

**Shareholders' Meeting of 8 May 2024**  
**Explanatory Report by the Board of Directors**

**GENERAL PART**

**Item 1 on the agenda**

**Financial report at 31 December 2023: management report prepared by the Board of Directors and consolidated non-financial statement; Independent Auditors' Report and Report of the Board of Statutory Auditors; Approval of the Financial statements at 31 December 2023.**

The description of the financial statements is contained in the management report by the Board of Directors available at the registered office of Sabaf S.p.A. (hereinafter referred to as "**Sabaf**" or the "**Company**"), on the website [www.sabafgroup.com](http://www.sabafgroup.com) and in the other methods envisaged by the regulations in force, along with the draft of the separate financial statements and the consolidated financial statements, the *Report by the Board of Statutory Auditors*, and the *Report by the Independent Auditors*, in compliance with the applicable provisions of law and regulations.

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

The *Annual Report* provides an overview of the business model of the Sabaf group (the "**Group**") and the process of creating corporate value. The business model and the main results achieved (summary of key 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. "Non-financial indicators" include the results achieved in managing and enhancing intangible capital, the main driver that allows monitoring the ability of the company's strategy to create value in a perspective of medium/long-term sustainability.

On 30 December 2016, Legislative Decree no. 254 came into force, which, in implementation of Directive 2014/95/EU on non-financial and diversity information, requires relevant public interest entities to disclose non-financial and diversity information starting from the 2017 financial statements. As a relevant public-interest entity, Sabaf prepared for the seventh year the *Consolidated disclosure of non-financial information* presenting the main policies practiced by the company, the management models, the risks, the activities carried out by the Group during 2023, and the related performance indicators as pertains to the topics expressly referred to by Legislative Decree no. 254/2016 (environmental, social, personnel-related, respect for human rights, fight against corruption) and to the extent needed to ensure understanding of the business activity, its trend, its results, and the impacts it produces.

As we thank our employees, the Board of Statutory Auditors, the Independent Auditors and the supervisory authorities for their invaluable cooperation, we would kindly ask the shareholders to approve the financial statements ended 31 December 2023 with a profit for the year of €3,503,797.

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Dear Shareholders,

We therefore ask you to approve the following draft resolution:

1. *“The Shareholders’ Meeting:*

- *having taken note of the Board of Directors Management Report, the Board of Statutory Auditors Report, and the Independent Auditors’ Report;*
- *having examined and debated the financial statements at 31 December 2023, which closed with an operating profit of €3,503,797.*

***resolved***

*to approve the financial statements at 31 December 2023.*

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Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

**Item 2 on the agenda****Resolution as to the dividend proposal**

Dear Shareholders,

The Board of Directors proposes to distribute an ordinary dividend of €0.54 per share to the shareholders, with the exclusion of the treasury shares on the ex-date, by distributing the entire profit for 2023 of €3,503,797 and, for the residual part, by distributing a portion of the extraordinary reserve. The dividend is scheduled for payment on 29 May 2024 (ex-date 27 May and *record date* 28 May 2024).

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Dear Shareholders,

We therefore ask you to approve the following draft resolution:

1. *“The Shareholders’ Meeting:*
  - *having taken note of the resolution passed with respect to Item 1 on the agenda*

***resolved***

to distribute an ordinary dividend of €0.54 per share to the shareholders, with the exclusion of the treasury shares on the ex-date, by distributing the entire profit for 2023 of €3,503,797 and, for the residual part, by distributing a portion of the extraordinary reserve.

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Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

### **Item 3 on the agenda**

#### **Report on remuneration policy and remuneration paid**

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

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

Dear Shareholders,

Taking account of Consob resolution no. 21623/20 of 10 December 2020, which amended Article 84-*quarter* of Consob Regulation no. 11971/1999, as well as the recommendations expressed by the Corporate Governance Code for listed companies, the Company's Board of Directors, at the suggestion of the Remuneration and Nomination Committee, approved a new remuneration policy, which introduces changes to the previous policy.

The *Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023* has been prepared in compliance with Annex 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 on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023* is also available on the Company's website [www.sabafgroup.com](http://www.sabafgroup.com).

Therefore, pursuant to Article 123-*ter* of Legislative Decree no. 58/1998, this Shareholders' Meeting is called upon to express:

- a) its binding vote on the first section of the Report on remuneration policy and remuneration paid, containing:
  - (i) the policy adopted by the Company on remuneration of members of the board of directors, general managers and executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, of the members of the control bodies;
  - (ii) the procedures used for the adoption and implementation of this policy.
  
- b) its advisory vote on the second section of the *Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023*, containing – with regard to the administration and control bodies, general managers and, in aggregate form, executives with strategic responsibilities –:
  - (i) the representation of the items making up the remuneration;
  - (ii) an analytical illustration of the remuneration paid in the financial year under review for any reason and in any form by the Company or by subsidiaries or associates.

We acknowledge that, pursuant to Article 123-*ter*, paragraph 8-*bis* of Legislative Decree No. 58/1998, the company appointed to audit the financial statements has checked the preparation by the directors of the second section of the *Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023*.

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Dear Shareholders,

We therefore ask you to approve the following draft resolutions:

1. *“The Shareholders’ Meeting:*

- *having taken note of and considered the Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023;*

***resolved***

*to approve the first section of the Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023, with a binding vote pursuant to and for the purposes of Article 123, paragraphs 3-bis and 3-ter of Legislative Decree 58/1998.*

2. *The Shareholders’ Meeting:*

- *having taken note of and considered the Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023;*
- *having taken note of the fact that the independent auditors have checked the provisions of Article 123, paragraph 8-bis of Legislative Decree no. 58/1998, regarding the preparation by the directors of the second section of this Report*

***resolved***

*to approve the second section of the Report on the general remuneration policy for the three-year period from 2024 to 2026 and remuneration paid in 2023, with an advisory vote pursuant to and for the purposes of Article 123, paragraph 6 of Legislative Decree 58/1998.”*

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Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

## **Item 4 on the agenda**

### **Appointment of the Board of Directors**

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

#### **4.2 Determination of the term of office**

#### **4.3 Appointment of directors**

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

Dear Shareholders,

We inform you that, on the occasion of the Shareholders' Meeting approving the financial statements at 31 December 2023, the term of office of the Board of Directors appointed by resolution of the Shareholders' Meeting of 6 May 2021 for the years 2021-2023, has expired.

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

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

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

With reference to the quantitative composition, the outgoing Board of Directors, after obtaining the opinion of the Remuneration and Nomination Committee and having regard to the Board of Directors' guidelines on the optimal quantitative and qualitative composition of the Board of Directors considered optimal for the 2024 – 2026 three-year period, asks shareholders to confirm that the number of members is 9 (nine).

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

#### **4.2 Term of office of the Board of Directors**

With regard to the term of office, the Board of Directors believes that the determination of 3 (three) financial years can be confirmed.

#### **4.3 Appointment of the Board of Directors for the years from 2024 to 2026**

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

Lists can be submitted by those holding voting rights who, alone or together with others, are owners of shares representing, at the date the list is filed, at least 2.5% (two point five per cent) of capital with voting rights in the Shareholders' Meeting.

Pursuant to Article 147-ter, paragraph 1-bis, of Legislative Decree 58/1998, the lists, accompanied by the documents required, must be submitted by the Shareholders by the 25th (twenty-fifth) day prior to the date of the Shareholders' Meeting, i.e. by 13 April 2024.

Lists must be filed in one of the following ways: (i) by sending them to the certified email address [sabaf@legal.sabaf.it](mailto:sabaf@legal.sabaf.it) or (ii) at the registered office.

The lists must be accompanied by a declaration from the shareholders submitting them, stating their identity and the total percentage of the Company's capital held by them. The notification certifying the ownership of the aforementioned shareholding, issued by an authorised intermediary, may be received by the Company even after the filing of the lists, provided that it is received at least twenty-one days before

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the date of the Shareholders' Meeting (i.e. by 17 April 2024, which is the deadline for the Company to publish the lists).

Together with the lists, the following documents must also be filed with the Company: (i) declarations by which the individual candidates accept their candidacy and certify, under their own responsibility, that there are no grounds for disqualification or incompatibility and that they meet the requirements laid down by the regulations in force and the Articles of Association for the offices in question; and (ii) a comprehensive information on the personal and professional characteristics of the candidates.

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

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

Pursuant to art.12 of the Articles of Association and art. 147-ter, paragraph 4, of Legislative Decree 58/1998, each list shall include at least one candidate, or at least 2 (two) if it includes more than 7 (seven) candidates, meeting the independence requirements laid down in the legislation applicable to Statutory Auditors of companies listed on the Italian regulated market.

Pursuant to Article 12 of the Articles of Association, each list that has a number of candidates equal to or greater than 3 (three) must have a number of candidates belonging to the less represented gender in order to ensure that the new Board of Directors is composed of at least 2/5 (two-fifths) of members of the less represented gender, rounded up to the higher unit in the event of a fraction, with the exception of lists consisting of three candidates, which are rounded down to the lower unit.

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

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

In the light also of the importance of the responsibilities that the members of the Board of Directors will have to assume for the purpose of submitting lists, Shareholders are asked to consider with due awareness the contents of the Board of Directors' guidelines on the optimal quantitative and qualitative composition of the Board of Directors for the 2024 – 2026 three-year period and approved by the latter on 20 February 2024, which defines the individual requirements and the qualitative and quantitative profile that the new Board of Directors should collectively reflect. The Guidelines are available on the Company's website [www.sabafgroup.com](http://www.sabafgroup.com), under the section "Investors".

Without prejudice to the reiterated need for a careful reading of the entire document, it should be noted, in particular, that, also pursuant to the *Corporate Governance Code* with which the Company complies, it is required that one member of the Board of Directors has adequate knowledge and experience in financial matters or remuneration policies and one member has adequate experience in accounting and finance or risk management. The Board of Directors also reiterates the need to ensure the presence of an adequate number of independent and/or non-executive members, inter alia, for the effective management and organisation of Board Committees, referring also on this issue to what is more fully expressed in its own Guidelines approved on 20 February 2024, already mentioned above.

Also in accordance with the aforementioned *Corporate Governance Code*, we request that you include the name of the candidate for the position of Chairman in the lists and, if the list contains more than half of the members to be elected, that you provide sufficient information in the documents submitted with the

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list as to the compliance of the list with the aforementioned Board of Directors' guidelines on the optimal quantitative and qualitative composition of the Board of Directors for the 2024 – 2026 three-year period, also with reference to the diversity criteria envisaged by the provisions in force.

At least twenty-one (21) days prior to the date of the Shareholders' Meeting convened in a single call (and therefore by 17 April 2024), all lists filed in compliance with the above terms and conditions are made available to the public at the company's registered office, on the website of the Company [www.sabafgroup.com](http://www.sabafgroup.com), as well as in the other ways provided for by the applicable regulatory provisions.

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

The Directors will be elected as follows:

- a) a number of directors equal to the number of directors to be elected minus 2 (two) shall be taken from the list that received the majority of the votes, in the sequential order indicated on the list;
- b) the remaining 2 (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, in the order 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 in ascending order.

In the event that more than two lists, which are in no way, even indirectly, related to the list that obtained the highest number of votes, obtain the same number of votes, one Director shall be elected from each of said lists, in the order indicated therein, and the 2 (two) eldest candidates shall be elected on the basis of the minimum number of candidates required by the laws and regulations in force from time to time. For the purpose of allocating the directors to be elected, no account will be taken of lists that do not obtain a percentage of votes amounting to at least one half the percentage required by the Articles of Association for the submission of lists.

If the candidates elected by the aforesaid procedures do not include the minimum number of directors who meet the independence requirements referred to in Article 12 hereof – i.e. at least 1 (one) independent director or at least 2 (two) if the Shareholders' Meeting has set the number of members of the Board of Directors at more than 7 (seven) – the elected non-independent candidate(s) listed last in ascending order on the list that obtained the highest number of votes will be replaced by unelected independent candidate(s) from the same list in ascending order.

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

If a single list is submitted, or if no list is submitted, the Shareholders' Meeting shall resolve in accordance with the legally envisaged majorities, and based on the balance between the genders in accordance with laws and regulations *pro tempore* in force.

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

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

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

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

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

The outgoing Board of Directors, after obtaining the opinion of the Remuneration and Nomination Committee, resolved to propose to the Shareholders' Meeting that the new Board of Directors receive a gross annual remuneration of €225,000.00 (two hundred and twenty-five thousand/00), which excludes the remuneration paid to Directors who are employees by virtue of their employment relationship and any remuneration of Directors holding special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code, the determination of which is delegated, pursuant to law, to the Board of Directors.

The total remuneration will be distributed by the new Board of Directors.

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

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

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

Dear Shareholders,

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

- 4.1 *“to set the number of members of the Board of Directors at 9 (nine);*
- 4.2 *to approve the term of office of the Board of Directors for a period of 3 (three) financial years;*
- 4.3 *to appoint the new Board of Directors for the financial years 2024, 2025, 2026 according to the list voting procedure pursuant to the law and the articles of association;*
- 4.4 *to set the gross annual remuneration of the Directors at €225,000.00 (two hundred and twenty-five thousand/00), excluding from the above amount the remuneration paid to Directors who are employees by virtue of their employment relationship and any additional remuneration of Directors holding special offices pursuant to Article 2389, paragraph 3, of the Italian Civil Code established by the Board of Directors itself.”*

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Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

## **Item 5 on the agenda**

### **Appointment of the Board of Statutory Auditors for the three-year period from 2024 to 2026**

#### **5.1 Appointment of the members of the Board of Statutory Auditors**

#### **5.2 Appointment of the Chairman of the Board of Statutory Auditors**

#### **5.3 Determination of the annual remuneration**

Dear Shareholders,

We inform you that, on the occasion of the Shareholders' Meeting approving the financial statements at 31 December 2023, the term of office of the Board of Statutory Auditors, appointed by resolution of the Shareholders' Meeting of 6 May 2021 for the years 2021-2023, has expired.

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

#### **5.1 Appointment of the members of the Board of Statutory Auditors**

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

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

Lists can only be submitted by those holding voting rights who, alone or together with others, hold shares representing at least 2.5% (two point five per cent) of the capital with voting rights at the Shareholders' Meeting at the time the list is submitted.

Each holder of voting rights, as well as shareholders who are part of a group pursuant to Article 2359 of the Italian Civil Code, or shareholders who enter into a shareholders' agreement relating to the Company's shares, cannot present – even via interposed persons or trustee companies – more than one list, and cannot vote for several lists.

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

The lists of candidates must be submitted by the twenty-fifth day prior to the date of the Shareholders' Meeting, i.e. by 13 April 2024.

Lists must be filed in one of the following ways: (i) by sending them to the certified e-mail address [sabaf@legal.sabaf.it](mailto:sabaf@legal.sabaf.it) or (ii) at the registered office.

The lists will be made available to the public by the Company at the company's registered office, on the

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Company's website and in compliance with the other procedures established by Consob regulation, at least twenty-one (21) days prior to the date of the Shareholders' Meeting.

Pursuant to art.144-*sexies*, paragraph 5, of the Regulation adopted with Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, if, by no later than the 25th (twenty-fifth) day prior to the date of the Shareholders' Meeting called upon to resolve on the appointment of the Statutory Auditors, only a single list has been submitted, or only lists that are connected to one another pursuant to current regulations, additional lists may be submitted up to the 3rd (third) day following said deadline (therefore, by no later than 16 April 2024).

When filed, each list must be accompanied by:

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

Each list that has a number of candidates equal to or greater than 3 (three) must have a number of candidates belonging to the less represented gender in order to ensure that the new Board of Statutory Auditors is composed of at least 2/5 two-fifths of members of the less represented gender, rounded up to the higher unit in the event of a fraction, with the exception of lists consisting of three candidates, which are rounded down to the lower unit.

The certification issued by authorised financial intermediaries attesting to ownership of the number of shares needed to submit the lists may also be produced after filing, by the deadline established for the Company to publish the lists (17 April 2024).

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

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

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

The Statutory Auditors are elected as follows:

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

In the event of a tie between 2 (two) or more lists, the oldest candidates shall be elected Statutory Auditors until all posts have been assigned.

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

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

### **5.2 Appointment of the Chairman of the Board of Statutory Auditors**

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

### **5.3 Determination of the annual remuneration**

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

The outgoing Board of Directors, after obtaining the opinion of the Remuneration and Nomination Committee, resolved to propose to the Shareholders' Meeting that the Board of Statutory Auditors receive a gross annual remuneration of €94,000.00 (ninety-four thousand/00), of which €40,000.00 (forty thousand/00) for the Chairman and €27,000.00 (twenty-seven thousand/00) for each of the other two Statutory Auditors.

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

Dear Shareholders,

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

- *“to appoint the standing and alternate members of the Board of Statutory Auditors, expressing your preference for one of the lists filed at the company's registered office;*
- *to appoint the Chairman of the Board of Statutory Auditors, if only one list has been submitted, or no list has been submitted;*
- *to determine the annual gross remuneration for the members of the Board of Statutory Auditors at €94,000.00 (ninety-four thousand/00), of which €40,000.00 (forty thousand/00) for the Chairman and €27,000.00 (twenty-seven thousand/00) for each of the other two Statutory Auditors.”*

\*\*\*

Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

**Item 6 on the agenda****Authorisation to renew an insurance policy in favour of the Company's directors, statutory auditors and managers for 2024-2026**

Dear Shareholders,

We remind you that by a resolution passed on 6 May 2021, the Shareholders' Meeting authorised the Board of Directors to renew an insurance policy for the period from 2021 to 2023 in favour of the Company's Directors, Statutory Auditors, and Managers.

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

The Board of Directors proposes to take out a similar insurance policy for the next three years as well, with an annual cost of up to €30,000.00 (thirty thousand/00) and an aggregate amount insured of €10,000,000.00 (ten million/00).

\*\*\*

Dear Shareholders,

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

*"The Shareholders' Meeting, having taken note of the advisability of the Company renewing an insurance policy in favour of the Directors, Statutory Auditors and Managers, a liability insurance policy deriving from any unlawful act (real or alleged), committed by them in the discharge of the respective duties, following violations of obligations derived from law, the memorandum of association and the Articles of Association, with the sole exclusion of wilful act, for an amount insured of €10,000,000.00 (ten million/00)*

***resolved***

*to authorise the Board of Directors to renew, for the period from 2024 to 2026, a annual insurance coverage aimed at indemnifying Directors, Statutory Auditors, and Managers against the amount they are required to pay, as liable parties, for financial losses arising from any claim for compensation made for the first time by third parties for any unlawful act, that has a an aggregate amount insured of no less than €10,000,000.00 (ten million/00), and a maximum yearly cost not to exceed €30,000.00 (thirty thousand/00)".*

\*\*\*

Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

**SABAF S.p.A.**

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## **Item 7 on the agenda**

### **Authorisation to purchase and sell treasury shares, subject to revocation, for the unexecuted part of the resolution dated 28 April 2023; related and consequent resolutions.**

Dear Shareholders,

On the occasion of this 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 Shareholders' Meeting its request for authorisation to carry out operations of purchase of treasury shares and disposal thereof are set out hereunder:

- I to use, in line with the Company's strategic lines, the treasury shares in the context of operations connected to industrial projects and agreements with strategic partners, or in the context 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;
- II dispose of treasury shares to be destined to serve the stock incentive plans reserved for directors and/or employees of the Company or subsidiaries and, in particular, the stock grant plan submitted for the approval of the Shareholders' Meeting of 8 May 2024 under item 8 on the agenda;
- 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 €12,686,795 and consists of 12,686,795 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 634,339, which is to say the different number that represents, from time to time, the maximum limit of 5% (five per cent) 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 authorization 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 authorized 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 €12,686,795 and consists of 12,686,795 ordinary shares of a nominal value of € 1.00 each. It is pointed out that at the date hereof, the Company holds 241.963 treasury shares in its portfolio, equal to 1.907% (one point nine hundred and seven percent) 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

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reserves resulting from the latest, duly approved financial statements.

The Company's financial statements at 31 December 2022, duly approved by the Shareholders' Meeting on 28 April 2023, shows that the Company had available reserves totalling € 93,410,219, 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;
- revaluation reserve, law no. 104/2020 of €4,727,313;
- available retained earnings of €77,046,797.

Moreover, the draft of the Company's financial statements at 31 December 2023, approved by the Board of Directors on 19 March 2024 and to be submitted to the Shareholders' Meeting on 8 May 2024, in a single call, shows that the Company has available reserves totalling € 111,353,489, as follows:

- share premium reserve of €26,160,299;
- revaluation reserve, law no. 413/91 of €42,207;
- revaluation reserve, law no. 342/00 of €1,591,967;
- revaluation reserve, law no. 104/2020 of €4,727,313;
- available retained earnings of €78,831,703.

It is specified that the Board of Directors 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 must 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 Article 44-*bis* of the Regulation adopted with Consob resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, it is pointed out that the treasury shares held by the company are excluded from the share capital upon which the relevant stake for the purposes of the obligations deriving from Article 106, paragraphs 1 and 3, letter b) of 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% (ten per cent). 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 (eighteen) months, starting from the date when the 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% (ten per cent) 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

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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.

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 will 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 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*, paragraph 1, letter b) of Consob Regulation 11971/1999.

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.

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Dear Shareholders,

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

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

**resolved**

1. *to revoke, for the part not yet carried out, the resolution for the purchase and sale of treasury shares made during the Shareholders’ Meeting of 28 April 2024;*
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 634,339 ordinary shares, or such different maximum number as shall represent 5% (five per cent) 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 Consob Regulation 11971/1999, 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% (ten per cent) 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*

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4. *requirements established by the applicable regulations and by the Admitted Practices;  
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, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

## Item 8 on the agenda

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

Dear Shareholders,

The Shareholders' Meeting of 6 May 2021 approved a stock grant plan for directors and managers of the Company and its associated companies, linked to the achievement, in whole or in part, on a progressive basis, of financial and non-financial performance targets over the three-year period from 2021 to 2023.

On the occasion of today's Shareholders' Meeting, we deem it appropriate to submit to your attention the proposal for approving a new stock grant Plan in favour of directors and employees of the Company and of subsidiaries (the "**Plan**"), related to the achievement of financial and non-financial targets in the three-year period from 2024 to 2026, as well as for vesting the Board of Directors with the powers needed to manage, administer and review the Plan.

Should the Plan be approved by the Shareholders' Meeting, the detailed definition of the terms and conditions will be made in a regulation for this purpose, which will be approved by the Board of Directors. For a detailed description of the contents of the Plan, prepared pursuant to Article 114-*bis* of Legislative Decree no. 58/98, please refer to the information document prepared pursuant to Article 84-*bis* of the regulation adopted by Consob with resolution no. 11971 of 14 May 1999 (the "**Information Document**"), as subsequently amended, which is made available to the public along with this report.

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

\*

a) Reasons for adopting the Plan

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

- (i) involve and encourage the beneficiaries whose activities are considered relevant for the implementation of the contents and the achievement of the objectives set out in the Company's **Business Plan**);
- (ii) foster loyalty development and motivation of managers, increasing their entrepreneurial approach.

The adoption of the Plan also aims to align the interests of the management and those of the shareholders of the Company more closely, ultimately promoting the sustainable success of the Company and the Group and achieving certain levels of growth and development at the end of the 2026 financial year. In defining the characteristics and terms of the Plan, the contents and objectives of the Business Plan were taken into account, with the final aim of promoting the sustainable success of the Company and the Group and achieving certain levels of growth and development at the end of the 2026 financial year, as well as the Group's sustainability targets.

\*

b) Beneficiaries of the Plan

The beneficiaries are identified in the Plan, Chief Executive Officer and CFO, or will be identified by the Board of Directors among the members of the Board of Directors and/or among the managers who hold or will hold positions with strategic responsibilities in the implementation of the Business Plan.

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

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at the suggestion of the Chief Executive Officer, from among the managers who report directly to him or who report to the above-mentioned managers and who hold or will hold key positions in the implementation of the Business Plan.

On the date of the preparation of this report, note that the already identified beneficiaries of the Plan include only the Chief Executive Officer for the three-year period from 2024 to 2026, and the manager who holds the position of CFO of the Company, who also holds the position of director of the Company.

\*

c) *The procedures and clauses for implementing the plan, specifying whether its implementation is subordinated to the occurrence of conditions and, in particular, to the achievement of given results*

If the Shareholders' Meeting authorises the Plan, the Board of Directors will normally assign the share options – up to a total of 270,000.00 (two hundred and seventy thousand) options – by 30 June 2024.

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

More specifically, the allocation of shares will take place after the approval of the financial statements for the year 2026 and within 30 days of such approval.

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

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

The financial performance targets with an overall weighting of 80% (eighty per cent) will be related to the indicators EBITDA Adjusted (the Group's three-year cumulative EBITDA, as defined in the business plan, for the three-year period from 2024 to 2026) with a weighting of 45% (forty-five per cent), and ROI Adjusted (an indicator measuring the profitability of the Group's ordinary operations in relation to invested capital, as an average in the three-year period from 2024 to 2026) with a weighting of 35% (thirty-five per cent).

The non-financial targets are aimed at promoting the social and environmental sustainability of the Group's activities and will have an overall weighting of 20% (twenty per cent). They will be of three types: a first objective, with a weighting of 5% (five per cent), aimed at the social sustainability of the Group's business and the improvement of internal skills; a second objective, with a weighting of 5% (five per cent), aimed at the social sustainability of the Group's business and the protection of employees' health; a third objective, with a weighting of 10% (ten per cent), aimed at environmental sustainability with a view to reducing CO2 emissions.

Specific performance targets are set by the Board of Directors for three-year reference periods;

- (ii) the circumstance that the Beneficiary's relationship is in place at the date of approval of the financial statements for the year 2026, except in the case of Good Leaver, for whom the relationship must exist on 31 December 2026.

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

The delivery (payment) to the beneficiaries of the allocated shares will take place within 10 days from the date of allocation, as specified above. The Plan also provides for the right of the Company - to be exercised by resolution of the Board of Directors, after obtaining the opinion of the Remuneration and Nomination Committee - to pay to the beneficiaries, instead of and in lieu of the shares, all or part of a sum of money (the "**Replacement Amount**") not exceeding 40% (forty

per cent) of the shares actually vested and allocated, in the cases provided for in the Plan Regulations. The Replacement Amount will be calculated on the basis of the value of the shares at the official closing price, on the regulated market managed by Borsa Italiana S.p.A., on the day preceding the date of the resolution to allocate the shares (the "**Reference Price**"). The calculation will therefore be based on the following formula: **Replacement Amount = no. Shares to be allocated x Reference Price.**

Malus and Clawback clauses are envisaged in the Plan.

The conditions of the Plan will be analytically regulated in the aforementioned regulation approved by the Board of Directors.

\*

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

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

\*

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

The shares are allocated free of charge.

\*

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

If shares are allocated, the Plan envisages a lock-up period for each beneficiary for a total of 40% (forty per cent) of the shares actually allocated. The lock-up period shall be 2 (two) years for each beneficiary in respect of a number of shares equal to 20% (twenty per cent) of the shares actually allocated; and 1 (one) year for each beneficiary in respect of a further number of shares equal to 20% (twenty per cent) of the shares actually allocated.

\*\*\*

Dear Shareholders,

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

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

**resolved**

- to approve the Plan for the free allocation of shares, up to a total of 270,000 (two hundred and seventy thousand) shares, to directors and managers of the Company and its subsidiaries as indicated in the Information Document prepared pursuant to Article 84-bis of the Regulation adopted by Consob with resolution no. 11971 of 14 May 1999;

- to confer to the Board of Directors – with sub-delegation powers and having heard, to the extent necessary, the opinion of the Remuneration and Nomination Committee – all the broadest powers

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*to execute the Plan, and in particular:*

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

\*\*\*

Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli

## EXTRAORDINARY PART

### Item 1 on the agenda

**Assignment to the Board of Directors of the power, pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment all at once or in multiple instalments and through splitting shares, no later than 8 May 2029, with the exclusion of the right of option pursuant to Article 2441, paragraph 4, second sentence, of the Italian Civil Code, through the issue of a number of ordinary shares not exceeding 10% (ten per cent) 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 €1,268,679.00 (one million one hundred and fifty-three thousand four hundred and fifty/00), with the right to establish any additional share premium; consequent amendment of Article 5 of the Articles of Association; related and consequent 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 and Annex 3A to the Consob Regulation 11971/1999, 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 8 May 2024 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% (ten per cent) 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 €1,268,679.00 (one million two hundred sixty-eight thousand six hundred seventy-nine/00), 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. Reasons for excluding the right of option.

The purpose of the Delegation of Power is to provide the Board of Directors with the necessary flexibility

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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 Business Plan, 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 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 fifth paragraph 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% (ten per cent) 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 (fifth) 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.

#### Amendment to Article 5 of the Articles of Association

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<i>Testo vigente</i>	<i>Testo proposto</i>
<p>Share capital is fixed as being EUR 12,686,795.00 (twelve million six-hundred and eighty-six thousand sevenhundred and ninety-five) consisting of the number of 12,686,795.00 (twelve million six-hundred and eighty-six thousand seven-hundred and ninety-five) shares of a nominal value of EUR 1.00 (one) each.</p> <p>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 capital increase, the option right can be excluded within the limit of 10% of previously existing share capital, on condition that the issue price matches 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;">Invariato</p>
	<p><b>The Extraordinary Shareholders' Meeting held on 8 May 2024 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 8 May 2029, 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 €1,268,679.00 (one million two hundred and sixty-eight thousand six hundred and seventy-nine/00), with the right to establish any additional share premium. For the</b></p>

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**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.

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Dear Shareholders,

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

*“The 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 taken note of the certification of the Board of Statutory Auditors that Sabaf S.p.A.'s current share capital is Euro 12,686,795 (twelve million six hundred and eighty-six thousand seven hundred and ninety-five), represented by 12,686,795 (twelve million six hundred and eighty-six thousand seven hundred and ninety-five) shares with a par value of €1.00 (one) each, and is entirely subscribed and paid*

***resolved***

- 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 8 May 2024 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*

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*through splitting shares, no later than 8 May 2029, 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% (ten per cent) 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 €1,268,679.00 (one million two hundred sixty-eight thousand six hundred seventy-nine/00), with the right to establish any additional share premium For the purposes of exercising the above-mentioned 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 2346 of art. 5 of the Italian Civil Code; (b) set the deadline for the subscription of the Company's ordinary shares; and (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".*

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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.sabafgroup.com>, in the "Investors" Section.

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Ospitaletto, 19 March 2024

For the Board of Directors  
The Chairman  
Claudio Bulgarelli