



**ANNUAL REPORT ON CORPORATE GOVERNANCE  
AND INFORMATION ON OWNERSHIP STRUCTURE**

PURSUANT TO ARTICLE 123-*bis* OF LEGISLATIVE DECREE 58 OF 24  
FEBRUARY 1998 (THE "TUF")

March 2012

## **Preliminary remarks**

Saras SpA (hereinafter “Saras” or the “Company”) adheres to the code of conduct drawn up by the Corporate Governance Committee and published by Borsa Italiana SpA (hereinafter the “Code of Conduct” or “Code”, available to the public on the Borsa Italiana SpA website at [www.borsaitaliana.it](http://www.borsaitaliana.it)) as described in this Report.

For the sake of clarity, note that references made to the Code herein are intended to mean the version of the code of conduct for listed companies in force in March 2010, and not to the amendments to this code, which were approved in December 2011 and which issuers are asked to apply by the end of the financial year commencing in 2012 and, in the case of amendments affecting the composition of the board of directors or committees, from the date of the first renewal of the board of directors following the end of the financial year commencing in 2011.

The following sections describe the main features of Saras' corporate governance system and how its various components function in practice, with a focus on compliance with the recommendations contained in the Code of Conduct.

This Report was prepared in accordance with article 123-*bis*, paragraph 1 of Legislative Decree 58 of 24 February 1998, as subsequently amended (hereinafter the “TUF”).

The Report was approved by the Board of Directors of Saras (the “Board”) at its meeting of 21 March 2012, to be made available to shareholders, also on the Company website ([www.saras.it](http://www.saras.it)), for the shareholders' meeting called to approve the financial statements for the year ended 31 December 2011. The Report refers to financial year 2011 and, where relevant, to any significant company events in 2012 up to the date of its approval.

## SECTION 1

### **OWNERSHIP STRUCTURE**

The Company's share capital comprises 951,000,000 ordinary registered shares, fully paid-up and giving the right to vote in both ordinary and extraordinary shareholders' meetings.

According to the shareholders' register and information that is public or otherwise available to the Company, no parties had a shareholding of more than 2% in the Company's share capital at 21 March 2012, except for (i) Angelo Moratti Sapa,

whose managing partners are Gian Marco Moratti and Massimo Moratti and which holds an interest of 62.461% in the Company's share capital, exercising control over the Company pursuant to article 93 of the TUF; (ii) Assicurazioni Generali SpA, which holds, directly and indirectly, a total shareholding of 3.086%; and (iii) The Bank of New York Mellon Corporation, which holds, directly and indirectly, a total shareholding of 2.081%.

The following table gives a breakdown of these shareholdings:

<b>SHAREHOLDERS</b>	<b>N° ORDINARY SHARES</b>	<b>% OF CAPITAL</b>
<b>SARAS S.p.A.</b>	<b>22,644,588</b>	<b>2.381</b>
<b>ANGELO MORATTI S.A.P.A. owned by Gian Marco Moratti and Massimo Moratti</b>	594,000,000	62.461%
<b>ASSICURAZIONI GENERALI S.p.A.</b>		3.086%
<b>Directly</b>	10,145,149	1.067%
<b>Indirectly, through:</b>		
<b>AGRICOLA SAN GIORGIO S.p.A.</b>	35,000	0.004%
<b>FATA ASSICURAZIONI DANNI S.p.A.</b>	249,535	0.026%
<b>FATA VITA S.p.A.</b>	350,000	0.037%
<b>GENAGRICOLA Generali Agricoltura S.p.A.</b>	35,000	0.004%
<b>INA ASSITALIA S.p.A.</b>	14,172,672	1.490%
<b>INF-Società Agricola S.p.A.</b>	30,000	0.003%
<b>ALLEANZA TORO S.p.A.</b>	4,100,000	0.431%
<b>GENERALI INTERNATIONAL LTD</b>	25,000	0.003%
<b>BANCA GENERALI S.p.A.</b>	200,000	0.021%
<b>THE BANK OF NEW YORK – MELLON CORPORATION of which:</b>		2.081%
<b>MELLON CAPITAL MANAGEMENT CORPORATION</b>		0.001%
<b>THE BOSTON COMPANY ASSET MANAGEMENT LLC</b>		2.080%

Furthermore:

- 1) There are no restrictions on share transfers.
- 2) There are no shares or securities conferring special rights of control.
- 3) There is no specific mechanism for 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 article 122 of the TUF regarding the Company or its Parent Company.
- 6) Regarding significant agreements to which Saras or its subsidiaries are party, and which could take effect, be amended or be eliminated in the event of a change in control of the Company, note that:
  - Saras has a loan of EUR 190 million in place with a banking syndicate (see the explanatory notes to the consolidated financial statements). The financing agreement provides for withdrawal by the financing banks if Saras's majority shareholder ceases to hold (directly or indirectly) a stake of at least 51% in the voting capital.
  - Saras conducted a bond issue reserved for institutional investors, with a nominal value of EUR 250 million and a duration of five years. The bond's regulation (Terms and Conditions of the Notes) permits bondholders to request early repayment of the bonds held in the event that:
    - a) Gian Marco Moratti, Massimo Moratti, Angelo Moratti, Angelomario Moratti, Gabriele Moratti, Giovanni Emanuele Moratti and their spouses, children and descendants (the "Shareholders", or, individually, "Shareholder"), cease to hold, individually or collectively, directly or indirectly, an equity interest of more than 30% of the voting capital of Saras, or
    - b) any person (other than the Shareholders) or group of persons (except for groups in which one or more Shareholders (i) represent the majority of the voting capital held by the group and (ii) hold more than 30% of the voting capital of Saras) obtains the right (either directly or indirectly) to:

(A) appoint or remove a greater number of directors than the number which can be appointed or removed by the Shareholders, or

(B) hold a higher percentage of voting rights exercisable at the ordinary shareholders' meeting than the percentage held by the Shareholders, or

(C) exercise control over Saras in any other way (as defined by article 93 of the TUF).

- Sardeolica Srl, which is indirectly wholly owned by Saras (via Parchi Eolici Ulassai Srl), has a loan in place with Banca Nazionale del Lavoro SpA for a residual amount, at 31 December 2011, of about EUR 46.1 million (see explanatory notes to the consolidated financial statements). The financing agreement makes provision for complete or partial withdrawal by the lending bank from the agreement if Saras ceases to hold at least 50% of the capital of Parchi Eolici Ulassai Srl or if the latter ceases to hold 100% of the capital of Sardeolica Srl.

- 7) There are no agreements in place between the Company and its directors that provide for indemnity in the event of resignation, dismissal without cause or termination of the employment relationship following a public purchase offer.
- 8) The appointment and replacement of directors is governed by article 18 of the articles of association, which are published on the Company's website ([www.saras.it](http://www.saras.it)). See the related part (section II, paragraph 1.2) of this Report.
- 9) The articles of association may be amended by resolution of the extraordinary shareholders' meeting. Valid constitution of the meeting is subject to legislation, and resolutions to amend the articles of association by the extraordinary meeting are made with the majorities required by law.
- 10) There are no mandates for capital increases pursuant to article 2443 of the Italian Civil Code.
- 11) The ordinary shareholders' meeting of 28 April 2011 authorised, pursuant to articles 2357 of the Civil Code and 132 of the TUF, purchases of own shares up to 10% of the fully paid-up and subscribed share capital. The purchases concern own shares already held by the Company, and may take place in one or more transactions. This authorisation will last for 12 (twelve) months from expiry of the authorisation to purchase own shares approved by the shareholders' meeting of 27 April 2010, i.e. for the 12 (twelve) months following 27 October 2011, and will therefore expire on 27 October 2012.

To date, the Company has made no purchases pursuant to the above authorisation.

## **2. Company organisation**

The corporate organisation of Saras SpA complies with the Civil Code and other specific regulations for corporations, particularly those set out in the TUF. Overall it also reflects the Company's adherence to the Code of Conduct. Its main features are as follows:

- a Board of Directors tasked with company management, including a Remuneration Committee and Internal Control Committee composed of Board members
- a Board of Statutory Auditors, whose tasks include (i) monitoring compliance with legislation and the articles of association, as well as compliance with correct practice in administering corporate activities, and (ii) controlling the adequacy of the Company's organisational structure, internal control system and administrative and accounting system, and;
- a shareholders' meeting, competent to pass resolutions – in its ordinary or extraordinary form – including resolutions relating to (i) the appointment and removal of members of the Board of Directors and Board of Statutory Auditors and their remuneration and duties, (ii) approval of the financial statements and allocation of profits, (iii) the purchase and sale of treasury shares, (iv) amendments to the articles of association and (v) the issuance of convertible bonds.

The Company has engaged the audit firm PricewaterhouseCoopers SpA ("PwC") to audit its annual and consolidated financial statements for the financial years 2006-2014, as well as for limited audits of half-year reports in the same period.

Pursuant to article 165 of the TUF<sup>1</sup>: the subsidiaries Akhela Srl, Arcola Petrolifera SpA, Sarlux Srl and Saras Ricerche e Tecnologie SpA have engaged PwC to audit their annual financial statements for the financial years 2006-2014; the subsidiaries Parchi Eolici Ulassai Srl and Sardeolica Srl have engaged PwC to audit their annual financial statements for the financial years 2008-2016; and Deposito di Arcola Srl has engaged PwC to audit its annual financial statements for the financial years 2011-2014.

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<sup>1</sup> Replaced by Legislative Decree 39/2010, which will continue to be applied until the date of entry into force of the provision issued by Consob pursuant to the aforementioned Legislative Decree 39/2010.

## SECTION II

### DETAILED INFORMATION ON THE IMPLEMENTATION OF RECOMMENDATIONS IN THE CODE OF CONDUCT

#### 1. The Board of Directors

##### 1.1. Role and duties of the Board of Directors

Pursuant to the law and the articles of association, the Board of Directors is responsible for the management of the Company. The Board's operation and organisation are geared toward ensuring that its functions are carried out effectively and efficiently.

The duties of the Board are defined according to the recommendations in article 1.C.1. of the Code. Specifically, the Board, which also has other duties and legal powers:

- may delegate powers to the Chairman and/or one of the Board members and/or an executive committee, pursuant to article 2381 of the Civil Code
- may create one or more committees and/or commissions for the delegation of specific functions or some of its powers within the limits set out in law, including for the purpose of bringing the corporate governance system into compliance with the Code of Conduct
- determines, having examined proposals from the relevant committee and consulted with the Board of Statutory Auditors, the remuneration of chief executives and directors with specific duties
- examines and approves the strategic, business and financial plans of the Company and of the group it controls (hereinafter the "Group"), as well as the corporate governance structure of the Company and the structure of the Group
- may resolve upon: (i) merger operations, in the cases set out in articles 2505 and 2505-*bis* of the Civil Code, (ii) the creation or elimination of secondary offices, (iii) the identification of directors other than the Chairman who may represent the Company, (iv) capital decreases in the case of shareholder withdrawal, without prejudice to the final paragraph of article 2437-*quater* of the Civil Code, (v) adjustments of the articles of association to legislative requirements, (vi) relocations of the registered office within the national territory and (vii) capital decreases due to losses pursuant to article 2446 of the Civil Code

- assesses general operating performance, taking particular account of information received from delegated bodies and periodically comparing results forecast and results achieved
- examines and approves in advance the most significant transactions carried out by Saras and the Group
- assesses the adequacy of the organisational, administrative and general accounting structure of the Company and the Group established by the chief executives, with a particular focus on the internal control system and the management of conflicts of interest
- at least once a year, evaluates the size, composition and functioning of the Board and its committees
- gives guidelines on the maximum number of positions to be held by directors or auditors who are members of the Board with other listed companies, finance, banking or insurance companies or companies of significant size
- appoints, after consultation with the Board of Statutory Auditors, a director in charge of financial reporting, making its selection from company managers with proven experience in accounting and finance
- prepares proposals for the shareholders' meeting and reports to shareholders at meetings.

Below is a detailed description of the composition and functions of the Board, as well as the practical implementation of the tasks and functions listed above.

## 1.2. Composition of the Board of Directors

The articles of association state that the shareholders' meeting shall determine the number of Board members, between a minimum of three and a maximum of fifteen.

The articles of association state that the Board shall be elected by the shareholders' meeting using a list voting mechanism, which allows the appointment of a director from the list with the second-highest number of votes that is entirely unconnected to the majority list. Candidate lists may be submitted by shareholders representing, either individually or with other shareholders, at least 2.5% (two point five per cent), or such other percentage that might be established by legislation in force, of the ordinary voting capital.

The candidate lists must be deposited at the registered office no later than twenty-five days prior to the date of the first call of the shareholders' meeting.

The number of Board members is equal to the number of candidates (between three and fifteen) named on the list that obtains the greatest number of votes.

The articles of association state that each list must be accompanied by declarations from each candidate, deposited at the registered office, certifying that there are no grounds for ineligibility or incompatibility and that the candidate meets the requirements prescribed by existing legislation and the articles of association for the office of Company director.

As well as the above lists and declarations, shareholders are also invited to deposit at the registered office the additional documentation required under article 144-*octies* of the Issuer Regulation. The names of the candidates and information about them will also be made promptly available on the Company website and provided to the stock market operator.

In the event that one or more of the directors cease to hold office during the year, they will be replaced pursuant to article 2386 of the Civil Code. If the director ceasing to hold office was taken from the list that obtained the second-highest number of votes, he/she shall be replaced by a person drawn from the same list, in sequential order, who is still eligible and prepared to accept the post. Confirmation of co-option of a director by the Board, or the appointment of another director to replace him/her, will take place according to the procedures described above at the next shareholders' meeting. If the co-opted director, or the replacement director, was drawn from a minority list, the shareholder representing the largest percentage of the share capital at the shareholders' meeting and shareholders related thereto, including indirectly, may not vote. The candidate with the highest number of votes will be elected. The term of the new director expires at the same time as those in office at the time of his/her 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 cease to hold office for any 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.

Given that a director may be appointed by minority shareholders through the list voting system, and that there is a controlling shareholder in the Company's shareholding structure preselecting candidates for inclusion on its own list, the Board has not provided for the creation of a committee for proposed appointments to the office of director (pursuant to article 6 of the Civil Code); however, appointment proposals must be made by shareholders through the candidate lists.

The Board currently in office was appointed via list vote at Saras' ordinary shareholders' meeting of 28 April 2009, and supplemented by the appointment of a new director, identified by Angelo Moratti Sapa, by the ordinary shareholders' meeting of 27 April 2010. The Board, whose term will expire on the date of approval of the financial statements for the year ended 31 December 2011, comprises ten members as listed below, one of which (Giancarlo Cerutti) was appointed from the list presented by the minority shareholder Assicurazioni Generali SpA.

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

The *curricula vitae* of the Board members are available on the Company's website at [www.saras.it](http://www.saras.it).

The shareholders' meeting did not authorise, generally and on a precautionary basis, exemptions to the non-competition clause contained in article 2390 of the Civil Code.

For further information on the composition of the Board and the Committees, see footnote<sup>1</sup>, the following sections and the table in Appendix 1.

### 1.3. Board Meetings

The Board also convenes in locations other than the registered office, in Italy and in other European Union countries. Board meetings are also validly constituted if they are held by videoconference or teleconference, provided that all participants can be identified by the chairman of the meeting and all the other participants, and that they can follow the discussion and take part in real time in discussions and resolutions, as well as receive, send and view documents, and that all of the above is recorded in the minutes.

Meetings of the Board are convened by letter, telegram, fax or email, sent no later than five days before (or, in case of emergency, no later than 24 hours before) the meeting, to all directors and auditors.

The Board of Directors held six meetings in 2011. The Board has held two meetings in 2012, including the meeting to approve this Report. The meetings took place at regular intervals and were duly attended by the various Board members, as well as members of the Board of Statutory Auditors, (for a breakdown, see the summary table in Appendix 1).

On 12 January 2012 the Company issued its own annual calendar of corporate events, pursuant to article 2.6.2.1.c) of the Stock Market Regulation. According to the calendar, at least five meetings are scheduled for 2012.

### 1.4. Delegation within the Board

Without prejudice to the responsibilities summarised in section 1.1, at its meeting of 28 April 2009 the Board assigned full administrative powers to Chairman Gian Marco Moratti and CEO Massimo Moratti, with consequent powers of representation to third parties and for the ordinary and extraordinary management of the Company, individually and separately (however, provision is made for consultation in advance between the two directors, in cases where the nature and scale of the transaction or decision suggest this, in order to ensure consistent management of the Company's operations).

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<sup>1</sup> Massimo Moratti holds the position of Director at Pirelli & C. S.p.A.;  
Giancarlo Cerutti holds the position of Director at Sole24Ore S.p.A.;  
Mario Greco holds the position of Director at Gruppo Editoriale L'Espresso S.p.A. and Indesit Company S.p.A. and is CEO of General Insurance of Zurich Financial Services Group.

The Board believes that assignment of the above powers to the Chairman and to the Chief Executive, both of whom are managing shareholders in Saras' parent company, Angelo Moratti Sapa, ensures efficient and effective management of the Company, in line with the established practices and traditions of the Saras Group.

The Board also made the Chairman the executive director responsible for overseeing the operation of the internal control system (see below for further details).

The Board has assigned to Angelo Moratti, as well as the requisite powers, a special role as Company representative in institutional relationships with the media and banking and finance operators. Mr. Moratti has also been tasked with researching and evaluating possible opportunities for the Company in terms of extraordinary transactions and submitting these to the Board, or to the Chairman and/or the Chief Executive, and has been assigned the power to execute Board resolutions, with conferral of the requisite powers in both cases.

Delegated board members also carry out the duties assigned to them by law and by the articles of association.

Pursuant to the recommendations in article 1.C.1.c) of the Code, the Board has established that directors with individual mandates as described above shall report to the Board on a quarterly basis on the activity carried out in the year in which the mandate was conferred. These reports were duly provided by the delegated board members, who also provided further information as described below.

#### 1.5. Information provided to the Board

Pursuant to article 2381 of the Civil Code and article 150.1 of the TUF, the articles of association state that the Board of Directors and the Board of Statutory Auditors shall be informed by the delegated bodies about general operating performance, the outlook for this performance, activities conducted and transactions of major significance in terms of the Company's business and financial position, conducted by the Company or by its subsidiaries. Specifically, the delegated bodies report on transactions in which they have an interest, either on their own account or on behalf of third parties. Information is provided on at least a quarterly basis, at meetings of the Board of Directors and, in the case of disclosure to the Board of Statutory Auditors, also by means of communication with the chairman of this board.

See the report on operations for the Board's assessment of general operating performance.

#### 1.6. Non-executive and independent directors

At the date of this Report, the Board of Directors included three non-executive directors considered independent pursuant to article 3.C.1. of the Code (as well as articles 147-ter, paragraph 4, and article 148, paragraph 3, of the TUF), namely: Gilberto Callera, Giancarlo Cerutti and Mario Greco. The number of directors meeting the requirements of independence set out in article 148, paragraph 3 of the TUF therefore complies with the provisions of article 147-ter, paragraph 4 of the TUF, as amended by Legislative Decree 303 of 29 December 2006, relating to boards of directors of listed issuers comprising more than seven members.

The existence of these independence requirements, declared by each director when the lists were presented and when the appointment was accepted, was verified by the Board of Directors at the first meeting after the appointment and subsequently assessed each year at the meetings of 25 February 2010, 24 February 2011 and 27 February 2012, including on the basis of the declarations and information supplied by the directors concerned.

The Board of Statutory Auditors verified that the criteria and procedures used by the Board of Directors to assess the independence of directors were applied correctly.

The Board includes another three members who may be categorised as non-executive directors, namely: Gabriele Previati, Angelomario Moratti and Gabriele Moratti.

In view of the above, the Board of Directors currently includes a number of non-executive directors who, partly due to their authority, have significant potential influence on board decisions.

#### 1.7. Lead Independent Director and meetings of independent directors

Pursuant to recommendations contained in article 2.C.3. of the Code, on 28 April 2009 the Board of Directors appointed independent director Gilberto Callera as Lead Independent Director, assigning him the duty of cooperating with the Chairman of the Board to ensure that directors are provided with comprehensive and timely information, with the power to convene, independently or at the request of other Board members, exclusive meetings for independent or non-executive directors to discuss matters deemed to be of interest relating to the operation of the Board of Directors and corporate management.

In accordance with the recommendations contained in article 3.C.6 of the Code, the independent directors of Saras met on 24 February 2011 and 23 November 2011, convened by the Lead Independent Director.

The Lead Independent Director subsequently confirmed to the Board of Directors that the independent directors had verified the regularity of Board meetings and monitored the completeness of the information provided to directors on the matters to be discussed in the various meetings, ascertaining that the information provided to all the directors was adequate and that supporting documents for the meetings were made available to them in good time.

The independent directors verified that the activities of the Remuneration Committee (of which two independent directors are members) and the Internal Control Committee (of which all the independent directors are members), were again carried out in a timely and satisfactory manner in 2011, in accordance with the duties and responsibilities assigned to them.

The flow and content of communication and disclosure to the market was also found to be satisfactory, both on the Company website and in communications and meetings with market operators.

#### 1.8. Assessment of the composition of the Board and the Committees

At its meeting of 27 February 2012, the Board of Directors assessed the size, composition and operations of the Board and the Board Committees.

The Board expressed its appreciation of the contribution made by the non-executive directors to the proceedings of the Board, both by virtue of their management expertise and skills, and due to the wide range of experience in various industrial sectors that they bring to the table. The Board of Directors also praised the contribution of the executive directors who contributed their direct experience of the operational situation, providing additional tools for understanding the strategic and competitive scenario unfolding under the current challenging economic conditions.

Given the regular presence at meetings of directors holding positions at other companies and their important contribution to proceedings, the Board has not adopted general criteria for a maximum number of posts in other companies that could be regarded as compatible with the effective performance of the role of director.

#### 1.9. Implementation by the Board of Directors of other recommendations in the Code

The directors take part in initiatives designed to increase their knowledge of the Company's situation and performance, including in relation to the regulatory framework, and to enable them to perform their roles effectively in line with their specific duties and responsibilities.

For more information on the assessment by the Board of general operational performance, please refer to the reports on operations approved by the Board and appended to the Saras draft annual financial statements and consolidated financial statements.

## **2. Board Committees**

### **2.1 Remuneration Committee**

Pursuant to article 7.P.3. and 7.C.3. of the Code, the Board established an internal Remuneration Committee. The minimum rules on the composition, duties and operation of the Committee are set out in the relative Regulation, amended on 24 March 2011 to take account of new instructions in the Code of Conduct. Specifically, the Remuneration Committee is consulted by, and makes proposals to, the Board, and in relation to executive directors, other directors assigned particular duties and senior managers with strategic responsibilities, is tasked with:

- making recommendations to the Board of Directors on general remuneration policy
- periodically assessing the adequacy, overall consistency and practical application of the general remuneration policy, using information provided by the chief executives as regards senior managers with strategic responsibilities
- carrying out assessment activities and making recommendations in relation to share-based remuneration plans.

The Committee also makes recommendations to the Board of Directors on the remuneration of the executive directors and other directors performing particular tasks as well as on setting performance targets for the variable component of this remuneration, monitoring the application of the decisions taken by the Board and checking effective achievement of these performance targets.

In fulfilling the duties assigned to it by the Board of Directors, the Committee may make use of external consultants who are experts in remuneration policies, on condition that they are not simultaneously providing services to the Human Resources department, directors or senior managers with strategic responsibilities that are so significant that they materially compromise the independent judgement of these consultants.

The Remuneration Committee regulations stipulate that the Committee comprises three non-executive directors, the majority of whom must be independent, and that at least one Committee member has adequate financial knowledge and experience. The

current members of the Remuneration Committee are Gilberto Callera (Chairman), independent director, Mario Greco, independent director and Gabriele Previati, non-executive director.

Remuneration Committee meetings are convened by the Chairman whenever he deems it appropriate. The Committee is validly constituted if a majority of its members is present, and resolutions are carried by an absolute majority of those present. Meetings of the Remuneration Committee may be attended by anyone whose presence is deemed appropriate by the Committee, provided that no directors take part in meetings of the Committee when proposals on their remuneration are put forward. The Committee meetings are minuted. The Committee is vested with the powers specified in article 7.C.5. of the Code of Conduct.

The Remuneration Committee held three meetings in 2011. The Committee has held two meetings in 2012. The meetings were duly attended by the three members of the Committee (see summary table in Appendix 1 for a breakdown). The Committee consulted internal and external consultants in the execution of its duties.

Subsequent Committee meetings in the second half of 2010 and in 2011 were mainly concerned with (i) monitoring and drawing up proposals for implementation of the Stock Grant Plan for management approved by the shareholders' meeting of 27 April 2010; (ii) assessing general criteria for remunerating senior managers with strategic responsibilities; and (iii) analysing the key aspects of the new article 7 of the Code of Conduct of Borsa Italiana on the remuneration of directors and managers with strategic responsibility, published in March 2010.

At its meeting of 10 November 2011, the Committee reviewed and then presented to the Board the proposed general remuneration policy for executive directors, directors with special duties and senior managers with strategic responsibilities, pursuant to article 7 of the Code of Conduct ("General Policy").

## 2.2 Internal Control Committee

Pursuant to the provisions of article 8 of the Code of Conduct, the Board of Directors created an Internal Control Committee from its members, to be consulted by and to advise the Board. Specifically, the Internal Control Committee:

- (a) helps the Board to (i) set out guidelines for the internal control system so that the main risks to the issuer and its subsidiaries are correctly identified, as well as appropriately measured, managed and monitored, (ii) determine criteria for the compatibility of these risks with sound and

- correct management, (iii) assess the adequacy, efficiency and operational effectiveness of the internal control system, at least once a year, and (iv) describe the key elements of the internal control system in the corporate governance report and express an opinion on the overall suitability of the system
- (b) assesses, in conjunction with the director in charge of financial reporting and the auditors, the correct use of accounting standards and their uniform application in drawing up the consolidated financial statements
  - (c) at the request of the executive director responsible in this regard, expresses opinions on specific aspects of the identification of the main corporate risks, and the planning, implementation and management of the internal control system
  - (d) examines the work plan prepared by the internal control managers, and the periodic reports provided by them
  - (e) assesses the proposals made by the auditing company to obtain the relevant engagement, as well as the audit plan, the audit report and any recommendations letter
  - (f) monitors the effectiveness of the auditing process
  - (g) carries out any additional duties assigned by the Board of Directors
  - (h) reports to the Board of Directors at least every six months, at the time of approval of the annual financial statements and the interim half-yearly report, on the activities undertaken and on the adequacy of the internal control system.

Pursuant to the Committee regulations, the Internal Control Committee consists of four non-executive directors, the majority of whom are independent. The Committee currently comprises: Gabriele Previati (Chairman), non-executive director, Mario Greco, independent director, Gilberto Callera, independent director and Giancarlo Cerutti, independent director. Pursuant to article 8.P.4 of the Code, the Board considers that Mario Greco, a member of the Internal Control Committee, has the appropriate experience in accounting and finance to be the financial expert.

Internal Control Committee meetings are convened by the Chairman whenever he deems it appropriate, and at least every six months. The Committee is validly constituted if a majority of its members is present, and resolutions are carried by an absolute majority of those present. The Chairman of the Board of Statutory Auditors (or another statutory auditor designated thereby), the Internal Control Manager and the Head of Internal Audit attend the meetings of the Internal Control Committee. The Chairman of the Board of Directors, the CEO, other members of the Board of Statutory Auditors, the General Manager, the Chief Financial Officer, representatives of the auditing company and any other individual whose presence the Committee

deems appropriate to the matter under discussion may also attend the meetings. The Committee meetings are minuted.

The Internal Control Committee met seven times in 2011. The meetings were duly attended by the four members of the Committee (see the table in Appendix 1 for a breakdown) as well as the members of the Board of Statutory Auditors, the Internal Control Manager and the Head of Internal Audit. The Committee held two meetings in the first quarter of 2012.

The General Manager, the Chief Financial Officer (who also holds the post of director in charge of financial reporting) and representatives of the auditing company were invited to attend meetings to discuss specific items of interest.

In performing analysis, and defining and updating the relevant tools, the Committee has made a significant contribution to the implementation of the Company's corporate governance system. The Committee helped to introduce principles of conduct for related-party transactions and for directors of the Saras Group. Further details are provided below. The Committee also submitted for approval by the Board of Directors a document containing guidelines for the internal control system on identifying risks, implementing the control system and assessing its effectiveness.

In 2011, the Committee also:

- approved the 2011 Committee Activity Programme, in line with the Internal Control Committee Regulation and the Code of Conduct.
- approved the 2011 Audit Plan produced by the Internal Audit department for Saras and its subsidiaries, and the 2011 Internal Control Programme, structured on the Internal Control System Guidelines approved by the Saras Board of Directors.
- assessed the correct use of accounting standards and their uniform application in drawing up the consolidated full-year and half-year financial statements for Saras and the Group. The work plan of the audit firm was also examined, as well as the findings presented in the letter of recommendations. This meeting was attended by the director in charge of financial reporting and representatives of the audit firm.
- monitored the work carried out by the Internal Control Manager and the Head of Internal Audit relating to the assessment of the adequacy and effectiveness of the internal control system. Specifically, with regard to the activities performed by Internal Audit, the Committee examined the periodic audit reports on the quarterly results and on the progress made in implementing corrective measures.

- examined and assessed the Report on the Internal Control System of Saras and the Group” prepared by the Internal Control Manager. The report describes the parameters of the internal control system and assesses the overall adequacy of the system in operation.
- received information on the activities of the supervisory bodies of Saras and its subsidiaries relating to the adoption and implementation of their respective Organisation, Management and Control Models (see below for further details) and particularly on matters concerning health and safety at work
- received information from the auditing company on the results of the internal control system audit performed as part of its auditing duties, relating to factors with the greatest potential impact on the reliability of the financial statements overall.
- received information with regard to the meetings held between the Head of Internal Audit with the General Manager and the Chief Financial Officer, during which progress made in implementing improvement measures within areas of competence was presented.
- received information on the general structure of the system adopted by Saras to identify, manage and monitor risks to the Company’s objectives in the strategic, operational, financial, insurance and credit management areas.

In February 2012, the Committee prepared a Report on the Internal Control System, regarding the various audits and adjustments relating to the internal control system of Saras and the Group. The report was prepared using the results of the checks performed by Internal Audit and information submitted periodically by the Internal Control Manager.

The report was submitted to the Chairman of the Board of Directors as executive director responsible for supervising the operation of the internal control system and presented to the Board at its meeting of 27 February 2012.

### **3. Remuneration of directors and senior managers with strategic responsibilities**

At its meeting of 11 November 2011, the Board of Directors approved, on the recommendation of the Remuneration Committee, the general remuneration policy for executive directors, directors with special duties and senior managers with strategic responsibilities, pursuant to article 7 of the Code of Conduct ("General Policy").

For further information on the remuneration of the executive directors, other directors with special duties and senior managers with strategic responsibilities, see the report on remuneration published pursuant to article 123-ter of the TUF.

Variations from the application criteria set out in article 7 of the Code of Conduct are as follows:

- The Remuneration Committee confirmed that the remuneration of Chairman Gian Marco Moratti, CEO Massimo Moratti and Vice-Chairman Angelo Moratti was adequate and again stated that it was not necessary to establish incentive mechanisms to retain and motivate these directors, since all three are executive directors and shareholders of Angelo Moratti Sapa, which controls the Company, and their interests are therefore intrinsically linked to pursuing the primary goal of creating value for all shareholders.
- With regard to senior managers with strategic responsibilities, note that the Stock Grant Plan<sup>1</sup> approved by the shareholders' meeting of 27 April 2010 and expiring at the end of financial year 2012, does not provide for a three-year vesting period for the right to receive shares. this right vests (if the conditions established are met) at the end of each relevant year, without prejudice to the lock-in period until the share Delivery Date, as indicated in the Stock Grant Plan regulations.

The Company did not deem it necessary to bring the Stock Grant Plan into line with article 7 of the Code of Conduct, since the Stock Grant Plan, although it was approved after the date of publication of this article, had already been widely presented to managers, who, at that date, already expected the relative allocation. In addition, the Stock Grant Plan has very little influence on the Company's risk management policy and its remaining duration is no longer than financial year 2012 (issuers are asked to apply the new article 7 "by the end of 2011").

#### **4. Internal Control System**

Responsibility for the internal control system falls under the remit of the Board of Directors, which establishes guidelines and periodically checks its suitability and effective operation. To this end, the Board liaises with the Internal Control Committee, the Internal Control Manager and the Head of Internal Audit.

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

- (a) selected the Chairman of the Board as the executive director responsible for supervising the operation of the internal control system
- (b) appointed an Internal Control Manager at the proposal of the Chairman and assigned him the task of: (i) checking that the Company's internal control system remains suitable, fully operational and functioning, (ii) reporting periodically to the Internal Control Committee, the Board of Statutory Auditors and the Chairman of the Board on his actions and the risk management methods employed, as well as on compliance with the plans drawn up to minimise risk and (iii) giving an assessment of the suitability of the internal control system to achieve an acceptable overall risk profile
- (c) assigned the Chairman of the Board, as executive director responsible for supervising the functions of the Company's internal control system, responsibility for adopting measures to ensure that the Internal Control Manager has direct access to all useful information and has the appropriate resources with which to fulfil his role.

The Internal Audit department is under the direct responsibility of the Chairman of the Board of Directors and reports on its activities to the Internal Control Committee and the Board of Statutory Auditors, as well as to the Supervisory Body created pursuant to Legislative Decree 231/01. Its main role is to monitor the Group's internal control system to ensure its efficiency and effectiveness. The Head of the Company's Internal Audit department is Ferruccio Bellelli.

The results of the audits carried out by Internal Audit in 2011 were reported periodically to the Internal Control Committee and the Board of Statutory Auditors, and, for areas relating to the Model, to the supervisory bodies of each company. Internal Audit monitored the stage of implementation/progress of the improvement measures agreed with the company departments during the audits, via monthly follow-up reports. Progress in the implementation of the improvement measures was reported periodically to the Committee.

Pursuant to article 8 of the Code of Conduct, the Board of Directors of Saras, on the recommendation of the Chairman of the Board (the executive director tasked with overseeing the operation of the Company's internal control system), appointed Ferruccio Bellelli, Head of the Internal Audit department, as Internal Control Manager.

The Internal Control Manager, who meets the requirements of competence and professionalism required to fulfil the role, does not report to operational area managers but to the Internal Control Committee, the Board of Statutory Auditors and the Chairman of the Board of Directors (as executive director responsible for supervising the operation of the Company's internal control system).

The Internal Control Manager reported every six months to the Committee, the Board of Statutory Auditors and the Chairman of the Board on activities carried out in 2011 by Saras Group companies in relation to implementation, monitoring and improvement of the internal control system, and gave his own assessment of the suitability of the internal control system to achieve an acceptable overall risk profile.

In 2006, at the proposal of the Internal Control Committee, the Board of Directors approved a set of guidelines for the internal control system. The aim of this document, prepared in conjunction with the Internal Control Manager and the Internal Audit department, was to establish guidelines for the development and improvement of the Company's internal control system, with specific reference to the profiles for the control environment, risk evaluation, and control and monitoring activities. The guidelines were re-examined in 2008 by the Internal Control Committee, which confirmed that they were still valid and in line with the provisions of the Code of Conduct and best practice in the sector.

The Company's policy on managing and monitoring the main risks to the Company, especially regarding strategic, financial, liquidity, credit and operational risks, is based on the identification and assessment – and where possible, the mitigation or elimination – of the main risks to the Group's strategic, operational and financial objectives. Under Saras' management policy, the main risks are reported and discussed by the Group's senior management, who decide on how to manage them and measure the acceptable level of residual risk.

Risk management is based on the principle of management of operational or financial risk by the head of the relevant process with guidance from senior management, while the control function measures and controls the level of exposure to the risks and the results of measures taken to reduce them.

To this end, a risk management department was created within the Management Control Division reporting to the CFO, who is, *inter alia*, responsible for defining group standards for controlling, monitoring and reporting of risks.

The Code of Ethics<sup>2</sup> is an essential part of the internal control system and sets out the principles and values adopted by Saras that must be complied with by all employees, partners and persons with whom Saras has relationships. The Code of Ethics has been introduced in Saras and its subsidiaries (Sarlux, Sartec, Akhela, Arcola Petrolifera, Sardeolica and Saras Energia).

The internal control system described above was further strengthened with the adoption of Saras' Organisation, Management and Control Model (the "Model"), approved by the Board of Directors on 11 January 2006 and updated on several occasions in application of the legislation relating to organisations' administrative responsibility pursuant to Legislative Decree 231/2001 to provide a system of procedures and controls intended to reduce the risk of committing a crime pursuant to the said Legislative Decree 231/2001.

The Model was drafted in accordance with the guidelines formulated by Confindustria, and comprises a "general part" (which describes, *inter alia*, the objectives and operation of the Model, the duties of the internal control body responsible for supervising the operation of, and compliance with, the Model and the penalty system), and "special parts" relating to the various types of crime stipulated by Legislative Decree 231/2001.

Special parts have been prepared in relation to the following crimes:

- offences against the public administration
- corporate offences, offences relating to terrorism or the subversion of the democratic order, counterfeiting of money
- culpable homicide and grievous bodily harm committed in breach of health and safety at work legislation
- market abuses (abuse of privileged information and market manipulation)
- cyber crime and unlawful data processing.

The following updates were made to the Model in 2011:

- in February 2011, an update to the "Documented map of the analysis of company areas potentially at risk of crime and potential means of committing crime", appended to the Special Part D of the Model – Health and Safety at Work –, to insert the changes introduced by Legislative Decree 106 of 3 August 2009. The update was approved by the Board of Directors of Saras at its meeting of 24 March 2011.
- in November 2011, due to organisational changes involving the Company, an update to the General Part of the Model and the remaining Special Parts (Special Part A – Crimes against the public administration, Special Part B –

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<sup>2</sup> See: [http://www.saras.it/saras/\\_uploads/documents/codice\\_etico.pdf](http://www.saras.it/saras/_uploads/documents/codice_etico.pdf)

Corporate crimes, Special Part E – Market abuse and Special Part F – Cyber crime and unlawful handling of data) and the relative maps appended. The Board of Directors approved the updates to the Model at its meeting of 10 November 2011.

During 2011, analyses were carried out relating to environmental offences for the purpose of updating the Model. The updating of the Model for environmental offences, pursuant to Legislative Decree 231/01, was approved by the Board of Directors at its meeting of 27 February 2012.

When the Model was implemented, the Company updated and issued certain guidelines, including:

- internal regulations on handling privileged information and the creation of a register of persons with access to such information
- Code of Conduct on Internal Dealing
- procedures for related party transactions
- guidelines for transactions with the public administration
- guidelines for managing extraordinary operations
- guidelines for derivative transactions
- guidelines for relations with public supervisory authorities and companies operating regulated markets for financial instruments
- guidelines for external communication of corporate information and documents
- guideline for information technology and data communication tools
- procedure for managing price sensitive announcements to the public
- procedure for managing consultancy contracts
- procedure for the “Preparation of the separate accounts of Saras and the consolidated accounts of the Group”.

The Supervisory Body was created to ensure that the model adopted by Saras is effectively and properly implemented. The Supervisory Body comprises: Gabriele Previati, non-executive director (acting as chairman), Claudio M. Fidanza, Ferruccio Bellelli and Enrico Padova (General Counsel). By resolution of the Board of Directors at its meeting of 12 May 2011, following the expiry of the term in office of the members of the Supervisory Body, the following members were appointed to the Supervisory Board: Gabriele Previati (chairman), Giovanni Luigi Camera (external member and member of the Board of Statutory Auditors), Ferruccio Bellelli (Head of Internal Audit) and Enrico Padova (General Counsel).

The Group companies (Sarlux, Sartec, Akhela, Arcola Petrolifera and Sardeolica) have adopted and updated their own Organisation, Management and Control Models, and have also created their own Supervisory Bodies.

## **5. Handling corporate information**

Pursuant to article 115-*bis* of the TUF, which requires the creation of a register of persons with access to privileged information, and pursuant to the recommendations of article 4 of the Code (the rationale for which stems from article 114 of the TUF and the implementing regulations), the Board adopted an “Internal regulation for managing privileged information and the creation of a register of persons with access to such information” in May 2006. The Regulation contains procedures for identifying privileged information, i.e. important information about the Company and its subsidiaries, with particular reference to price-sensitive information. They also contain procedures for the internal handling of such information and for managing access by external parties and, where necessary, external communication. These procedures are intended to prevent such information being communicated selectively, at the wrong time, or in an incomplete or inappropriate form.

The Regulation, including the provisions relating to the keeping of a register (which Saras also manages on behalf of its subsidiaries), was drawn up in accordance with article 114 of the TUF, articles 65-*bis et seq.* and 152-*bis et seq.* of the Issuer Regulation as these relate to the keeping of the register, and taking into account Consob Communication DEM/6027054 of 28 March 2006.

## **6. Code of Conduct on Internal Dealing**

Again for the purposes of harmonising Saras’ corporate governance with the rules applicable to listed companies, the Board of Directors adopted a “Code of Conduct on Internal Dealing” in May 2006<sup>3</sup>, which incorporates and implements the provisions of article 114, paragraph 7 of the TUF and articles 152-*sexies et seq.* of the Issuer Regulation, and is intended to ensure proper and adequate transparency of disclosure to the market of transactions carried out by individuals at the Company in the Company’s securities. The Code of Conduct establishes precise rules of conduct and communication relating to transactions executed on financial instruments issued by Saras by key individuals (defined as directors and auditors of the Company, any individual with a management role and any senior manager who has regular access to privileged information and has the power to adopt management decisions that could affect the Company’s development and future prospects, as well as any direct or indirect shareholder holding a stake of at least 10% of Saras’ share capital) and persons closely associated with such key individuals. In line with best practice, the Code of Conduct also prohibits such key individuals and persons closely associated with them from effecting transactions in the Company’s securities in determined periods.

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<sup>3</sup> See: [http://www.saras.it/documentazione/codice\\_internal\\_dealing.pdf](http://www.saras.it/documentazione/codice_internal_dealing.pdf)

## **7. Directors' interests, significant transactions and related party transactions**

In 2006 – ahead of Consob's definition of general principles on internal rules to ensure transparency and the substantial and procedural correctness of related party transactions pursuant to article 2391-*bis* of the Civil Code – the Board of Directors adopted "Principles of conduct for carrying out transactions with related parties", which set out potential operational solutions in situations involving directors' interests. The principles are detailed in a document that was favourably assessed by the Internal Control Committee and the Board of Statutory Auditors.

The Board of Directors adopted procedures for related-party transactions pursuant to the regulations on related-party transactions adopted by Consob (Resolution 17221 of 12 March 2010 – the "Regulations"), also taking into account the provisions of Consob Communication DEM/10078683 of 24 September 2010. Since 1 January 2011, these procedures have replaced the aforementioned principles of conduct for carrying out transactions with related parties, which were adopted by the Board in 2006. The procedures are available on the Company website.

Including directors, their families and entities relating to either of these in the definition of "significant related party" for the purposes of applying the Regulation, the procedures adopted by the Company represent adequate monitoring for management of situations in which a director has an interest, on his own account or on behalf of third parties, provided that, when the director's interest is unconnected to a related-party transaction, the director is also required to notify the Company of the interest pursuant to article 2391 of the Civil Code.

The Board also approved a "Code of conduct for Directors of the Group", which was also favourably assessed by the Internal Control Committee and the Board of Statutory Auditors. The Code's primary aim is to provide Directors with uniform criteria of conduct to enable them to carry out their role within a structured framework, in accordance with legislation on directors' interests and corporate governance principles and, wherever possible, in keeping with the Saras Group's interests.

## **8. Director in charge of financial reporting**

When its shares were listed in May 2006, the Company amended its articles of association pursuant to article 154-*bis* of the TUF, in order to create the position of director in charge of financial reporting. Chief Financial Officer Corrado Costanzo currently holds this role, which was assigned by the Board of Directors at its meeting of 2 October 2006.

The Board of Directors granted Mr Corrado all necessary and appropriate powers to carry out the duties prescribed under 154-*bis* of the TUF.

## **9. Board of Statutory Auditors**

In accordance with the Company's articles of association, the Board of Statutory Auditors comprises three permanent auditors and two deputy auditors. The articles of association stipulate that auditors be appointed using a list voting system, which ensures that minority shareholders can appoint a permanent auditor (who will be appointed Chairman of the Board of Statutory Auditors) and a deputy auditor. Candidate lists may be submitted by shareholders representing, either individually or with other shareholders, at least 2.5% (two point five per cent), or such other percentage as might be established by legislation in force, of the ordinary voting capital. For each list, the following documents must also be submitted at the registered office by the deadline for submission of lists: (i) comprehensive information on the personal and professional qualities of the candidates (CVs), and (ii) declarations from the candidates stating that they accept their candidacy and that there are no grounds of ineligibility or incompatibility (including that they do not exceed the statutory limits for the number of positions held) and that they meet the requirements stipulated by existing legislation and the articles of association to fulfil the role of auditor for the Company. The office of permanent auditor is incompatible with carrying out similar duties in more than another three companies listed on the Italian regulated markets, except for the Company and its subsidiaries.

According to the articles of association in force, candidate lists must be deposited at the registered office no later than twenty-five days prior to the date of the shareholders' meeting, and must be made available to the public at the registered office, on the website and according to the terms and procedures set out in the Consob regulations, no later than twenty-one days prior to the date of the shareholders' meeting.

For further information on the procedure for appointing the Board of Statutory Auditors, see the articles of association and articles 144-*ter et seq.* of the Issuer Regulation.

The current Board of Statutory Auditors, which was appointed through the list voting system at the shareholders' meeting of 28 April 2009 and will expire at the date of approval of the financial statements for the year ending 31 December 2011, comprises the members listed below; one member was taken from the minority list presented by Assicurazioni Generali SpA and was therefore appointed Chairman of the Board of Auditors.

Ferdinando Superti Furga <sup>4</sup>	Chairman
Giovanni Luigi Camera	Permanent auditor
Michele Di Martino	Permanent auditor
Luigi Borré	Deputy auditor
Marco Visentin	Deputy auditor

The Board of Statutory Auditors held ten meetings in 2011. In 2012, the Board of Auditors has met twice. The meetings were duly attended by the permanent auditors (see the table in Appendix 2 for a breakdown).

The Board of Statutory Auditors performed an internal assessment, pursuant to article 10.C.2 of the Code, of fulfilment of the requirements for the independence pursuant to law and the criteria stipulated by the Code, with a positive result.

The Board of Auditors, in compliance with the provisions of article 10.C.5 of the Code, also verified the independence of the auditing company in accordance with existing legislation and as regards the nature and extent of the various financial audit services provided to the issuer and its subsidiaries by the said auditing company and the entities belonging to its network.

The Board of Statutory Auditors' attendance of Internal Control Committee meetings guarantees the necessary coordination with the Internal Control Committee and Internal Audit.

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

## **10. Relationships with shareholders**

When the Company listed its shares on the stock exchange, it considered that it would be in its interests - as well as a duty to the market - to initiate a continuous dialogue with its shareholders and institutional investors, which would comply with both existing legislation and the principles contained in the "Guide on information provided to the market" published by Borsa Italiana SpA, as well as with internal regulations on handling privileged information.

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<sup>4</sup> Ferdinando Superti Furga holds the following posts in listed companies: Chairman of the Board of Statutory Auditors of Arnoldo Mondatori S.p.A., Permanent Auditor of Telecom Italia S.p.A.

In order to promote such dialogue, the Company, pursuant to the recommendations of article 11 of the Code, identified an investor relations manager. The Company also decided to further promote dialogue with investors by creating a specific investor relations section on its website ([www.saras.it](http://www.saras.it), Investor Relations section), where investors can access, in Italian and English, financial and economic information (financial statements, half-yearly and quarterly reports, presentations to the financial community, analyst reports and the Company's stock market performance) as well as up-to-date information and documents of general interest to shareholders (press releases, composition of the Board of Directors and corporate management, articles of association, Code of Ethics, shareholders' meeting regulations and the Internal Dealing Code). The website also has an AGM section<sup>6</sup> containing information on how to take part and exercise voting rights at shareholders' meetings pursuant to regulations in force. It also contains documents relating to the items on the agenda, including lists of candidates for director and statutory auditor positions and their CVs.

At shareholders' meetings, the Board of Directors reports on the activities undertaken and those planned, in compliance with regulations on privileged information.

The organisational unit responsible for relationships with investors and shareholders can be contacted at the following address:

Saras SpA – Investor Relations, Galleria De Cristoforis 1 – 20122 Milan

Toll-free no. 800511155 – email [ir@saras.it](mailto:ir@saras.it)

## **11. Shareholders' meetings**

The Company sees the shareholders' meeting as a valuable opportunity to initiate profitable dialogue between shareholders and the Board of Directors, and a chance to provide shareholders with Company news (clearly ensuring that rules on privileged information are respected) and to give shareholders appropriate information on the requisite matters so that they can make informed decisions within the remit of the meeting.

Both ordinary and extraordinary shareholders' meetings are held, pursuant to law.

Pursuant to the articles of association (article 12), shareholders' meetings shall be convened by means of a notice published on the Company's website in compliance

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<sup>6</sup> See: [http://www.saras.it/content\\_it/investor\\_relations/assemblee.shtml](http://www.saras.it/content_it/investor_relations/assemblee.shtml)

with the statutory procedures and deadlines, as well as by the other means provided for under current legislation.

All documentation relating to the agenda items for the shareholders' meeting is deposited at the Company's registered office and the administrative office for consultation by the public, within the deadlines stipulated by law, and sent via the electronic Network Information System (NIS) to Borsa Italiana SpA. The documentation is also made available, pursuant to article 125-*quater* of the TUF, on the Company's website.

Pursuant to article 14 of the articles of association, shareholders' meetings may be attended by shareholders with voting rights, on condition that they prove their right to vote in accordance with the procedures and deadlines specified by law and by the regulations.

Pursuant to Article 83-*sexies* of Legislative Decree 58/98 (the "TUF"), the right to attend the shareholders' meeting and to exercise voting rights is certified by means of a communication to the Company from the intermediary in accordance with the intermediary's accounts in favour of the party to which the right to vote pertains, based on evidence at the end of the accounting day on the seventh market trading day prior to the date set for the shareholders' meeting (first call).

Every individual entitled to attend a shareholders' meeting may be represented by another person pursuant to a written proxy granted in accordance with law.

The proxy may be granted by electronic means in accordance with applicable legislation and communicated using electronic means according to the procedures specified for each general meeting in the notice of call.

For each shareholders' meeting, the Company may designate one or more parties to which bearers of voting rights may delegate a proxy, with voting instructions, for all or some of the proposals on the agenda.

The notice details the agenda and procedures for taking part in the meeting and exercising voting rights, as governed by the Company's articles of association and by law.

Pursuant to article 11 of the Code, the Company has a specific shareholders' regulation, prepared using the template created by ABI and ASSONIME. The template was designed to ensure that shareholders' meetings are conducted in an orderly and efficient manner, and sets out detailed regulations for their various phases, while respecting the fundamental right of each shareholder to request clarification on the various items under discussion, to express his or her opinion and to formulate proposals.

This regulation which, although it is not stipulated in the articles of association, was approved by the ordinary shareholders' meeting under a specific power granted to this body by the articles of association, was amended by the ordinary shareholders' meeting of April 2011 to bring it into compliance with new terminology introduced by Legislative Decree 39 of 27 January 2010, as well as for compliance with the new record date (and the related system of identifying shareholders eligible to vote) and with the right of shareholders to ask questions (article 127-ter of the TUF), introduced by Legislative Decree 27 of 27 January 2010.

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors											Internal Control Committee		Remuneration Committee	
Position	Board member	In office since	In office until	List (M/m)*	Exec.	Non-exec.	Indep. pursuant to Code	Indep. pursuant to TUF	Number of additional positions**	** (%)	****	**	****	**
Chairman	Gian Marco Moratti	apr-09	apr-12	M	x					100%				
Chief Executive Officer	Massimo Moratti	apr-09	apr-12	M	x				1	100%				
Vice-Chairman	Angelo Moratti	apr-09	apr-12	M	x					100%				
Director/LID	Gilberto Callera	apr-09	apr-12	M		x	x	x		100%	x	100%	x	100%
Director	Giancarlo Cerutti	apr-09	apr-12	m		x	x	x	1	85%	x	80%		
Director	Mario Greco	apr-09	apr-12	M		x	x	x	3	70%	x	60%	x	
Director	Angelomario Moratti	apr-09	apr-12	M		x				100%				
Director	Gabriele Moratti	apr-10	apr-12	M		x				100%				
Director	Gabriele Previati	apr-09	apr-12	M		x				100%	x	100%	x	100%
Director	Dario Scaffardi	apr-09	apr-12	M	x					100%				
<b>DIRECTORS LEAVING OFFICE DURING FINANCIAL YEAR IN QUESTION</b>														
	Name and surname													
<b>Indicate the <i>quorum</i> required for presentation of lists for most recent appointment:</b>														
No. of meetings held during the financial year in question:						BoD: 6	ICC: 7	RC: 3						

**NOTES**

\* This column indicates whether the member was appointed from the majority (M) or minority (m) list

\*\* This column shows the percentage of BoD and committee meetings respectively attended by directors (no. of attendances/no. of meetings held during the period of effective office of the party concerned)

\*\*\* This column shows the number of director or auditor positions held by the person in question in other companies listed on regulated markets, including foreign markets, in financial companies, banks and insurance companies, or in companies of a significant size.

\*\*\*\* An "X" in this column indicates that the board member is a member of the committee.

<b>Board of Statutory Auditors</b>							
<b>Position</b>	<b>Board member</b>	<b>In office since</b>	<b>In office until</b>	<b>List (M/m)*</b>	<b>Independence pursuant to Code</b>	<b>** (%)</b>	<b>Number of additional positions***</b>
<b>Chairman</b>	Ferdinando Superti Furga	28-apr-09	27-apr-12	m	x	100%	12
<b>Permanent auditor</b>	Giovanni Luigi Camera	28-apr-09	27-apr-12	M	x	100%	25
<b>Permanent auditor</b>	Michele Di Martino	28-apr-09	27-apr-12	M	x	100%	5
<b>Deputy auditor</b>	Luigi Borrè	28-apr-09	27-apr-12	M	x		
<b>Deputy auditor</b>	Marco Visentin	28-apr-09	27-apr-12	m	x		
<b>AUDITORS LEAVING OFFICE DURING FINANCIAL YEAR IN QUESTION</b>							
	Name and surname						
<b>Indicate the quorum required for presentation of lists for most recent appointment: 1.5 %</b>							
<b>Number of meetings held during the financial year in question: 10</b>							

\* This column indicates whether the member was appointed from the majority (M) or minority (m) list

\*\* This column shows the percentage of statutory auditors' meetings attended by auditors (no. of attendances/no. of meetings held during the period of effective office of the party concerned)

\*\*\* This column indicates the number of director or auditor positions held by the party concerned, pursuant to article 148- *bis* of the TUF. The full list of positions is published by Consob on its website pursuant to article 144 - *quinquiesdecies* of the Consob Issuer Regulations.