REMUNERATION REPORT

PURSUANT TO ARTICLE 123–*ter* OF LEGISLATIVE DECREE 58/98 AND ARTICLE 84-*quater* OF THE ISSUERS' REGULATIONS

Dear Shareholders,
This Shareholders' Meeting has been called to cast an advisory vote on the policy adopted by the Company regarding the remuneration of the members of the Board of Directors and managers with strategic responsibilities and the procedures used for its adoption and implementation, pursuant to article 123-*ter*, paragraph 3, letters a) and b), of Legislative Decree No. 58/98.
This report has also been drawn up pursuant to article 84-*quater* of the regulations governing issuers adopted by Consob by resolution No. 11971 of 14 May 1999 (the "Issuers' Regulations"), as subsequently amended according to Appendix 3A, tables 7-*bis* and 7-*ter* of the Issuers' Regulations.

Section I

Section I of this Remuneration Report describes and illustrates: (i) the Company's policy regarding the remuneration of directors and managers with strategic responsibilities adopted by the Company and (ii) the procedures for adopting and implementing this policy (the "Remuneration Policy").
The Remuneration Policy complies with the recommendations contained in article 6 of the code of conduct approved by the Corporate Governance Committee and issued by Borsa Italiana S.p.A. (the "Code of Conduct" or "Code") regarding the remuneration of executive directors or directors with specific offices ("**Directors**") and of managers with strategic responsibilities ("**Managers**") of listed issuers, which Saras accepted and implemented as of the 2012 financial year.

For greater clarity, references made to the Code in this document should be understood to be references to the code of conduct of listed companies according to the version in force as of March 2010, not to the amendments approved in December 2011, which issuers have been asked to apply by the end of the financial year beginning in 2012 and, with regard to the amendments that affect the composition of the board of directors or committees, as of the first renewal of the board of directors following the end of the financial year beginning in 2012.

The Remuneration Policy has also been adopted for the purposes of article 14 of the Procedure for Transactions with Related Parties approved by the Board of Directors of the Company on 11 November 2010.

A. Preparation, approval and implementation of the Remuneration Policy

The general remuneration policy for Directors and Managers is determined by the Board of Directors based on a proposal from the Remuneration Committee.

The Remuneration Policy, which will be submitted for an advisory vote to the shareholders' meeting called to approve the financial statements of the Company for the financial year 2011, was approved by the Board of Directors on 10 November 2011.

The Remuneration Policy guidelines and principles were prepared and approved by the Remuneration Committee.

B. Role of the Remuneration Committee

In accordance with the provisions of articles 7.P.3. and 7.C.3. of the Code, the Board has established an internal Remuneration Committee. The minimum number of members, tasks and operation of the Committee are established by the respective Regulations, amended on 24 March 2011 in order to take account of the new guidance contained in the Code of Conduct. In particular, the Remuneration Committee's role is to advise and make proposals to the Board and, with regard to executive directors, other directors with specific offices and managers with strategic responsibilities, it is responsible for:

- making proposals to the Board of Directors regarding general remuneration policy;

- periodically assessing the appropriateness, overall consistency and actual application of the general remuneration policy, using the information supplied by chief executive officers with regard to managers with strategic responsibilities;

- carrying out investigations and making proposals regarding share-based remuneration plans.

Furthermore, the Committee submits proposals to the Board of Directors regarding the remuneration of executive directors and other directors with special offices and the setting of performance targets associated with the variable remuneration component, monitoring the implementation of the decisions taken by the Board itself and, in particular, verifying the actual achievement of the performance targets.

In performing the tasks assigned to it by the Board of Directors, the Committee may be assisted by external consultants with expertise in remuneration policy, provided that they do not at the same time provide the Human Resources Department, directors or managers with strategic responsibilities with services that are significant enough to compromise the independent judgement of the consultants themselves.

The rules of the Remuneration Committee require the Committee to consist of three non-executive directors, the majority of them independent, and at least one member of the Committee to have adequate knowledge and experience in financial matters. 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 own 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.

Remuneration Committee meetings are also attended by the chairman of the board of auditors or any other auditor appointed by him.

C. Intervention by independent experts

The Company did not make use of any external consultants in preparing the Remuneration Policy.

D. Purposes and principles

The Company establishes and applies a general remuneration policy:

(i) suited to attracting, retaining and motivating highly qualified individuals with the professional skills required to manage the Company successfully;

(ii) aimed at encouraging management to create value for shareholders and promoting the medium- to long-term sustainability of the Company; and

(iii) structured so as to ensure that remuneration is benchmarked to the actual results achieved by the Company and the management.

E. Fixed and variable components

E.1 Members of the Board of Directors

Non-executive directors with no specific offices (including independent directors) are assigned a fixed remuneration determined by the shareholders' meeting. There is no provision for any form of remuneration associated with the achievement of economic targets by the Company nor do these directors benefit from any remuneration plans based on the Company's financial instruments.

Members of the Committees set up within the Board of Directors (Remuneration Committee and Internal Control Committee) receive an annual remuneration, in addition to their remuneration as directors determined by the shareholders' meeting at the time of their appointment, which is determined according to the particular demands made of them in view of the tasks assigned to them as members of the Committee.

With regard to Directors, following their appointment, the Remuneration Committee makes a proposal for their remuneration to the Board of Directors. Based on this proposal from the Remuneration Committee, the Board of Directors, having consulted with the Board of Auditors, determines the remuneration of Directors according to article 2389, paragraph 3, of the Civil Code.

In addition to the remuneration approved by the shareholders' meeting, Directors only receive a fixed fee, there being no provision for any kind of incentive, bonus in shares or other variable remuneration to be paid to them.

The Company reaffirms the appropriateness of this decision and, therefore, that there is no need to establish incentive mechanisms designed to retain and motivate Directors for as long as the role of executive directors is assigned and/or the specific offices are assigned to the directors who are shareholders of Angelo Moratti Sapa, which controls the Company, given that the interests of the latter are inherently consistent with the overriding objective of creating value for all shareholders.

The positive or negative results achieved by the executive directors of the Company will in most cases be reflected in the value of their majority shareholdings, thus acting as an encouragement to achieve more than satisfactory results for the Company.

E.2 Managers

With regard to Managers, the Remuneration Policy provides for their total remuneration to include:

(i) a fixed component, providing adequate remuneration for the experience, role and extent of the responsibilities assigned to Managers;

(ii) a variable component linked to the achievement of specific performance targets (collective and individual, financial and non-financial, connected with creating long-term value for shareholders), representing a significant part of the total remuneration of Managers;

(iii) the fringe benefits than can normally be granted to Managers based on Group policies.

The variable remuneration component will be split between a short-term incentive, generally annual, and a long-term incentive.

Short-term incentives must account for no more than 40% of the total variable component in any one year.

In accordance with the above general principles, the remuneration structure of Managers is determined according to the following application criteria:

(a) Remuneration level.

The total remuneration level offered by the Company to Managers must remain competitive with the market average for similar positions and assignments.

(b) Balance between fixed and variable remuneration components.

The fixed and variable remuneration components must be appropriately balanced in order to discourage initiatives focused on the Company's short-term results and avoid any temptation for Managers to take action contrary to the Company's strategic objectives and risk management policy.

The fixed remuneration component must therefore be sufficient to reward the performance of Managers even if the variable remuneration is not paid out due to a failure to achieve the respective performance objectives.

(c) Limit on the variable remuneration component.

The total variable remuneration payable to each Manager in any one year, including all monetary and non-monetary incentives (including, for example, the allocation of shares in the Company pursuant to a share ownership plan), must be between a minimum of 70% and a maximum of 220% of the Manager's fixed remuneration component.

(d) Setting of performance targets.

(i) Parameters.

A minimum performance threshold is set, below which no bonus or incentive is paid to Managers.

The performance targets that are linked to payment of the variable remuneration must be determined in advance by the Board of Directors and communicated to Managers.

The variable remuneration will be determined according to:

(i) the Company's financial results and the performance of Saras shares;

(ii) the individual results of each Manager.

For this purpose, the following elements and financial variables will be considered:

i. with specific reference to the Company's financial results: such as, for example, gross operating margin and Total Shareholder Return of Saras shares (equal to the change in share price);

ii. with reference to individual results: strategic objectives of the relevant department.

(ii) Evaluation of performance over several years.

Manager performance must be evaluated over a period of several years, fixing an accrual period for all variable remuneration components (except for short-term incentives) of at least three years.

(e) Deferral of part of the variable component.

Again with a view to ensuring an exact match between the amount paid to Managers in respect of pay and their performance, and to assessing the impact of this performance on the Company's long-term results, payment of a substantial part of the variable remuneration accrued must be deferred for a period of at least one year.

The portion of variable remuneration deferred in any one year must be no less than 60%.

Variable component – medium- to long-term incentive: Share ownership plans

The variable component of Manager remuneration linked to the achievement of medium- to long-term targets consists of the Stock Grant Plan ("Stock Grant Plan") available on the Company's website (http://www.saras.it).

Note that the Stock Grant Plan approved by the Shareholders' Meeting on 27 April 2010 and expiring at the end of the 2012 financial year, does not provide for a three-year period of accrual of the right to receive shares: this right is accrued (when the relevant conditions are satisfied) at the end of each relevant financial year.

Additional application criteria regarding the remuneration of Managers

(a) Remuneration of the executive responsible for financial reporting.

The incentive mechanisms applicable to the executive responsible for financial reporting must be consistent with the tasks assigned to him in order to minimise any possible conflict of interest.

In determining performance targets in particular, individual targets must be linked to the specific functions they carry out.

(b) Guaranteed bonus ban.

No guaranteed bonuses, i.e. not subject to any performance target or otherwise subject to the achievement of pre-determined targets, will be payable, with the exception of any bonuses assigned at the time of recruitment of new Managers, the amount of which must not however exceed 70% of the fixed remuneration components that will be paid to them.

F. Non-monetary benefits

There is no provision for non-monetary benefits for Directors.
Managers may be assigned non-monetary benefits based on Group policies which primarily consist of company cars and health check-ups.

G. (see point E above)

H. (see point E above)

I. Consistency with the Company's long-term interests and risk management policy

The Company's long-term interests and policy regarding the management and monitoring of its main corporate risks are an integral part of the Company's internal control system. The Remuneration Policy has been drawn up in full compliance with the aforesaid internal control system.

J. (see point E above)

K. (see point E above)

L. Cessation of office or termination of employment contract

There is no provision for any payments to be made on cessation of office or termination of employment contract.

M. Insurance, welfare or pension cover

Managers are granted a medical expenses insurance policy that is supplementary to the FASI Healthcare Fund.

N. (see point E above)

O. Reference to the remuneration policies of other companies

The remuneration of directors and the pay scales of Managers are determined according to market and industry practice, comparing the Company to the main comparable Italian listed companies.
In particular, in implementing the Remuneration Policy, the Remuneration Committee will be responsible for constantly monitoring market practice, both national and international, in order to assess the consistency between the

remuneration paid by the Company and the remuneration paid by competing or otherwise comparable companies.

For the Board of Directors

THE CHAIRMAN

signed by Gian Marco Moratti

APPENDIX 3A - SECTION II

TABLE 1: Remuneration paid to directors and auditors, general managers and other managers with strategic responsibilities.

(A)	(B)	(C)	(D)	(1)	(2)	(4)	(5)	(6)
Name and surname	Position	Period of office	Expiry of office	Fixed remuneration	Remuneration for involvement in committees [1]	Non-monetary benefits	Other remuneration	Total
Gianmarco Moratti	Chairman	Full period	2011 Fin.St.Mtg.	2,536,000.00[2]				2,536,000.00
Massimo Moratti	Chief Executive Officer	Full period	2011 Fin.St.Mtg.	2,536,000.00[2]				2,536,000.00
Angelo Moratti	Vice-Chairman	Full period	2011 Fin.St.Mtg.	1,019,615.02[2]		6,584.57		1,026,199.59
Gilberto Callera	Director	Full period	2011 Fin.St.Mtg.	36,000.00	35,000.00			71,000.00
Giancarlo Cerutti	Director	Full period	2011 Fin.St.Mtg.	36,000.00	14,000.00			50,000.00
Mario Greco	Director	Full period	2011 Fin.St.Mtg.	36,000.00	28,000.00			64,000.00
Angelomario Moratti	Director	Full period	2011 Fin.St.Mtg.	239,615.08[2]		1,264.89		240,879.97
Gabriele Moratti	Director	since 27/04/2011	2011 Fin.St.Mtg.	167,807.54[2]		828.12		168,635.66
Gabriele Previati	Director	Full period	2011 Fin.St.Mtg.	36,000.00	35,000.00		30,000.00[3]	101,000.00
Dario Scaffardi	Director/General Manager	Full period	2011 Fin.St.Mtg.	797,345.00[2]		7,462.58		804,807.74
F. Superti Furga	Chairman, Board of Auditors	Full period	2011 Fin.St.Mtg.	62,400.00				62,400.00
Giovanni Camera	Permanent Auditor	Full period	2011 Fin.St.Mtg.	43,160.00			157,224.00[4]	200,384.00
Michele Di Martino.	Permanent Auditor	Full period	2011 Fin.St.Mtg.	48,367.00			31,097.00[5]	79,464.00
Strategic managers				580,400.07		5,682.09		586,082.16

[1] See table 1(a) below
[2] Including 36,000.00 fixed remuneration determined by the shareholders' meeting
[3] Remuneration as chairman of the supervisory body
[4] Remunerations as member of the supervisory bodies of Saras and the subsidiaries Sardeolica Srl, Akhela Srl, Sartec SpA, Sarlux Srl and Arcola Petrolifera SpA, and as Chairman of the Board of Auditors of the subsidiaries Arcola Petrolifera SpA, Sarlux Srl, Sartec SpA, Akhela Srl, Artemide Srl, Parchi Eolici Ulassai Srl, Sardeolica Srl, Ensar Srl, Deposito di Arcola Srl.
[5] Remunerations as Permanent Auditor of the subsidiaries Sarlux Srl and Ensar Srl.

TABLE 1(a)		
Remuneration for involvement in committees		
Remuneration Committee	Gilberto Callera Mario Greco Gabriele Previati	21,000.00 14,000.00 14,000.00
Internal Control Committee	Gabriele Previati Gilberto Callera Giancarlo Cerutti Mario Greco	21,000.00 14,000.00 14,000.00 14,000.00

TABLE 3A: Incentive plans based on financial instruments other than stock options for members of the board of directors, general managers and other managers with strategic responsibilities

			Financial instruments assigned in previous financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and unallocated	Financial instruments vested during the financial year and allocatable		Financial instruments for the year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	office	plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on assignment date	Vesting period	Date of assignment	Market price on assignment	Number and type of financial instruments	Number and type of financial instruments	Value at maturity	Fair value
Dario Scaffardi	General Manager	Stock grant of 27 April 2007	302,000	2007 / 2009									
Strategic managers			201,400	2007 / 2009									
Dario Scaffardi	General Manager	Stock grant of 27 April 2010			443,300	804,044	February 2011 / March 2012	24 February 2011	806,806	102,300	238,700	424,886	502,972
Strategic managers					304,200	551,748	February 2011 / March 2012	24 February 2011	553,644	70,200	163,800	291,564	345,148
Total			503,400		747,500	1,355,792			1,360,450	172,500	402,500	716.450	848,120