

COMMUNICATION ON PROGRESS AT 31 October 2007

In April 2004 Sabaf officially adhered to the Global Compact principles concerning human rights, labour standards, environmental protection, and anti-corruption efforts. Sabaf herewith expresses and renews its commitment to supporting and championing the Compact's ten principles within its sphere of influence. Sabaf continues to endeavour to make the Global Compact and its principles an integral part of its strategy, culture, and day-to-day operations. It also undertakes to state its commitment in this respect explicitly to all its employees, partners, and customers and, more in general, to public opinion.

For FY2006 Sabaf has once again prepared a comprehensive Annual Report, which embodies financial, social, and environmental results. The document includes a section (page 136) recalling Global Compact principles and providing references to the sections where readers can find details on the actions taken by the company in support of the ten principles. **Reference should therefore be made to the Annual Report for full illustration of the actions taken by Sabaf as regards sustainable development and consistently with Global Compact principles.**

The social and environmental section of the FY2006 Annual Report has been prepared **according to GRI/G3 guidelines** (application level = A+). The Annual Report is available on our website www.sabaf.it in both Italian and English.

Below we summarise some further actions taken by the company during 2007 and not reported in the FY2006 Annual Report.

Caring for climate

Sabaf has endorsed the Global Compact's "Caring for Climate" statement, reiterating on that occasion its commitments relating to the environment.

Purchase of RECs

During 2007 Sabaf has purchased 20,000 Renewable Energy Certificates (RECs), corresponding to 20 GWh of electricity. The REC system is a European system designed to promote, recognise and sustain the environmental value of electricity generated using renewable energy sources via voluntary trading of certificates. In this way Sabaf has financed electricity generated using renewable sources, testifying to its efforts to aid the environment.



T E C H N O L O G Y A N D S A F E T Y

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Incentive compensation for top management

As part of the stock-option plan for the company's directors and employees, approved by the Shareholders' Meeting on 2 August 2007, we have, for the first time, also included specific environmental and employment targets in the conditions for exercisability of options.

SABAF S.p.A.
Angelo Bettinzoli - CEO



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