

SARAS SpA

Sarroch (CA) S.S. Sulcitana n. 195 – Km. 19

Share capital: EUR 54,629,666.67 (fully paid up)

Cagliari Register of Companies, tax code and VAT number IT00136440922

JUSTIFIED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS REGARDING
THE APPOINTMENT OF THE INDEPENDENT AUDITORS TO AUDIT THE FINANCIAL
STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS 2015-2023

(section 13, Legislative Decree 39, 27 January 2010)

Dear Shareholders,

The Board of Statutory Auditors of SARAS SpA

WHEREAS

- the appointment of the auditors PricewaterhouseCoopers SpA to audit the financial statements will end with the approval of the financial statements for the year ended 31 December 2014;
- section 17 of the above-mentioned Legislative Decree 39 provides that Italian companies issuing securities admitted for trading on regulated Italian and EU markets appoint auditors to carry out the statutory audit for nine financial years, without the option for renewal until at least three financial years have passed since the previous appointment ended;
- the appointment of PricewaterhouseCoopers SpA cannot be further renewed or extended, as the nine-year period provided for under section 17 of the aforementioned Legislative Decree 39 comes to an end at the end of this financial year;

- pursuant to section 13 of the aforementioned Legislative Decree 39, the shareholders' meeting "... upon a justified proposal being made by the supervisory body, shall appoint a statutory auditor or auditing company for the entire term of office to carry out the statutory audit of the accounts and set the fee payable and any criteria for varying said fee during the term of office";
- the purpose of the nine-year appointment must be formulated in accordance with the provisions of sections 14 and 16 of Legislative Decree 39 of 27 January 2010 (the Decree) and Consob Communication 3558 of 18 April 1996 and comprise the following:
 - audit of the annual financial statements and consolidated annual financial statements of Saras SpA for each of the nine financial years ending on 31 December 2015 to 31 December 2023, in accordance with article 14, paragraph 1(a) of the Decree;
 - monitoring of the proper keeping of the company accounts and reporting of operations in the accounting records during the year, in accordance with article 14, paragraph 1(b) of the Decree;
 - checking the consistency of the report on operations required by article 14, paragraph 2 (e) of the Decree and of the information under article 123-bis, paragraph 1(c), (d), (f) (l) and (m) and paragraph 2(b) of Legislative Decree 58 of 24 February 1998 with the financial statements and the consolidated statements;
 - limited-scope audit of the Saras SpA condensed interim financial statements for each of the nine interim periods for the periods ending on 30 June 2015 to 30 June 2023;
 - audit of the annual reporting package sent to the Saras SpA Group subsidiaries, according to their significance for the purposes of inclusion in the consolidated accounts, including, where required by local legislation, supplementary activities to the local statutory audit;
 - activities relating to signature of the tax declarations required under article 1, paragraph 5, point 1 of Presidential Decree 322 of 22 July 1998, as amended by article 1, paragraph 94 of Law 244/07;

and examination of the separate annual accounts for the Italian Electricity and Gas Regulator in accordance with Resolution 11/07.

AND

- the Board of Statutory Auditors has taken the necessary steps to formulate its justified proposal for presentation to the shareholders' meeting called to approve the financial statements for the year ended 31 December 2014. Specifically:
 - it asked four leading auditing firms selected on the basis of the type of appointment, to submit proposals;
 - it asked the relevant corporate departments to provide the auditing firms invited with a description of the Group;
 - it received statements from the above auditing firms attesting to their willingness to accept the appointment to carry out the statutory audit of the accounts, with an analytical description of the scope of the appointment, an estimate of the time involved and the fees and criteria for amending these during the period of office;
 - examined the proposals received and arranged meetings with the four auditing companies, with particular reference to:
 - (i) the expertise and specific experience of the auditing firm in areas similar to those in which the Saras Group operates;
 - (ii) the quality of the firm's relations with the international auditing network, especially in countries where the Group has branches;
 - (iii) whether the selected audit team possesses all the necessary professional requirements to perform its audit duties in a correct and ordered manner;
 - (iv) the appropriateness of the hours estimated to carry out the mandate in question
 - (v) the appropriateness of the total fees quoted.

- the Board of Statutory Auditors recognises the high quality of the competing companies, but decided, based on its examination of the above, that the best overall offer came from Reconta Ernst & Young SpA, an auditing firm registered on the special list prepared by Consob and operating in Ernst & Young's international network, for the following reasons:
 - the company has had significant experience in Italy in areas comparable to the one in which the Saras Group operates, belongs to an international network that will be able to offer an appropriate service also to the foreign subsidiaries of Saras SpA and has the organisation and technical and professional requirements for the scope and complexity of the task;
 - it also has the independence required by law and, as things stand, there are no situations of incompatibility.
 - the proposed team is made up of resources with the necessary experience and professionalism and has the support of experts in related specialist areas;
 - the annual fee requested is considered to be appropriate and such that it will ensure the quality and reliability of the work. It amounts to EUR 678,000 (six hundred and seventy-eight thousand euro), as detailed below.

This fee does not include reimbursements of expenses incurred in the performance of the work, the Consob regulatory contribution or VAT.

The fees may also be varied if circumstances arise requiring changes to be made in the professional services provided. Such circumstances must be discussed beforehand with the Company's management and the Board of Statutory Auditors in order to make a written amendment to the proposal.

Now, therefore, the Board of Statutory Auditors hereby

PROPOSES

to the ordinary shareholders' meeting of Saras SpA that, based on the above, the auditing firm Reconta Ernst & Young SpA should be appointed to carry out the statutory audit of the accounts for the 2015-2023 financial years, for a total annual fee of EUR 678,000 (six hundred and seventy-eight thousand euro), relating to a total of 9,095 hours a year, broken down as follows:

Breakdown of the activity of the Parent Company Saras SpA		
Services related to the statutory audit	Hours	Fees
Audit of the separate financial statements of Saras SpA, financial audit, signature of tax statements and audit of unbundling statements	3,100	225,000
Audit of the Group's consolidated financial statements	600	43,000
Limited-scope audit of the Group's interim consolidated financial statements	1,050	77,000
TOTAL SARAS SPA HOURS AND FEES	4,750	345,000

Breakdown of subsidiaries' activities		
Services related to the statutory audit	Hours	Fees
Audit of the separate financial statements, local legal requirements and IFRS consolidation reporting	3,745	273,000
Limited-scope audit procedures for the interim consolidation reporting package required for the consolidated Group interim financial statements	600	60,000
TOTAL SUBSIDIARIES HOURS AND FEES	4,345	333,000

TOTAL SARAS GROUP HOURS AND FEES	9,095	678,000
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It is hereby noted that the fees do not include reimbursements of expenses incurred in the performance of the work, the Consob regulatory contribution or VAT, and that they could be varied if circumstances arise entailing changes to the professional services required.

The Board of Statutory Auditors hereby considers that it has adequately complied with the requirements of the law.

It therefore invites the Shareholders to cast their vote.

Milan, 27 March 2015

Representing the Board of Statutory Auditors

Chairman

Ferdinando Superti Furga