

Foreword

Saras S.p.A. (hereinafter “Saras” or the “Company”) complies with the code of conduct drafted by the Corporate Governance Committee and issued by the Borsa Italiana S.p.A. in March 2006 (hereinafter “code of conduct” or “Code”) as described in this report. Specifically, the following paragraphs describe the main features of Saras’ corporate governance system, as well as the operation of its components, particularly with reference to compliance with the recommendations set forth in the code of conduct.

This report has been drafted according to art., 123-*bis*, first paragraph of the TUF (Consolidated Financial Act), article 89-*bis* of the Issuers’ Regulations and Section IA.2.6. of the Instructions on the regulations of markets organised and managed by Borsa Italiana S.p.A. (the “Stock Exchange Regulations”), and also considers the instructions provided in the Guidelines for drafting annual reports of corporate governance and the “Trial format for the corporate governance report”, issued by Borsa Italiana and the Guide to preparing an annual report on corporate governance, written by Assonime and Emittenti Titoli S.p.A.

This Report was drafted by the Board of Directors of Saras (hereinafter the “Board”) to be made available to Saras’ shareholders ahead of the shareholders’ meeting called to approve the financial statements for the financial year ended 31st December 2008. This report refers to the 2009 financial year and includes corporate events in 2008 up to the date the Report was approved.

Section I

Governance Structure

1. Shareholding structure

The Company's share capital is composed of 951,000,000 registered, fully paid-up ordinary shares, with voting rights both at ordinary and extraordinary shareholders' meetings.

Based on the records in the shareholders' ledger and public information available to the Company from any source, as at 26th March 2009, nobody holds shareholdings exceeding 2% of the share capital, with the exception of (i) Angelo Moratti S.a.p.a., whose general partners are Gian Marco Moratti and Massimo Moratti, whose shareholding amounts to 62.461% of the share capital, thus controlling the Company according to art. 93 of the TUF, (ii) of Assicurazioni Generali S.p.A., holding an overall direct or indirect shareholding equal to 5.52% and (iii) of Barclays Global Investor UK Holdings LTD, holding an overall direct or indirect shareholding equal to 2.040%.

Details of the shareholder base are set out below:

SHAREHOLDERS	N° OF ORDINARY SHARES	% ON CAPITAL
ANGELO MORATTI S.a.p.a. di Gian Marco Moratti e Massimo Moratti	613,098,286	64.469%
Directly	594,000,000	62.461%
Indirectly (Own shares)	19,098,286	2.008%
ASSICURAZIONI GENERALI S.p.A.	52,496,956	5.520%
Directly	15,971,152	1.679%
Indirectly through:		
AGRICOLA SAN GIORGIO S.p.A.	35,000	0.004%
ALLEANZA ASSICURAZIONI S.p.A.	5,626,744	0.592%
AUGUSTA ASSICURAZIONI S.p.A.	500,000	0.053%
BANCA GENERALI S.p.A.	1,628,600	0.171%
FATA ASSICURAZIONI DANNI S.p.A.	1,249,535	0.131%
FATA VITA S.p.A.	550,000	0.058%
GENAGRICOLA-Generali Agricoltura S.p.A.	35,000	0.004%
GENERTEL S.p.A.	1,000,000	0.105%
INA ASSITALIA S.p.A.	18,302,672	1.925%
INF-Società Agricola S.p.A.	30,000	0.003%
INTESA VITA S.p.A.	1,125,448	0.118%
LA VENEZIA ASSICURAZIONI S.p.A.	3,337,805	0.351%
TORO ASSICURAZIONI S.p.A.	3,105,000	0.326%

BARCLAYS GLOBAL INVESTORS UK HOLDINGS LTD.	19,357,100	2.040%
Indirectly through:		
BARCLAYS GLOBAL INVESTORS LTD. (savings management)	9,533,941	1.00%
BARCLAYS GLOBAL INVESTORS NA (savings management)	9,767,339	1.030%
BARCLAYS GLOBAL FUND ADVISORS (savings management)	55,820	0.010%

Please note that:

- 1) There are no restrictions with regard to the transfer of shares;
- 2) There are no shares conferring special rights of control;
- 3) There is no specific mechanism regarding the exercise of voting rights for employee shareholders;
- 4) There are no restrictions on voting rights.
- 5) To the Company's knowledge, there are no shareholders' agreements as defined under art. 122 of the TUF regarding the Company itself or its Parent Company.
- 6) The Ordinary Shareholders' Meeting held on 29th April 2008 authorised, pursuant to arts. 2357 of the Italian Civil Code and 132 of the TUF, in replacement of the authorisation resolved upon by the Ordinary Shareholders' Meeting held on 27th April 2007, deeds for the acquisition of own shares up to the maximum limit permitted by law and, moreover, up to 10% of the share capital subscribed and released, having regard for the own shares already held by the Company, to be executed, including by division, within 18 months from the date of the authorisation by the Shareholders' Meeting, specifying that the acquired shares can be utilised
 - a) for execution purposes of the plan to grant free ordinary shares in the Company to employees of the Company and Italian subsidiaries as well as to the management of the Saras Group (the "Plans"), of eventual amendments to the Plans, eventual future share plans similar to the Plans and to eventual stock option plans that the Company decides to implement;
 - b) in the scope of the transactions connected to the current management and industrial projects or other investments consistent with the lines of strategy that the Company intends to follow, including through exchange, conveyance, allocation, transfer or other deed for the disposal of own shares for the acquisition of shareholdings or block of shares, for industrial projects or other extraordinary financial transactions that imply the allotment or disposal of own shares (such as, by way of example, mergers, de-mergers, etc.);
 - c) to carry out promotional activity of the liquid assets and management of the volatility of the Company Shares buying rate and, in particular, mediate the trend of the stocks in relation to contingent market situations, facilitating the exchanges on stocks in times of limited liquid assets on the market and favouring the regular tendency of negotiations, within the limits so that it is not necessary to utilise all own shares for which the acquisition is proposed for the aforesaid purposes, and within the limits that the same permitted by the provisions and regulations in force.

Pursuant to article 2357-ter of the Italian civil code, the Board was authorised to sell, also in one or more transactions and without time limits, the ordinary shares in Saras S.p.A. acquired, for the purposes mentioned above.

In compliance with the resolved authorisation, the acquisitions can be executed at a price no higher than 15% and no lower than 15% in respect to the reference price indicated on the Electronic Share Market organised and managed by Borsa Italiana S.p.A. ("MTA") in the session prior to each transaction; the regulatory deeds and, in particular, the sale of own shares, cannot be executed at a price lower by more than 10% in respect to the reference price indicated on the MTA in the session prior to each transaction. The acquisition transactions must, in any case, be executed (even in more than one recapture) on the MTA according to the operational methods stipulated in the organisation and management regulations of markets managed by Borsa Italiana S.p.A. (and in the relevant instructions), that do not consent the direct coupling of the proposals to purchase with predetermined proposals to sell (see art. 144-*bis*, paragraph 1, letter b) of the Issuers Regulations).

Furthermore, the shareholders' meeting granted the Board of Directors, and/or on its behalf, the Chairman and Managing Director, all powers - including the power to delegate to external specialists, also to be exercised separately and with the utmost discretion - to implement the programme and the purchases and sales envisaged therein, in full compliance with the regulation in force.

As at the date of approval of the present Report, the Company held 23,228,286 ordinary shares in Saras S.p.A., equal to 2.4% of the share capital.

- 7) There are no mandates for capital increases pursuant to art. 2443 of the Italian civil code.
- 8) The Company has not stipulated any agreements with clauses that come into force in the event of a change in control.

2. The Board of Directors' Evaluations in relation to articles 104 and 104-*bis* of the TUF.

The Law Decree no. 185 dated 29th November 2008 (converted into Law no. 2 dated 28th January 2009), amended the regulations on the subject of public offers of acquisition or trade and, in particular, articles 104 and 104-*bis* of the TUF, which respectively regulate the "*passivity rule*" and "*breakthrough rule*" regimes (the latter is also known as the "rule of neutralisation"), render said regimes applicable only to listed companies whose articles of association expressly provide for the same.

The Board, during the meeting held on 26th March 2009, deemed it was not necessary to call the Extraordinary Shareholders' Meeting to express their opinion on the implementation of the amendments to the articles of association aimed at rendering the "*passivity rule*" and "*breakthrough rule*" regimes applicable, nor, even less, to consider further articles of association defence measures that the law would theoretically render admissible, in light of the ownership structure of the Company and, in particular, of the control exercised over the same by Angelo Moratti S.a.p.a. with a shareholding of 64.461%.

3. Corporate Structure

Saras S.p.A.'s organisational structure complies with the rules provided for by the Italian civil code and other applicable specific statutory provisions on companies limited by shares, particularly those contained in the TUF, and generally complies to the code of conduct. It features:

- a Board of Directors responsible for managing the Company's business, within which a Remuneration Committee and

an Internal Audit Committee have been established;

- a Board of Statutory Auditors with the responsibility, inter alia (i) to supervise compliance with the law and Articles, and the principles of proper management in carrying out the Company's activities and (ii) to monitor the adequacy of the organisational structure, the internal audit system and the Company's administrative and accounting system; and
- a shareholders' meeting, which resolves - in its ordinary or extraordinary meetings - on matters such as (i) the appointment and revocation of members of the Board of Directors and of the Board of Statutory Auditors and their remuneration and responsibilities, (ii) the approval of the annual financial statements and the destination of profits, (iii) the purchase and sale of the Company's own shares, (iv) changes to the Company's Articles, and (v) the issue of convertible bonds.

The Company appointed PricewaterhouseCoopers S.p.A. (hereinafter "PwC") as its auditing firm for its stand-alone and consolidated financial statements for the financial years 2006-2011, as well as a limited audit of its half-year reports for the same period. Legislative Decree 303 of 29th December 2006 amended art. 159 of the TUF stipulating (i) that the audit firms for listed companies should be appointed by resolution of the shareholders' meeting on the proposal of the Board of Statutory Auditors, (ii) that the appointment has a duration of nine financial years, and (iii) that listed issuers that are within the first six years' term of engagement of an audit firm may extend such term for a further three years by the date of the shareholders' meeting to approve the 2006 financial statements.

Following this regulatory amendment, the shareholders' meeting on 27th April 2007, on the proposal of the Board of Statutory Auditors approved the renewal of PwC's appointment for a further three years, i.e. until 2014.

Group companies Akhela S.r.l., Arcola Petrolifera S.p.A., Sarlux S.r.l. and Saras Ricerche e Tecnologie S.p.A. also renewed PwC's appointment as auditors of their accounting statements.

The subsidiaries Parchi Eolici Ulassai S.r.l. and Sardeolica S.r.l. also appointed PwC for the audit of their financial statements for the financial years 2008/2016, pursuant to art. 165 of the Legislative Decree no. 58/1998.

Section II

Further details and information on the Implementation of the Recommendations of the Code of Conduct

1. The Board of Directors

1.1 The role and duties of the Board of Directors

In accordance with the applicable laws and the Articles, the Board of Directors is responsible for managing the affairs of the Company. It operates, and is organised in such a way as to carry out its functions effectively and efficiently.

The definition of the duties of the Board takes into account the recommendations of article 1.C.1 of the Code. Specifically, and in addition to other tasks and powers as set forth by law, the Board:

- may delegate its powers to the Chairman and/or one of the directors and/or an executive committee pursuant to art. 2381 of the Italian civil code;
- may establish one or more committees and/or commissions to which it may delegate specific assignments or part of its own powers, within the limits set forth by the law, also to ensure compliance of the Company's corporate governance with the code of conduct;
- determines, after reviewing proposals by the relevant committee and following consultation with the Board of Statutory Auditors, the remuneration of managing directors and of those entrusted with specific functions;
- reviews and approves the strategic, industrial and financial plans of the Company and of the group to which it belongs (hereinafter the "Group"), as well as the corporate governance system and the overall Group structure;
- may resolve on (i) mergers in cases provided by art. 2505 and 2505-*bis* of the Italian civil code; (ii) the opening or closing of branch offices; (iii) on the selection of directors empowered to represent the Company vis-à-vis third parties in addition to the Chairman; (iv) on the reduction of share capital in the event of a shareholder redeeming their shares, except as provided for in the last paragraph of art. 2437-*quater* of the Italian civil code; (v) amendments to the articles to bring them into line with statutory or regulatory provisions; (vi) moving the registered office within the national territory; and (vii) share capital reduction following losses under the provisions of art. 2446 of the Italian civil code.
- assesses the general running of the Company's business, specifically taking into account all information received by delegated bodies, as well as periodically comparing actual versus planned results;
- reviews and gives prior approval for the largest transactions of Saras and the Group;
- assesses the adequacy of the Company's and the Group's organisational, administrative and accounting structures as implemented by the delegated directors, with particular reference to the corporate governance system and to the management of conflict of interests issues;
- carries out, at least once a year, an appraisal on the size, composition and operations of the Board itself and its committees;
- provides directions as to the maximum number of offices (directors or auditors) its members may hold in other listed companies as well as in financial services companies, banks, insurance companies or large companies;
- appoints from the company directors with sound accounting and financial expertise, and following consultation with

the Board of Statutory Auditors, a director responsible for preparing the Company's financial statements;

- makes proposals to submit to the shareholders' meeting and reports to shareholders at the meeting.

The following paragraphs describe the composition and operations of the Board as well as its execution of the tasks and functions listed above.

1.2 Composition of the Board of Directors

In accordance with the Articles, the shareholders' meeting establishes the number of directors on the board. This may be a minimum of three up to a maximum of fifteen members.

Under the articles, the Board is appointed by the shareholders' meeting via a list voting mechanism aimed at ensuring that the list that receives the second best result, which shall not be connected to the majority list, may appoint a director. Lists of candidates may be deposited at the Company's registered office at least ten days prior to the first call of the shareholders' meeting, by shareholders representing, directly or together with other shareholders, at least 2.5% (two point five percent), or a different proportion, according to regulations in existence at the time, of share capital constituted of shares with voting rights at the ordinary shareholders' meeting.

The number of components of the Board of Directors is equal to the number of candidates (from three to fifteen) indicated in the list obtaining the most votes.

In the event that during the year, one or more of the directors cease to hold office, they will be replaced pursuant to art. 2386 of the Italian civil code. If the director was taken from the list that obtained the second highest number of votes, the director shall be replaced by a person drawn from the same list, in sequential order, who is still eligible and prepared to accept the post. At the following shareholders' meeting, the director appointed by resolution of the Board of Directors to replace the outgoing director will be confirmed in the post according to the procedures described above. If the director appointed, or a director replacing him was drawn from a minority list, the shareholder that represents the largest percentage of share capital present at the shareholders' meeting and the shareholders related thereto, even indirectly, may not vote. The candidate with the highest number of votes will be elected. The mandate of the new director expires at the same time as those in office at the time of his appointment, and the new director is bound by the regulations and articles of association applicable to the other directors.

In the event that the majority of directors ceases to hold office for whatever reason, the entire Board shall be deemed to have resigned, and a shareholders' meeting must be convened immediately by the remaining directors to reconstitute the board.

The articles provide that along with each list, within the ten-day deadline for the submission of the lists, declarations by each nominee stating - under their own responsibility - that they comply with all existing legal requirements and those stipulated by the Articles for election as directors and that no reasons for ineligibility or incompatibility exist, shall also be deposited at the Company's registered office.

Shareholders are also invited to submit at the Company's registered office, together with the above-mentioned lists and declarations, the further documentation required by article 144-octies of the Issuers' Regulations. The list, along with information on the nominees' qualifications, will be published in a timely manner on the company's web site and at the market management company.

Partly in light of the opportunity for minority shareholders to appoint a director through the list voting system, and the presence among the Company's shareholders of a controlling shareholder who will make a pre-selection of all the applicants to be included in its list, the Board did not establish a directors appointment committee (set out as an option in article 6 of the Code), considering that nominations should be put forward by shareholders through the list voting mechanism.

The current Board was appointed by the Company's ordinary shareholders' meeting on 11th January 2006, with the exception of Mario Greco and Gilberto Callera, appointed by the Company's ordinary shareholders' meeting on 28th February 2006, and Dario Scaffardi, co-opted by the Board on 19th October 2006 to replace Paolo Alfani, which was confirmed by the shareholders meeting on 27th April 2007. Board members' terms of office shall expire on the date of approval of the financial statements for the year ended 31st December 2008. The Board currently consists of the 8 members listed below, none of whom were nominated by minority shareholders:

Gian Marco Moratti	Chairman
Massimo Moratti	Chief Executive Officer
Angelo Moratti	Vice Chairman
Gilberto Callera	Chairman of the Remuneration Committee Member of the Internal Audit Committee Lead Independent Director
Gabriele Previati	Chairman of the Internal Audit Committee Member of the Remuneration Committee
Mario Greco	Member of the Internal Audit Committee (and Financial Expert) Member of the Remuneration Committee
Angelomario Moratti	
Dario Scaffardi	

The Ordinary Shareholders' Meeting to which this Report shall be submitted is called to appoint the new Board of Directors. Lists may be presented, in compliance with the above described rules, by shareholders that individually or together with other shareholders represent at least 1.5% of the share capital.

For more information about the composition of the Board and Committees, please refer to the following paragraphs and the chart in annex 1.

1.3 Board Meetings

The Board may also meet in offices other than the Company's registered office, both in Italy and in European Union countries. Board meetings are validly constituted even when held via videoconference and/or teleconference, provided that: all participants can be identified both by the meeting chairman and by all other participants; all participants are able to take part in discussions and resolutions about matters on the agenda in real time; all participants are able to receive, send and view documents, and that all the actions mentioned above are reported in the minutes.

The Board may be convened by letter, telegram, fax or e-mail, sent to all Board members and statutory auditors at least five days before (or, in urgent cases, at least 24 hours before) the meeting.

The Board held nine meetings in 2008 and two in 2009, including the meeting at which this report was approved. Meetings were held regularly and Board members and statutory auditors regularly attended the meetings. Please see the summary table in annex 1 for a breakdown of attendees.

On 5th January 2009, the Company published its annual calendar of company events drafted according to art. 2.6.2.1.c.) of the Stock Exchange Regulations. It envisages at least five meetings in 2008.

1.4 Delegated powers within the Board

Except for the Board responsibilities briefly described in paragraph 1.1 above, the Board entrusted the Chairman, Gian Marco Moratti and the Chief Executive Officer, Massimo Moratti with broad administrative powers, as well as with the consequent powers to represent the Company vis-à-vis third parties, for the ordinary and extraordinary management of affairs, to be exercised severally and under single signature (although prior consultation between the two proxies is required where the nature and the importance of the transaction or of the decision require it, thus ensuring consistent Company management).

The Board believes that the delegation of said powers to the Chairman and the Chief Executive Officer, both general partners of the Company's controlling entity Angelo Moratti S.a.p.a., ensures effective and efficient Company management, in line with the consolidated business practices and traditions of the Saras Group.

Moreover, the Board identified the Chairman as the executive officer in charge of supervising the operations of the internal control system (see below).

The Board also assigned the Vice Chairman Angelo Moratti, along with due powers, special power to represent the Company in institutional relationships with the press and with banking and other financial services institutions. On 19th October 2006, the Board also entrusted Vice Chairman Angelo Moratti with the task of researching and assessing opportunities for extraordinary transactions, to be submitted to the Board, the Chairman and/or the Chief Executive Officer, as well as the power to implement Board resolutions, in both cases vesting him with all necessary powers.

The Board members to whom specific powers have been delegated also perform those duties vested in them by law and by the Articles.

In accordance with article 1.C.1.c.) of the Code, the Board resolved that directors vested with delegated powers as described above report to the Board on a quarterly basis on the management of the Company's business through their delegated powers. The delegated members of the Board regularly performed this reporting activity and that mentioned in the following paragraph.

1.5 Reporting to the Board

In accordance with art. 2381 of the Italian civil code and art. 150.1 of the TUF, the Articles stipulate that directors with delegated powers report to the Board of Directors and the Board of Statutory Auditors on the general running of business operations, its foreseeable trends, the activities performed and the largest economic and financial transactions car-

ried out by the Company or by its subsidiaries. In particular, directors with delegated powers report on transactions in which they have an interest, on their own behalf or on behalf of third parties. Information is provided at least quarterly, at the Board of Directors' meetings and for audit-related matters, through written communications addressed to the Chairman of the Board of Statutory Auditors.

1.6 Non-executive and independent directors

At present, the Board includes two non-executive members which meet the independence requirements as per article 3.C.1 of the Code (as well as articles 147-ter, paragraph 4, and 148, paragraph 3 of the TUF), namely Mario Greco and Gilberto Callera. The number of directors who meet the independence requirements as per art. 148, paragraph 3 of the TUF thus complies with the provision set forth by art. 147-ter, paragraph 4 of the TUF, as recently amended by Legislative Decree 303 of 29th December 2006, in respect of the boards of directors of listed companies formed of more than seven members.

The existence of these independence requirements was assessed by the Board in the meetings of 23rd January 2007 and 24th January 2008, partly based on statements and information provided by the directors concerned.

The assessment took into consideration the fact that Board member Gilberto Callera is the father of a Company director; he does not, however, play a key role in the organisation, nor could he affect corporate strategic management. Specifically, the Board meeting on 23rd January 2007, following consultation with the Board of Statutory Auditors, resolved that Gilberto Callera meets the independence requirements set forth by the code of conduct notwithstanding the above-mentioned family relationship, in light of the above considerations and of Callera's confirmation that his relationship does not influence his decisions and assessments as a Board member of the Company, nor does it affect his independent judgment or the actual manner in which Callera has performed his duties since his appointment. These conclusions were confirmed by the Board of Directors at its meeting on 24th January 2008 and are reaffirmed in this report.

The Board of Statutory Auditors has confirmed the correct application of the criteria and checking procedures adopted by the Board of Directors to assess the independence of directors.

Furthermore, the Board includes two other directors who can be regarded as nonexecutive directors: Gabriele Previati and Angelomario Moratti.

In light of the foregoing, the Board currently includes a number of non-executive directors who may exert significant influence in the adoption of Board decisions, partly by virtue of their authority.

1.7 Lead Independent Director and independent directors' meetings

In accordance with the recommendations of article 2.C.3. of the Code, on 3rd May 2006, the Board appointed independent director Gilberto Callera as Lead Independent Director in line with article 2.C.3 of the Code, entrusting him with the task of cooperating with the Chairman of the Board to ensure that directors receive timely and comprehensive information flows, with the authority to convene, on his own initiative or upon request of other directors, meetings of independent or non-executive directors to discuss topics related to the running of the Board of Directors or to the Company's management of affairs.

Pursuant to the recommendations set forth in article 3.C.6 of the Code, Saras' independent directors met on 6th November 2008, following a call by the Lead Independent Director.

The Lead Independent Director therefore confirmed to the Board his positive opinion on the quarterly statements submitted by the directors with delegated authority on the significant operations of the Company and the Group.

The independent directors assessed and deemed adequate the information provided to all directors before Board meetings on agenda topics and the timeliness with which supporting documentation for the meetings was made available.

With reference to the Remuneration Committee and the Internal Audit Committee (of which both directors form part), the independent directors verified that in 2008, the activity of the above-mentioned committees was carried out in a timely and satisfactory manner in line with the duties and responsibilities conferred on them.

Equally satisfactory were the flow and contents of communications and market disclosures, both on the Company's website and in respect of communications and meetings with market operators.

1.8 Assessment of the composition of the Board and its Committees and external offices

At the meeting of 23rd February 2009, the Board conducted an assessment of the size, composition and operations of the Board itself and its Committees, and expressed its view on the maximum number of positions as director or statutory auditor a Company director may hold in other companies listed on stock exchanges, or in financial, banking or insurance companies or in large companies, compatible with an effective performance of their duties as a Company director.

At that meeting, the Board specifically assessed - and those views are hereby confirmed - that the size and composition of the Board and its Committees, along with their operations to date, are appropriate for the structure of the Company and the Group.

The Board also reviewed the position of director Mario Greco at the meeting. In addition to Saras, Greco holds two executive or non-executive directorships in large companies listed on regulated stock exchanges.¹ In this regard, the Board assessed - and such assessment is hereby confirmed - that the above offices of Greco are compatible with the effective performance of his duties as a director of Saras.

1.9 The Board's implementation of other Code recommendations

At the meeting on 23rd June 2008, the Board approved the consolidated industrial plan of the Company for the 2008-2011 period (the *2008-2011 Industrial Plan*), and at the meeting on 23rd February 2009 gave mandate to the Chairman and Managing Director to review the timeframe of the Group investment plan, for the period starting from 2010, in consideration of the new microeconomic scenario.

Directors take part in initiatives aimed at increasing their awareness of the business and corporate trends, including the legal framework, enabling them to efficiently carry out their role in light of the tasks and responsibilities inherent in their position.

¹ The companies are: Gruppo Editoriale L'Espresso S.p.A. and Indesit Company S.p.A.. Note also that the Chief Executive Officer, Massimo Moratti, is a director of Interbanca S.p.A. and Pirelli & C. S.p.A..

Please see the directors' reports approved by the Board, attached to the draft financial statements and the Group's consolidated financial statements for the Board's assessment of the Company's overall performance.

2. Internal Committees of the Board

2.1 Remuneration Committee

In accordance with article 7.P.3. and 7.C.3. of the Code, the Board created an internal Remuneration Committee to make proposals and provide advice as follows:

- (i) to propose to the Board, in the absence of the directors concerned, on remuneration for directors with delegated authority and those who hold specific offices, monitoring the implementation of the Board's decisions;
- (ii) to regularly assess remuneration criteria for managers with strategic responsibilities in the Company and its direct or indirect subsidiaries, and supervise the implementation thereof;
- (iii) to make proposals regarding the adoption of general remuneration criteria for Saras Group's senior management that will attract and motivate qualified professionals; and
- (iv) to propose any stock option plans or stock grant plans.

Pursuant to the Remuneration Committee regulations, which were approved by the Board on 11th January 2006, and subsequently amended on 3rd May 2006 to comply with the recommendation stipulated by article 7.P.3. of the Code on the composition of the committee, the Committee shall consist of three non-executive directors, the majority of whom are independent. The current members of the Remuneration Committee are: Gilberto Callera (Chairman), independent director, Mario Greco, independent director and Gabriele Previati, non-executive director.

Meetings of the Remuneration Committee are convened by its Chairman, when he deems it appropriate. The Committee is validly constituted if the majority of its members are present, and it passes resolutions by absolute majority of attendees. Individuals whose presence is deemed appropriate by the Committee may attend its meetings, it being understood that no director shall attend Committee meetings where proposals for remuneration are being discussed. The Committee may avail itself of internal and external consultants, who can provide useful information concerning market standards for remuneration systems. Committee meetings are minuted. The Committee has the powers set out at article 5.C.1. e) of the code of conduct.

In 2008, the Remuneration Committee held two meetings. In 2009, there were two meetings. The three members regularly attended the meetings, as described in the summary table in annex 1. The Committee made use of internal and external consultants in carrying out its tasks.

The Committee meetings prevalently dealt with the monitoring and the formulation of proposals to put the Plans into practice (as per Section I, paragraph 1, no. 6) as well as the assessment of the general remuneration for executives with strategic responsibilities.

Note that the current remuneration system stipulates that a substantial portion of the remuneration of senior management shall be linked to the Company's results. Note also that the Remuneration Committee did not propose to the Board that a substantial portion of the remuneration of the Chairman, Gian Marco Moratti, the CEO, Massimo Moratti and the

Vice-Chairman, Angelo Moratti, should be linked to the Company's financial results and/or the achievement of specific objectives indicated by the Board, as recommended by the code of conduct. Such recommendation of the Code is intended to ensure that issuers establish remuneration mechanisms that motivate directors and provide an incentive for them to stay (see Principle 7.P.1. of the code of conduct) and are set out in such a way as to align their interests with the pursuit of the core objective of creating shareholder value in the medium to long term (see Principle 7.P.2. of the Code).

Since all three of the above-mentioned executive directors are shareholders of Angelo Moratti S.p.a., which controls the Company, the Remuneration Committee and the Board considered that the pre-requisites for adhering to this recommendation did not exist, given that the need to establish incentivising mechanisms intended to keep and motivate these directors did not exist, and that their interests were already intrinsically aligned to the pursuit of the core objective of creating value for all shareholders.

Note that there are no agreements between the company and its directors that provide for indemnity in the event of resignation, dismissal without just cause or the end of the working relationship following a public purchase offer.

We point out that no agreements exist between the Company and Directors that provide for indemnities in the case of resignation, termination without just cause or termination of the relationship subsequent to a public acquisition offer.

2.2 Internal Audit Committee

Pursuant to art. 8 of the code of conduct, the Board created an Internal Audit Committee mandated to advise and make proposals to the Board. In particular, the Internal Audit Committee:

- (a) assists the Board in (i) setting out the guidelines of the internal control system so as to enable the issuer and its subsidiaries to correctly identify, measure, manage and monitor the main risks, (ii) determining the criteria to ensure that such risks are compatible with sound company management, (iii) assessing, at least on an annual basis, the adequacy, effectiveness and efficient operation of the internal control system, and (iv) providing a description of the key elements of the internal control system in the corporate governance report, including an assessment about its overall adequacy;
- (b) evaluates, along with the director responsible for preparing the company's financial statements and with the auditors, the appropriate use of accounting principles and their suitability for the purposes of drafting the consolidated financial statements;
- (c) expresses its opinion, at the request of the executive director responsible for this, on specific aspects concerning the identification of the company's main risks as well as the design, implementation and management of the internal control system;
- (d) reviews the work plan prepared by internal auditors as well as their periodic reports;
- (e) evaluates the proposals submitted by audit firms applying to be the Company's auditors, as well as the work plan for the auditing activities and the results set forth in the audit report and in the management letter, if any;
- (f) supervises the effectiveness of the audit process;
- (g) carries out other tasks assigned to it by the Board;
- (h) reports to the Board at least every six months, at the time financial statements and half-year reports are approved, on the activities performed and on the adequacy of the internal control system.

The Internal Audit Committee, as provided by the Regulations approved by the Board on 11th January 2006, consists of three non-executive directors, the majority of whom are independent. The Committee currently includes Gabriele Previati (Chairman), non-executive director, Mario Greco, independent director, and Gilberto Callera, independent director. Pursuant to article 8.P.4. of the Code, the Board determined that Mario Greco, member of the Internal Audit Committee, has adequate accounting and financial experience to be regarded as a Financial Expert.

Meetings of the Internal Control Committee are convened by its Chairman, when he deems it appropriate, at least every six months. The Committee is validly constituted when the majority of its members are present and it passes resolutions with the absolute majority of attendees. The Chairman of the Board of Statutory Auditors, or another designated Statutory Auditor, the Head of Internal Audit and the Manager of the *Internal Audit* Function participate in the meetings.

The Chairman of the Board of Directors and the Chief Executive Officer may also attend the meeting, as well as other members of the Board of Statutory Auditors, the Internal Audit Officer, the Chief Financial Officer, members of the auditing firm and any other person whose presence the Committee deems appropriate with respect to the items on the agenda. Committee meetings are minuted. The committee has the powers vested in it by article 5.C.1.e) .

In 2008, the Internal Audit Committee met six times. The three members regularly attended the meetings, as described in the summary table in annex 1, along with the Head of Internal Audit Officer, the Chairman of the Board of Statutory Auditors and the Internal Audit Manager. There were two Committee meetings held in the first quarter of 2009.

The Committee contributed significantly to the implementation of the Company's corporate governance measures, participating in their analysis, definition and update. The Committee assisted in the process of adopting the principles of conduct for carrying out transactions with related parties and the principles of conduct for directors of the Saras Group, described below. The Committee also drew up and submitted for approval by the Board guidelines on the internal control system concerning risk identification, the implementation of the control system and assessment of its effectiveness.

In 2008, the Committee also:

- approved the work plan for 2008 pursuant to Internal Audit Committee Regulations.
- approved the 2008 audit programme prepared by the Internal Audit department. This programme was structured according to the "Guidelines on the Internal Control System" approved by the Board of Directors.
- monitored the work undertaken by the Head of Internal Audit and the Internal Audit department in checking the adequacy and effectiveness of the internal control system. Specifically, in relation to the work carried out by Internal Audit, it examined the periodic reports on the results of quarterly audits and the status of the implementation of corrective action.
- assessed the correct use of accounting principles and their appropriateness for the purposes of preparing the consolidated accounts and examined the auditing firm's work plan.
- Promoted a meeting (which took place 7th March 2008 in Milan) with the management of Saras and the Subsidiaries on the subject of Corporate Governance and the Company Internal Control System, in the scope of the Company training/information program.

- Re-assessed the document “Lines of direction of the Internal Control System”, approved by the BoD on 9th August 2006, in order to verify the validity of the same and to analyse any proposals for improvement.
- Examined and assessed the “Report on the internal control system of Saras and the Group”, drafted by the Head of Internal Audit, which describes the implementation of the internal control system and assessed the general adequacy of the existing system.
- received information on the general structure of the system adopted by Saras to identify, manage and monitor risks associated with the corporate objectives relating to strategic, operational, financial, insurance and credit management areas.
- received information on the activities carried out by the supervisory bodies of Saras and the subsidiaries relating to the adoption and implementation of their Organisation, Management and Control Models (see below).

In January 2009, the Committee prepared an “Internal Audit System Report” on the subject of the various controls and fulfilments regarding the Saras and Group internal audit system.

The report was based on the results of the checks made by Internal Audit and periodic information from the Head of Internal Audit.

The report was submitted to the Chairman of the Board of Directors, as executive director responsible for supervising internal control, and presented to the Board at its meeting on 23rd February 2009.

Partly thanks to the above-mentioned activities, the Board believes that there is adequate monitoring and control of processes that are intended to provide reasonable assurance on compliance with the Company’s policies and guidelines, and on the correct application of the procedures and the adequacy and effectiveness of controls. In its meeting on 23rd February 2009, the Board, moreover, evaluated the internal audit system to be adequate and effective.

The Committee’s Regulations, approved by the Board on 11th January 2006 were amended by the Board, which approves this report, for the purposes of bringing its wording more into line with the code of ethics.

3. Internal Control

The Board is responsible for the internal control system, sets its guidelines and periodically assesses its adequacy and effectiveness. To this end, the Board avails itself of the Internal Audit Committee, the Head of Internal Audit and the Internal Audit department

Pursuant to the recommendations of art. 8.C.1. of the Code, the Board:

- (a) identified the Chairman of the Board as the executive director responsible for supervising the internal control system;
- (b) appointed, following a proposal by the Chairman of the Board, Concetto Siracusa as the Head of Internal Audit, entrusting him with the tasks of: (i) verifying that the company's internal control system is at all times adequate, fully operational and functioning; (ii) periodically reporting to the Internal Audit Committee, the Board of Statutory Auditors and the Chairman of the Board on its activities and the manner in which risks are managed, and on compliance with plans set to minimize such risks; (iii) assessing the suitability of the internal control system to achieve an acceptable overall risk profile;
- (c) entrusted the Chairman of the Board, as the executive director responsible for supervising the operation of the Company's internal control system, with the task of taking all measures deemed necessary to ensure that the Head of Internal Audit has direct access to all the information required and to obtain all resources necessary for carrying out his role.

The Head of Internal Audit, who meets the competence and professional skills requirements, does not report to operational departments but to the Internal Audit Committee, the Board of Statutory Auditors and the Chairman of the Board of Directors (executive director responsible for supervising the Company's internal audit system). His remuneration was determined in line with company policy.

The Internal Audit department reports directly to the Chairman of the Board and reports on his activities to the Internal Audit Committee, the Board of Statutory Auditors and the supervisory authority established pursuant to Legislative Decree 231/01. It has the specific task of monitoring the Group's internal control system to ensure its efficiency and effectiveness. The Internal Audit manager is Ferruccio Bellelli.

The current segregation of duties between the Internal Audit manager and the Head of Internal Audit is intended to ensure better monitoring of audit activity and of the assessment of the internal control system by the Internal Audit department, as well as better management of the issues arising from the design of the control system and the management of relationships with the supervisory bodies within the organisation (Internal Audit Committee, supervisory body, Board of Statutory Auditors, external auditors) by the Head of Internal Audit.

In 2006, following the proposal of the Internal Audit Committee, the Board approved the guidelines for the internal control system. The purpose of this document, shared between the Head of Internal Audit and the Internal Audit manager, was to set guidelines for developing and improving the Company's internal control system, with specific reference to the control environment, risk assessment and audit and monitoring activities. The Lines of policy were reassessed in 2008 by the Internal Audit Committee, which confirmed the validity and alignment with the provision of the Code of Conduct and the best practices.

The Code of Ethics is an essential part of the internal control system and sets out the principles and values held by Saras and with which all employees, consultants and those with relationships with Saras are required to comply. The Code of Ethics was adopted by Saras and its subsidiaries (Sarlux, Sartec, Akhela, Arcola Petrolifera, Sardeolica, Saras Energia, Alpha Eolica and Labor Eolica).

The internal control system was further strengthened with the adoption of the Organization, Management and Control Model (the "Model"), approved by the Board of Directors on 11th January 2006 and updated on 8th August 2007, 5th May 2008 and 6th November 2008, to implement regulations pertaining to the "Rules for the administrative responsibility of public entities" pursuant to Legislative Decree 231/2001, in order to set up a system of procedures and controls aimed at minimising the risk that any of the crimes listed in the Legislative Decree would be committed.

The Model was drafted in accordance with the guidelines issued by Confindustria (Confederation of Italian Industry) and consists of a "general section" (which describes the objectives and operations of the Model, the duties of the supervisory body responsible for monitoring the effectiveness of the Model and compliance thereto, as well as the penalties regime) and by "special sections," concerning the different kinds of offences set out in Legislative Decree 231/2001.

In particular, special parts were prepared relevant to the following crimes:

- crimes against public administration;
- corporate crimes, crimes for the purpose of terrorism or subversion of democratic order, counterfeit currency;
- crimes of involuntary homicide and grave or severe personal damage committed in violation of the anti-accident policies and the safeguarding of hygiene and health at the workplace;
- market abuse crimes (abuse of privileged information and market manipulation).

In implementing the Model and the regulations, the Company updated and issued guidelines and procedures specific to the Company's operational areas, including:

- Internal regulation for the management of privileged information and setting-up of an access register
- Internal Dealing conduct code
- Principles of conduct for the execution of transactions with correlated parties
- Guidelines on relationships with the public administration
- Guidelines on the management of extraordinary operations
- Guidelines on relationships with public supervisory authorities
- Guidelines for the external communication of company information and documentation
- Procedure for the management of press releases (price-sensitive)
- Procedure for the management of consultancy contracts
- Procedure for the preparation of the Saras stand-alone annual report and the group's consolidated report.

A supervisory body was established for the purpose of promoting the correct and efficient implementation of the Saras Model. The supervisory body consists of Mr Previati, nonexecutive director (Chairman), Claudio M. Fidanza and Concetto Siracusa.

Each Group company (Sarlux, Sartec, Akhela, Arcola Petrolifera, Sardeolica), implemented their own organisation, management and control models pursuant to the Legislative Decree 23/2001, effected updates to the aforementioned and established a Supervisory Body.

4. Handling confidential information

In accordance with art. 115-*bis* of the TUF, which requires that listed companies set up a register of individuals with access to confidential information, and with the recommendations set forth in article 4 of the Code (which in turn stem from art. 114 of the TUF and its implementing regulations), the Board adopted the “Internal regulations for the management of confidential information and the creation of a register of individuals with access to such information” in May 2006. The Regulations set forth procedures for the identification, internal management and access by third parties and, if necessary, communication to third parties of confidential or material information regarding the Company and its subsidiaries, particularly in respect of price sensitive information, aimed at, among other things, preventing, the information from being communicated selectively, in an untimely manner or in an incomplete or inadequate form.

The Regulations, including all provisions relating to the maintenance of the register (which Saras also manages on behalf of its subsidiaries), were drafted in compliance with art. 114 of the TUF, and the provisions set forth in articles 65-*bis* et seq and 152-*bis* et seq as it relates to the register, of the Issuers' Regulations and having regard to Consob Communication DEM/6027054 of 28th March 2006.

5. Internal Dealing Code

In order to conform Saras corporate governance to the rules applicable to listed companies, the Board also adopted, in May 2006, an “Internal Dealing Code”² implementing the provisions set forth in art. 114.7 of the TUF and in art. 152-*sexies* et seq of the Issuers' Regulations, aimed at ensuring the correct and adequate disclosure to the market of transactions effected by the Company's personnel on the Company's securities. The Internal Dealing Code sets forth specific rules of conduct and communication with reference to transactions on financial instruments issued by Saras carried out by relevant persons (including the Company's directors and statutory auditors, individuals with management functions and any manager with regular access to confidential information and having decision-making powers on management issues which could affect the development and future prospects of the Company, and each shareholder holding directly or indirectly at least 10% of Saras' share capital) or by individuals closely connected to these significant persons. In line with best practice, the Internal Dealing Code contains provisions aimed at prohibiting the relevant persons, and individuals closely connected to them, from effecting transactions on the Company's securities in specific periods.

6. Directors' interests and material and related parties transactions

Ahead of the definition by Consob of the general principles relating to internal rules aimed at ensuring transparency and the substantial and procedural correctness of transactions with related parties, pursuant to art. 2391-*bis* of the Italian civil code, the Board deemed it necessary to adopt the “Principles of conduct for the execution of transactions with related parties”, which included possible operational solutions in the case of directors holding an interest. The principles are set out in a document approved by the Internal Audit committee and the Board of Statutory Auditors.

This document, however, is subject to any amendments deemed necessary or appropriate following the adoption by Consob of the above-mentioned general principles. Based on the principles of conduct, transactions with related parties over a certain amount (higher for inter-company transactions, i.e., transactions undertaken by Saras with companies direct-

2. Please see the following link: http://www.saras.it/documentazione/codice_internal_dealing.pdf, for further details

ly or indirectly controlled by it; lower for transactions with other related parties, such as major shareholders or parties connected thereto), are subject to approval by the Board.

The Board also identified certain types of transactions subject to its prior approval even if they do not qualify as related parties' transactions if they exceed a certain value (purchase or disposal of shareholdings, businesses, divisions or property).

The Board also approved a "Code of conduct for Group directors", which was also approved by the Internal Audit Committee and the Board of Statutory Auditors, and primarily intended to provide directors with consistent criteria of conduct to enable them to perform their duties within a predefined framework, in compliance with the laws governing directors' interests and with corporate governance principles and, where possible, in line with the interests of the Saras Group.

7. Director responsible for preparing the corporate accounting documents

When its shares were listed in May 2006, the Company appointed a director responsible for drafting the corporate accounting documents, after amending its Articles to bring them into line with the provisions set forth by art. 154-*bis* of the TUF. The current director responsible for this is the Company's Chief Financial Officer, Corrado Costanzo, who was appointed in this capacity by the Board of Directors' meeting on 2nd October 2006.

The director in question performs duties provided for by art. 154-*bis* of the TUF, for which the Board conferred on him all powers deemed necessary or appropriate.

8. Board of Statutory Auditors

In compliance with the articles, the Board of Statutory Auditors consists of three statutory auditors and two deputy auditors appointed by the shareholders' meeting through a list voting mechanism aimed at ensuring that minority shareholders may appoint a statutory auditor (who will be appointed as Chairman of the Board of Statutory Auditors) and a deputy auditor. The lists of candidates may be deposited at the Company's registered office at least fifteen days prior to the first call of the Meeting, by shareholders representing, directly or together with other shareholders, at least 2.5% (two point five percent) or a different proportion established according to regulations in force at the time, of share capital made up of shares with voting rights at the ordinary shareholders' meeting.

Along with each list, within the deadline for depositing same, the following must be deposited at the Company's registered office: (i) comprehensive information on the personal and professional qualifications of the candidates, and (ii) declarations by each nominee stating that they accept their candidacy and - under their own responsibility - that there are no grounds of ineligibility or incompatibility (including the assertion that they have not exceeded the statutory limits of their powers in office) and that the legal prerequisites and those required by the Articles for election as statutory auditors have been met. The office of statutory auditor is incompatible with the holding of similar offices in more than three other companies listed on the Italian regulated markets, not including Saras and the companies controlled by it.

The candidate lists, supported by information required by existing legislation and the Company's articles, are deposited at the company's registered office at least 15 days prior to the date set for the shareholders' meeting, at the Borsa Italiana S.p.A. and on the Company's website at least ten days before this date. For more information on the procedure to

appoint the Board of Statutory Auditors, please see the Company's Articles and the regulations set forth at articles 144-ter et seq of the Issuers' Regulations.

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting held on 11th January 2006 and will expire as at the date of approval of the financial statements as at 31st December 2008, being as at the date of the Ordinary Shareholders' Meeting to which this Corporate Governance Report is submitted, it is comprised of the members listed here below, none of whom was nominated by minority shareholders:

Claudio Massimo Fianza	Chairman
Giovanni Luigi Camera	Statutory Auditor
Michele Di Martino	Statutory Auditor
Massimiliano Nova	Deputy Auditor
Luigi Borré	Deputy Auditor

In 2008, the Board of Statutory Auditors held four meetings. In 2009 the Board has met once. The statutory auditors regularly attended the meetings, as reported in detail in the summary table attached as annex 2.

The Board of Statutory Auditors carried out the internal check stipulated by art. 10.C.2 of the Code relating to the independence requirements for directors, pursuant to law and based on the criteria set out in the Code. The Board verified that the directors were independent.

The Board of Statutory Auditors, in compliance with art. 10.C.5 of the Code, also positively assessed the independence of the auditing firm, examining both compliance with applicable laws and the nature and extent of services other than the financial audit provided to the issuer and its subsidiaries by the firm itself or by other firms belonging to the same network.

An auditor, who, on his own account or on behalf of third parties, has an interest in a particular transaction of the Company shall inform the other auditors and the Chairman of the Board of Directors of the nature, terms, origin and extent of his interest in a timely and comprehensive manner.

9. Relationships with shareholders

Since the listing of its shares with the Italian Stock Exchange, the Company has regarded the establishment of an ongoing dialogue with all shareholders and institutional investors to be in its own interests as well as a duty towards the market; a dialogue maintained in compliance with the laws in force and with the principles set forth in the "Guide to Market Information" published by Borsa Italiana S.p.A., as well as with the internal Regulations for the handling of confidential information.

In order to foster such dialogue, the Company appointed Marco Schiavetti as the person responsible for managing relationships with shareholders and institutional investors, pursuant to recommendations in art. 11 of the Code. The Company also determined to further improve dialogue with investors by appropriately organising the contents of its website (www.saras.it, investor relations section), which contains economic and financial information in Italian and English (financial statements, half-year and quarterly reports, presentations to the financial community, financial forecasts by

analysts and performance of the Company's share price), as well as the latest data and documents for all shareholders (press releases, composition of the Board of Directors and of the Company's management, Articles, Code of Ethics, Regulations on shareholders' meetings and the Internal Dealing Code).

The website also has a section, ASSEMBLEE (SHAREHOLDERS' MEETINGS)³, which contains information on the procedures for taking part in, and exercising shareholders' rights at a shareholders' meeting, as well as documentation on the issues on the agenda, including the candidate lists for directors and auditors with information on their personal and professional qualifications.

At shareholders' meetings, the Board of Directors reports on the activities carried out and those planned in compliance with regulations on confidential information. The Board of Directors also makes available and publishes the report pursuant to article 3 of Ministerial Decree 437 of 5th November 1998, setting out the proposals concerning the items on the agenda, in order to provide the shareholders with sufficient information to enable them to vote knowledgeably.

The department responsible for relationships with shareholders and investors may be contacted at the following address: Saras S.p.A. – Investor Relations, Galleria De Cristoforis, 1 – 20122 Milan
Toll free No. 800511155 – email: ir@saras.it

10. Regulations concerning shareholders' meetings

The Company considers that the shareholders' meeting is the best way to develop a fruitful dialogue between the Board of Directors and shareholders and to communicate the Company's news to shareholders, in full compliance with regulations concerning confidential information.

In compliance with the recommendations set forth in art. 11 of the Code, the Company adopted an appropriate set of regulations concerning shareholders' meetings⁴ which were also drafted according to the model prepared by the Italian Banking Association (ABI) and Assonime, to ensure that meetings are regularly and effectively constituted, by means of detailed rules governing the various stages, in all instances ensuring that the fundamental right of each shareholder to ask for clarification on the different items on the agenda, to express his opinion and to submit proposals is fully observed.

The Regulations were approved by the ordinary shareholders' meeting, by means of specific powers conferred on this body by the Articles, although they do not have the same status as the provisions of the Articles.

³. Available at the following link: http://www.saras.it/content_it/investor_relations/assemblee.shtml.

⁴. Available at the following link: http://www.saras.it/documentazione/regolamento_assemblee.pdf

Board of Directors and Committees

Board of Directors							Committee		Remuneration Committee		Appointments Committee (if present)		Executive Committee (if present)		
Office	Components	executive	non- executive	independent	****	Number of other offices **	***	****	***	****	***	****	***	****	
Chairman	Moratti Gian Marco	X			100%	=							=	=	
Chief Executive Officer	Moratti Massimo	X			100%	2							=	=	
Vice-Chairman	Moratti Angelo	X			100%	=							=	=	
Director	Callera Gilberto		X	X	100%	=	X	100%	X	100%			=	=	
Director	Greco Mario		X	X	80%	2	X	100%	X	100%			=	=	
Director	Moratti Angelomario		X		95%	=							=	=	
Director	Previati Gabriele		X		100%	=	X	100%	X	100%			=	=	
Director	Scaffardi Dario	X			100%	=							=	=	
Number of meetings held during the year		Board: 9		Internal Audit Committee: 6		Remuneration Committee: 3									

NOTES

* An asterisk indicates that the director was nominated through lists presented by minority shareholders.

** This column shows the number of offices as director or auditor held by the director in other companies listed on regulated markets, also abroad, in financial, banking, insurance or large companies. These offices are indicated in full in the Report on Corporate Governance.

*** The Board member's membership of the Committee is indicated with an "X" in this column.

**** These columns show directors' attendance by percentage at Board and Committee meetings.

Board of Auditors

Office	Components	Attendance at meetings by percentage	Number of other offices **
Chairman	Fidanza Claudio Massimo	100 %	=
Permanent Auditor	Camera Giovanni Luigi	100 %	=
Permanent Auditor	Di Martino Michele	100 %	=
Deputy Auditor	Borrè Luigi	=	=
Deputy Auditor	Nova Massimiliano	=	=
Number of meetings held during the year:	4		
Indicate the quorum required to submit minority lists for the election of one or more permanent members (pursuant to art. 148 of theTUF): 1,5%			

NOTES

* An asterisk indicates that the auditor was nominated through lists presented by minority shareholders.

** This column shows the number of offices as director or auditor held by the member in other companies listed on Italian regulated markets. These offices are indicated in full in the Report on Corporate Governance.

Other Provisions of the Code of Conduct

	YES	NO	Summary of the reasons for any deviation from the Code's recommendations
System of delegation and transactions with related parties			
Has the Board delegated powers, defining their:			
a) limits	X		
b) procedures for exercising powers	X		
c) reporting periodicity?	X		
Has the Board delegated to itself the review and approval of significant financial transactions (including transactions with related parties)?			
	X		
Has the Board defined general criteria for identifying "significant" transactions?			
	X		
Are the above general criteria described in the report?			
	X		
Has the Board of Directors defined procedures for reviewing and approving transactions with related parties?			
	X		
Are the procedures for approving transactions with related parties described in the report?			
	X		
Procedures for the most recent appointment of directors and auditors ¹			
Were the candidacies for the office of director filed at least ten days in advance?			
	X		
Were the candidacies for the office of director accompanied by exhaustive information?			
	X		
Were the candidacies for the office of director accompanied by an indication of eligibility to qualify as independents?			
		X	
Were the candidacies for the office of auditor filed at least ten days in advance?			
		X	See Note 1
Were the candidacies for the office of auditor accompanied by exhaustive information?			
		X	See Note 1
Shareholders' Meetings			
Did the company approve Meeting Regulations?			
	X		
Are the Regulations attached to the report (or is there information as to where they are available/downloadable)?			
	X		
Internal Audit			
Has the company appointed internal audit officers?			
	X		
Are the appointees hierarchically independent from heads of operating divisions?			
	X		
Organisational unit responsible for internal audit (pursuant to art.8.C.1 and 8.C.6 of the Code)			
			Office of the Internal Audit Officer assisted by Internal Audit Department
Investor relations			
Has the company appointed an investor relations manager?			
	X		
Organisational unit and contact details (address/telephone/fax/email) of the investor relations manager			
			Chief Financial Officer Saras S.p.A. – Investor Relations, Galleria De Cristoforis,1– 20122 Milan Toll free No. 800511155 – email: ir@saras.it

NOTES

1. There have been no shareholders' meetings to appoint directors or statutory auditors between the initial listing date and the approval of the report to which this table is attached.