unchanged
At the time of submission of the list, the following documentation shall also be filed at the company's registered office:	Unchanged
- detailed information about the personal and professional characteristics of the candidates nominated in the lists submitted, including the administration and control offices held by each candidate in other listed companies or in finance, banking, insurance or other large companies;	Unchanged

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<p>- the declarations in which individual candidates accept their nomination and declare, on their own responsibility, that none of the grounds of disqualification or incompatibility laid down by law exist, that they meet the requirements laid down by legislation, the Company By-Laws and the other provisions applicable to the various offices, including the independence requirements established by the legislation applicable to the statutory auditors of companies listed on Italian regulated markets, and the further requirements laid down in the code of conduct drawn up by the management company of the Italian regulated market.</p>	<p>Unchanged</p>
<p>Each list that has a number of candidates greater than or equal to three must have a number of less represented candidates that ensures, on the same list, respect for the balance required by the current laws and regulations.</p>	<p>Unchanged</p>
<p>Submitted lists which do not comply with the above requirements shall be deemed not to have been submitted. Each party holding voting rights may only vote for one list.</p>	<p>Unchanged</p>
<p>The election of Directors shall be conducted as follows:</p>	<p>Unchanged</p>
<p>a) a number of directors equal to the number of the Directors to be elected less two shall be taken from the list that obtained the majority of the votes cast by anyone who has voting rights, in the sequential order indicated in the list;</p>	<p>Unchanged</p>
<p>b) the remaining two Directors are 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 according to the sequence specified and provided that these lists are not connected 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 according to the sequence specified.</p>	<p>Unchanged</p>

<p>If more than two lists which are not connected in any way, even indirectly, with the list that obtained the highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected based on the minimum quotas required for the various categories that are legally applicable. If two or more lists which are not connected in any way (even indirectly) with the lists that obtained the highest and second highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected based on the minimum quotas required for the genders that are legally applicable. For the purpose of allocating the Directors to be elected, no account will be taken of lists which do not obtain a percentage of the votes amounting to at least half the percentage required by the Company Bylaws for submission of lists.</p>	<p>Unchanged</p>
<p>If the candidates elected by the aforesaid procedure do not include the minimum number of Directors who meet the independence requirements referred to in article 12 hereof, the elected non-independent candidate(s) listed last in sequential order on the list that obtained the highest number of votes shall be replaced by unelected independent candidate(s) from the same list in sequential order.</p> <p>If, following the above procedure, the composition of the Board of Directors does not allow respect for the equilibrium between the various categories to be respected as set forth by the applicable laws and regulations, the candidate from the most represented category elected last in sequential order on the list that obtained the greatest number of votes is replaced by the first candidate from the least represented category not elected on the same list based on sequential order.</p>	<p>Unchanged</p>
<p>In the case where the aforementioned procedure is not applicable, the replacement is done by the Shareholders' Meeting with the legal majority.</p>	<p>Unchanged</p>

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<p>If a single list is submitted, or if no list is submitted, or if the full Board of Directors is not being elected, the Shareholders' Meeting shall resolve in accordance with the legally envisaged majorities and based on the balance between the categories based on that set forth by the current laws and regulations.</p>	<p>Unchanged</p>
<p>Directors' domicile, as regards their dealings with the company, is the company's registered HQ. The Shareholders' Meeting determines the entity of remuneration to be accorded to members of the Board of Directors.</p>	<p>Unchanged</p>

Article 13-bis

<i>Current Text</i>	<i>Proposed Text</i>
	<p>1. The Board of Directors can appoint an Honorary Chairman not necessarily among its members, if he/she has not already been appointed by the Shareholders' Meeting, chosen from among persons who have contributed to the establishment or development of the company.</p>
	<p>2. The office of Honorary Chairman does not determine the power of signature or powers of representation of the company.</p>
	<p>3. The Honorary Chairman who is not a member of the Board of Directors can attend Board meetings and Shareholders' Meetings with the power to express assessments and non-binding opinions on the matters dealt with. In such cases, the Honorary Chairman does not have the right to vote and his/her presence is not counted for the validity of Board meetings.</p>
	<p>4. The Board of Directors determines the remuneration, if any, and any other remuneration and/or reimbursement of expenses due to the Honorary Chairman.</p>
	<p>5. The Honorary Chairman remains in office for the duration established by the appointment resolution, unless he/she resigns or is removed.</p>

Article 14

<i>Current Text</i>	<i>Proposed Text</i>
The Board meets, also at a venue other than the company's registered HQ, as long as it is in Italy or in other European countries, whenever the Chairman deems it appropriate, or when a request for a meeting is made to the Chairman even by just one director or by the statutory auditors.	Unchanged
Directors report in a timely manner, on occasion of Board of Directors' meetings or also directly – in oral or written form and in any case on at least a quarterly basis – to the Statutory Auditors' Committee on the activity performance and on the transactions of greatest business, financial and capital importance undertaken by the company or its subsidiaries, as well as on transactions in which they have an interest, on their own account or that of third parties, or that are influenced by the subject exercising the direction and co-ordination function.	Unchanged
The possibility is allowed of Board meetings being held via tele- or videoconferencing, on condition that all participants can be identified and are able to follow the discussion and intervene in real time in discussion of the topics addressed. If these requirements are met, the Board of Directors' meeting is considered to be held in the place where the Chairman is physically located, and where the secretary must also be, so as to permit the drafting and signature of minutes in the relevant company journal.	Unchanged
Board meetings are convened by the Chairman via a letter or fax to be sent at least five days before the meeting to each director and standing statutory auditor and, in urgent cases, via a telegram or fax to be sent at least twenty-four hours beforehand	Board meetings are convened by the Chairman by letter, fax, email or any other suitable means to provide proof of receipt, to be sent at least five days before the meeting, or at least twenty-four hours before in urgent cases, to be sent to each Director and Standing Auditor.

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Tel: +39 030 6843001 - Fax +39 030 6848249 - info@sabaf.it - sabaf@legal.sabaf.it - www.sabaf.it

In order for Board resolutions to be valid, the majority of directors in office must be present. Resolutions are passed with the outright majority of voters. Abstainers are not counted in the number of voters. In the case of a tie vote, the person chairing the meeting has the casting vote.

Unchanged

3.- Right of withdrawal.

The Board of Directors believes that, considering the contents of the amendments to the Articles of Association described above, the conditions for exercising the right of withdrawal envisaged by current regulations are not met.

4.- Draft resolutions.

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

"The Extraordinary Shareholders' Meeting of Sabaf S.p.A.,

- (i) having examined the "Explanatory Report by the Board of Directors" of the second item on the agenda and the proposals contained therein;
- (ii) having shared the reasons for the proposals contained therein

resolves

A) to amend Articles 5-bis, 12 and 14 of the Articles of Association and to introduce the new Article 13-bis of the Articles of Association, all in accordance with the texts contained in the report of the Board of Directors to the Shareholders, transcribed below.

Article 5-bis – Increase in voting rights

"1. The holder of ordinary shares, where the prerequisites and conditions of the current rules and regulations and of these Articles of Association are met, has, in relation to the shares held continuously for at least twenty-four months, and from the date referred to in the following paragraph, two votes per share.

2. The increase in voting is obtained upon entry in the specific list referred to in article 5-quater of the Articles of Association ("Special List"):

a) after twenty-four months of uninterrupted ownership from entry in the Special List (the "Period") also certified by the appropriate communication issued by the intermediary and therefore upon the continuous existence of the entry for this period;

b) with effect from the fifth open market day of the calendar month following the expiry of the period specified in letter b) a) above.

3. Once the increase in voting is already matured, or, if not matured, the period of ownership necessary for the maturation of the increased voting, are kept:

a) in the case of succession due to death in favour of the heir and/or legatee;

b) in the case of merger or demerger of the holder of the shares in favour of the company resulting from the merger or benefitting from the demerger, notwithstanding the provisions specified in

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paragraph 7 below;

c) in the case of transfer from one portfolio to another of the UCITS managed by one and the same subject;

d) in the case of pledging or usufruct constraints with preservation of the voting right to the pledgee or the bare owner.

4. The increase in voting rights is extended to the shares (the “New Shares”):

(i) converted shares with a free capital increase in accordance with articles 2442 and 2439 of the Italian Civil Code attributable to the holder in relation to the shares for which the increase in voting has already been matured (the “Original Shares”);

(ii) attributable in exchange for the Original Shares in the case of merger or demerger, provided that the draft merger or demerger provides for this and under the terms provided for there;

(iii) Shares signed by the holder of the Original Shares in the exercise of the option right attributable in relation to these shares.

5. In the cases referred to in paragraph 4, the New Shares acquire the increase in voting from the time of the entry in the Special List, without the need for further expiry of the period.

6. In the cases provided for by paragraph 4 above, where the increase in voting for the Original Shares is not yet matured, but is in the course of being matured, the increase in voting will be attributable to the New Shares for which the entry in the Special List has taken place from the time of completion of the holding period calculated from the time of entry in the Special List of the Original Shares.

7. The increase in voting is nullified for the shares (i) subject to assignment on whatever grounds, against payment or free of charge, or pledging, the object of usufruct and other constraints which attribute the voting right to a third party, (ii) held by companies or entities (the “Participants”) which hold participations to a greater extent than the threshold specified in article 120, paragraph 2 of Legislative Decree 58/1998 in the case of assignment on whatever grounds, against payment or free of charge, of the control (namely the subject matter of article 2359, first paragraph no. 1, of the Italian Civil Code), directly or indirectly in the same Participants, it being noted that the subject matters set forth in paragraph three above do not constitute a relevant assignment for the purpose of the foregoing.

8. The increase in voting is nullified in the case of a waiver by the holder in whole or in part of the same increase in voting communicated by the intermediary upon the request of the holder in accordance with currently applicable regulations. The waiver is in any case irrevocable and the increase in voting may be acquired again with a new entry in the Special List and the expiry of the entire period.

9. The subject entered in the Special List consents to the intermediary indicating, and is itself obliged to communicate without undue delay, however by the date referred to in article 5 - quater paragraph 3 (record date), any circumstance and matter which nullifies, in accordance with currently applicable provisions and the provisions of the Articles of Association, the prerequisites for the increase in voting or has an impact on the holding of the same”.

Article 12 - Composition and election of the Board of Directors

“The company is managed by a Board of Directors, consisting, at the Ordinary Shareholder Meeting’s discretion, of three to fifteen members, of which the less represented members must be at least the minimum requested by the current law and regulations. Management can also be entrusted to non-shareholders.

SABAF S.p.a.

Via Dei Carpini, 1 - 25035 Ospitaletto - Brescia - Italia

Cap. Soc. Euro 11.533.450 int.vers. - Reg. Imp. di Brescia N. 52821

Tel: +39 030 6843001 - Fax +39 030 6848249 - info@sabaf.it - sabaf@legal.sabaf.it - www.sabaf.it

Directors hold office for the time established at the time of their appointment, but in any case for not more than three years, and can be re-elected.

Appointment to the office of Director is conditional on possession of the requirements laid down by the legislation and other applicable provisions. At least one member of the Board of Directors, or at least two if the Board of Directors has seven seats pursuant to resolution by the Shareholders' Meeting, must satisfy the requirements of independence set out in the laws and regulations applicable to the statutory auditors of companies listed on Italian regulated markets.

The Board of Directors shall be appointed on the basis of lists submitted by anyone having voting rights who, alone or together with anyone else having voting rights, hold at least 2.5% of the capital carrying the right to vote on the resolutions of the Shareholder's Meeting relating to the appointment of the members of the governing bodies, or such other amount as may be established by Consob Regulation taking account of the capitalisation, float and ownership of the company. The notice of call of the Shareholders' Meeting required to resolve on the appointment of directors shall specify the minimum shareholding required for submission of lists.

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

Candidates nominated in more than one list shall be disqualified.

Without prejudice to any other cause of disqualification or debarment, candidates who do not meet the requirements laid down by the legislation, the Company Bylaws or the other provisions applicable to the various offices shall not be included in the lists. No party holding voting rights shall individually or jointly submit more than one list, even through an intermediary or trust company.

The candidates in each list shall be indicated with a sequential number. Each list shall contain at least a number of candidates who meet the independence requirements laid down in the legislation and other provisions applicable to the Company.

The lists, duly signed by each of the shareholders who submitted them and accompanied by a certificate showing the percentage shareholding held by the persons having voting rights and the ownership of that holding, shall be filed at the company's registered office and made available to the public at the HQ and on the company website, pursuant to the terms and in compliance with the provisions of applicable primary and secondary laws and regulations.

At the time of submission of the list, the following documentation shall also be filed at the company's registered office:

- detailed information about the personal and professional characteristics of the candidates nominated in the lists submitted, including the administration and control offices held by each candidate in other listed companies or in finance, banking, insurance or other large companies;*
- the declarations in which individual candidates accept their nomination and declare, on their own responsibility, that none of the grounds of disqualification or incompatibility laid down by law exist, that they meet the requirements laid down by legislation, the Company By-Laws and the other provisions applicable to the various offices, including the independence requirements established by the legislation applicable to the statutory auditors of companies listed on Italian regulated markets, and the further requirements laid down in the code of conduct drawn up by the management company of the Italian regulated market.*

Each list that has a number of candidates greater than or equal to three must have a number of less represented candidates that ensures, on the same list, respect for the balance required by the current laws and regulations.

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Submitted lists which do not comply with the above requirements shall be deemed not to have been submitted.

Each party holding voting rights may only vote for one list.

The election of Directors shall be conducted as follows:

a) a number of directors equal to the number of the Directors to be elected less two shall be taken from the list that obtained the majority of the votes cast by anyone who has voting rights, in the sequential order indicated in the list;

b) the remaining two Directors are 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 according to the sequence specified and provided that these lists are not connected 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 according to the sequence specified.

If more than two lists which are not connected in any way, even indirectly, with the list that obtained the highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected based on the minimum quotas required for the various categories that are legally applicable. If two or more lists which are not connected in any way (even indirectly) with the lists that obtained the highest and second highest number of votes obtain the same number of votes, a Director shall be taken from each of the said lists, in the sequential order indicated therein, and the older candidate shall be elected based on the minimum quotas required for the genders that are legally applicable. For the purpose of allocating the Directors to be elected, no account will be taken of lists which do not obtain a percentage of the votes amounting to at least half the percentage required by the Company Bylaws for submission of lists.

If the candidates elected by the aforesaid procedure do not include the minimum number of Directors who meet the independence requirements referred to in article 12 hereof, the elected non-independent candidate(s) listed last in sequential order on the list that obtained the highest number of votes shall be replaced by unelected independent candidate(s) from the same list in sequential order. If, following the above procedure, the composition of the Board of Directors does not allow respect for the equilibrium between the various categories to be respected as set forth by the applicable laws and regulations, the candidate from the most represented category elected last in sequential order on the list that obtained the greatest number of votes is replaced by the first candidate from the least represented category not elected on the same list based on sequential order.

In the case where the aforementioned procedure is not applicable, the replacement is done by the Shareholders' Meeting with the legal majority.

If a single list is submitted, or if no list is submitted, or if the full Board of Directors is not being elected, the Shareholders' Meeting shall resolve in accordance with the legally envisaged majorities and based on the balance between the categories based on that set forth by the current laws and regulations.

Directors' domicile, as regards their dealings with the company, is the company's registered HQ. The Shareholders' Meeting determines the entity of remuneration to be accorded to members of the Board of Directors'.

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Article 13-bis – Honorary Chairman

- 1. The Board of Directors can appoint an Honorary Chairman not necessarily among its members, if he/she has not already been appointed by the Shareholders' Meeting, chosen from among persons who have contributed to the establishment or development of the company.**
- 2. The office of Honorary Chairman does not determine the power of signature or powers of representation of the company.**
- 3. The Honorary Chairman who is not a member of the Board of Directors can attend Board meetings and Shareholders' Meetings with the power to express assessments and non-binding opinions on the matters dealt with. In such cases, the Honorary Chairman does not have the right to vote and his/her presence is not counted for the validity of Board meetings.**
- 4. The Board of Directors determines the remuneration, if any, and any other remuneration and/or reimbursement of expenses due to the Honorary Chairman.**
- 5. The Honorary Chairman remains in office for the duration established by the appointment resolution, unless he/she resigns or is removed**.

Article 14 - Board meetings

“The Board meets, also at a venue other than the company’s registered HQ, as long as it is in Italy or in other European countries, whenever the Chairman deems it appropriate, or when a request for a meeting is made to the Chairman even by just one director or by the statutory auditors.

Directors report in a timely manner, on occasion of Board of Directors’ meetings or also directly – in oral or written form and in any case on at least a quarterly basis – to the Statutory Auditors’ Committee on the activity performance and on the transactions of greatest business, financial and capital importance undertaken by the company or its subsidiaries, as well as on transactions in which they have an interest, on their own account or that of third parties, or that are influenced by the subject exercising the direction and co-ordination function.

The possibility is allowed of Board meetings being held via tele- or videoconferencing, on condition that all participants can be identified and are able to follow the discussion and intervene in real time in discussion of the topics addressed. If these requirements are met, the Board of Directors’ meeting is considered to be held in the place where the Chairman is physically located, and where the secretary must also be, so as to permit the drafting and signature of minutes in the relevant company journal.

The Board is convened by the Chairman by letter, fax, email or any other suitable means to provide proof of receipt, to be sent at least five days before the meeting, or at least twenty-four hours before in urgent cases, to be sent to each Director and Standing Auditor.

In order for Board resolutions to be valid, the majority of directors in office must be present. Resolutions are passed with the outright majority of voters. Abstainers are not counted in the number of voters. In the case of a tie vote, the person chairing the meeting has the casting vote”.

B) to give the Board of Directors of the Company the mandate to amend the Regulations for the management of the Special List in order to adapt it to the amendments to the Articles of Association, by publishing the amended Regulations on the Company's website.

C) to give the Chairman and the Chief Executive Officer the mandate, separately from each other, and also by means of special attorneys, with the widest possible powers, to take severally all necessary steps to

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implement the resolutions amending the Articles of Association adopted today and to comply with all legal formalities, with the right to make formal and non-substantial additions, amendments and cancellations that may be necessary or in any case required even at the time of entering the resolution in the competent register of Companies.

This Report is filed at the registered office of the Company in Ospitaletto, via dei Carpini n. 1, and is available on the website <https://www.sabaf.it>.

Ospitaletto, 24 March 2020

For the Board of Directors
The Chairman
Giuseppe Saleri

SABAF S.p.a.

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