



**ANNUAL REPORT ON CORPORATE GOVERNANCE
AND INFORMATION ON OWNERSHIP STRUCTURE -
Financial year 2012**

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

March 2013

www.saras.it

Preliminary remarks

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

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”).

This Report was approved by the Board of Directors of Saras (the “Board”) at its meeting on 18 March 2013, to be made available to shareholders, including on the Company website (www.saras.it), ahead of the shareholders’ meeting called to approve the financial statements for the year ended 31 December 2012. The Report refers to financial year 2012 and, where relevant, to any significant company events in 2013 up to the date of its approval.

SECTION 1

OWNERSHIP STRUCTURE

The Company’s share capital comprises 951,000,000 ordinary registered shares, which are fully paid-up and give 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 18 March 2013, except for (i) Angelo Moratti S.p.a., whose managing shareholders are Gian Marco Moratti and Massimo Moratti and which holds an interest of 62.461% in the Company's share capital and exercises control over the Company pursuant to Article 93 of the TUF; (ii) Assicurazioni Generali S.p.A., which holds, directly and indirectly, a total shareholding of 2.375%; 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:

SHAREHOLDERS	N° ORDINARY SHARES	% OF CAPITAL
SARAS S.p.A.	22,619,460	2.378
ANGELO MORATTI S.A.P.A. owned by Gian Marco Moratti and Massimo Moratti	594,000,000	62.461
ASSICURAZIONI GENERALI S.p.A.	22,586,889	2.375
Directly	6,654,682	0.700
Indirectly, through:		
AGRICOLA SAN GIORGIO S.p.A.	35,000	0.004
FATA ASSICURAZIONI DANNI S.p.A.	249,535	0.026
FATA VITA S.p.A.	100,000	0.011
GENAGRICOLA Generali Agricoltura S.p.A.	35,000	0.004%
INA ASSITALIA S.p.A.	11,182,672	1.176
INF-Società Agricola S.p.A.	30,000	0.003
ALLEANZA TORO S.p.A.	4,100,000	0.431
BANCA GENERALI S.p.A.	200,000	0.021
THE BANK OF NEW YORK – MELLON CORPORATION of which:		2.081
MELLON CAPITAL MANAGEMENT CORPORATION		0.001
THE BOSTON COMPANY ASSET MANAGEMENT LLC		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) 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 cancelled in the event of a change in control of the Company, note that:

- Saras has a loan of EUR 170 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' majority shareholder ceases to hold (directly or indirectly) a stake of at least 51% in the voting capital.

- Saras has an outstanding bond issue reserved for institutional investors, with a nominal value of EUR 250 million and a duration of five years. The bond 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 this 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 S.r.l., which is indirectly wholly owned by Saras (via Parchi Eolici Ulassai S.r.l.), has a loan in place with Banca Nazionale del Lavoro

S.p.A. for a residual amount, at 31 December 2012, of about EUR 38.05 million granted by a syndicate of banks (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 S.r.l. or if the latter ceases to hold 100% of the capital of Sardeolica S.r.l.

- 7) There are no agreements in place between the Company and its Directors that provide for indemnity in the event of resignation, dismissal without just 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 website (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 either for capital increases pursuant to Article 2443 of the Italian Civil Code or for the issue of equity instruments.
- 11) The ordinary shareholders' meeting held on 27 April 2012 authorised, pursuant to Articles 2357 of the Italian 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 lasts for 12 (twelve) months from the expiry date of the authorisation to purchase own shares approved by the shareholders' meeting on 28 April 2011, i.e. the 12 (twelve) months following 26 October 2012, and will therefore expire on 26 October 2013. Note that the Board resolved today to propose to the shareholders' meeting called for 24 April 2013 that the duration of the above authorisation be extended for another 12 (twelve) months following 26 October 2013.

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

2. Company organisation

The corporate organisation of Saras S.p.A. complies with the Italian Civil Code and other specific regulations for capital companies, 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 responsible for the management of the Company, including a Remuneration and Appointments Committee and a Control and Risks Committee
- a Board of Statutory Auditors, whose tasks include (i) monitoring compliance with legislation and the Articles of Association, as well as compliance with good administrative practice, and (ii) checking the suitability of the Company's organisational structure, internal control system and administrative and accounting system, and
- a shareholders' meeting, competent to pass resolutions – in ordinary or extraordinary session – relating to, inter alia (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 own shares, (iv) amendments to the Articles of Association and (v) the issuance of convertible bonds

The Company has engaged external auditors PricewaterhouseCoopers S.p.A. ("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 TUF¹: (i) the subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l. and Saras Ricerche e Tecnologie S.p.A. have engaged PwC to audit their annual financial statements for the financial years 2006-2014; the subsidiaries Parchi Eolici Ulassai S.r.l. and Sardeolica S.r.l. have engaged PwC to audit their annual financial statements for the financial years 2008-2016; and Deposito di Arcola S.r.l. has engaged PwC to audit its annual financial statements for the financial years 2011-2014.

¹ A standard replaced by Legislative Decree 39/2010 that will continue to be applied until the date of entry into force of the provisions issued by Consob, pursuant to the above-mentioned Legislative Decree 39/2010.

SECTION II

DETAILED INFORMATION ON THE IMPLEMENTATION OF THE RECOMMENDATIONS OF 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 to which to delegate 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 the remuneration of chief executives and directors that hold specific offices, after examining recommendations from the relevant committee and consulting with the Board of Statutory Auditors
- examines and approves the strategic, business and financial plans of the Company and of the group it controls (hereinafter the "Group") and periodically monitors its implementation; defines the Company's corporate governance system and the structure of the Group
- defines the nature and level of risk compatible with the Company's strategic objectives
- may resolve upon: (i) merger operations of the types set out in Articles 2505 and 2505-*bis* of the Italian Civil Code, (ii) the opening or closure of secondary offices, (iii) the identification of Directors other than the Chairman who may represent the Company, (iv) capital decreases in the event of shareholder withdrawal, without prejudice to the final paragraph of Article 2437-*quater* of the

Italian Civil Code, (v) amendments to the Articles of Association to bring them in line with legislative requirements, (vi) relocations of the registered office in Italy, and (vii) capital decreases due to losses pursuant to Article 2446 of the Italian 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 suitability of the organisational, administrative and accounting structure of the Company and the Group established by the chief executive officers, with a particular focus on the internal control system and risk management
- assesses, at least once a year, the operation of the Board and its committees, as well as their size and composition, taking account of the professional characteristics, experience (including managerial experience) and gender of members and their length of time in office
- 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 responsible for preparing the corporate accounting statements, 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 may be established by the 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 Italian Civil Code. If the Director ceasing to hold office was drawn 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 willing 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 new Director's mandate 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.

Note that the Board, pursuant to Article 19 of the Articles of Association, today resolved to update the Articles of Association to comply with the new provisions of the TUF (Article 147-ter, paragraph 1-ter) relating to gender balance, introduced by Law 120 of 12 July 2011. The Company will apply these new provisions within the time periods and according to the procedures stipulated in Article 2 of Law 120/2011 above.

The Board currently in office was appointed by list vote at the meeting of the ordinary shareholders of Saras held on 27 April 2012. On 5 March 2013, independent Director Mario Greco tendered his resignation as a member of the Board of Directors. At the publication date of this Report, the Board, whose mandate will expire at the date of approval of the financial statements to 31 December 2014, therefore comprises the nine members listed below. One of these members, Giancarlo Cerutti, was drawn from the list presented by minority shareholder Assicurazioni Generali S.p.A.

Gian Marco Moratti	Chairman
Massimo Moratti	Chief Executive Officer
Angelo Moratti	Vice-Chairman
Gilberto Callera	Chairman of the Remuneration and Appointments Committee Chairman of the Control and Risks Committee Lead Independent Director
Giancarlo Cerutti	Independent Director Member of the Control and Risks Committee
Angelomario Moratti	
Gabriele Moratti	
Gabriele Previati	Member of the Control and Risks Committee Member of the Remuneration and Appointments Committee
Dario Scaffardi	

Board members' CVs are available on the Company website at 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 Italian Civil Code.

For further information on the composition of the Board and the Committees, see footnote², the following sections and the table in Appendix 1.

1.3. Board Meetings

The Board also meets 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 urgent cases, no later than 24 hours before) the meeting, to all Directors and auditors.

The Board of Directors held six meetings in 2012. The Board has held three meetings in 2013, 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 (see the summary table in Appendix 1 for a breakdown).

On 21 January 2013, 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 2013.

1.4. Delegated powers within the Board

Without prejudice to the responsibilities summarised in section 1.1, at its meeting on 27 April 2012 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, both individually and separately (however, provision is made for consultation in advance between the two Directors, in cases where the nature and scale of the

² Massimo Moratti is a member of the Board of Directors of Pirelli & C. S.p.A.
Giancarlo Cerutti is a member of the Board of Directors of Il Sole 24 Ore S.p.A.

transaction or decision suggest this, in order to ensure consistent management of the Company's operations).

The Board also made the Chairman the executive Director responsible for overseeing the operation of the internal control and risk management 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.

On 27 February 2013, the Board of Directors, as part of a review of delegated powers for operational management, appointed Board member Dario Scaffardi Executive Vice-Chairman, assigning broad operational management powers to him. The Executive Vice Chairman is also tasked with overseeing the functioning of the internal control and risk management system. The Chairman and Chief Executive Officer also hold, *inter alia*, separate powers for strategic direction, and to direct, conduct and oversee the Group's external relationships and the research, scouting and assessment of any extraordinary operations. They also have powers relating to financing and transactions relating to particularly significant equity interests, companies, business units and assets.

The Board of Directors confirmed the powers already granted to Vice-Chairman Angelo Moratti.

Pursuant to the recommendations in Article 1.C.1.d) of the Code, the Board has established that Directors with the individual delegated powers as described above shall report to the Board on a quarterly basis on the activity carried out during the year in which the delegated power 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 Italian 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, as regards disclosure to the Board of Statutory Auditors, also via notification to 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 includes three non-executive Directors who are 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 and Giancarlo Cerutti. 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.

Possession of these independence requirements, as stated 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 following the appointment, and subsequently assessed at the meeting on 27 February 2013, partly on the basis of statements and information provided 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 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 27 April 2012 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.

With regard to 2012 and the first two months of 2013, the Lead Independent Director 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 and Appointments Committee (of which two independent Directors are members) and the Control and Risks Committee (of which all the independent Directors are members) were again carried out in a timely and satisfactory manner in the above period, in accordance with the duties and responsibilities assigned to them.

The flow and content of communication and disclosure to the market were 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 its committees

At its meeting on 27 February 2013, 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 with 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 of 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 and Appointments Committee

Pursuant to Articles 6.P.3. and 6.C.3. of the Code, the Board has created an internal Remuneration Committee, to which appointment committee functions pursuant to Article 5.C.1. of the Code have also been assigned, as stipulated by Article 4.C.1.c) of the Code. Rules governing the minimum number of members, the tasks and the operation of the Committee are established by the respective Regulation, amended on 9 August 2012 to take account of the new guidance contained in the Code of Conduct and the new duties assigned to the Committee. Specifically, the Remuneration and Appointments Committee's role is to advise and make recommendations to the Board and, with regard to Directors and managers with strategic responsibilities, it is responsible for:

- making recommendations to the Board of Directors on remuneration policy
- periodically assessing the appropriateness, overall consistency and actual application of the remuneration policy, using the information supplied by chief executive officers with regard to managers with strategic responsibilities
- carrying out investigations and making recommendations regarding share-based remuneration plans

Furthermore, the Committee submits recommendations to the Board of Directors on the remuneration of executive Directors and other Directors that have special roles and on the setting of performance objectives associated with the variable remuneration component. It also monitors the implementation of the decisions taken by the Board and, in particular, checks the actual achievement of the performance objectives.

In performing the tasks assigned to it by the Board of Directors, the Committee may make use of the work of external consultants with expertise in remuneration policy, provided that such consultants do not at the same time provide services to the Human Resources Department, Directors or managers with strategic responsibilities that are significant enough to compromise the independence of their judgement.

The Remuneration and Appointments Committee regulation requires the Committee to consist of three non-executive Directors, the majority of them independent, and at least one member of the Committee to have appropriate knowledge and experience in financial matters. The current members of the Remuneration and Appointments Committee are: Gilberto Callera (Chairman), independent Director, and Gabriele Previati, non-executive Director. Due to his resignation from the Board of Directors, Mario Greco no longer sits on any Board Committees.

Remuneration and Appointments 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 and Appointments Committee may be attended by any person whose presence is deemed appropriate by the Committee, provided that no Directors take part in Committee meetings when recommendations on their remuneration are put forward. The Committee meetings are minuted. The Committee is vested with the powers specified in Article 6.C.5. of the Code of Conduct.

The Remuneration and Appointments Committee held five meetings in 2012. The Committee has held two meetings in 2013. The meetings were duly attended by the three members of the Committee (see summary table in Appendix 1 for a breakdown). The Committee made use of internal and external consultants in the execution of its duties.

The Committee meetings held in the second half of 2012 and in 2013 mainly addressed (i) the monitoring and formulation of proposals for the implementation of the Stock Grant Plan for management, approved by the shareholders' meeting on 27 April 2010, (ii) the recommendation on the remuneration of Board members that have special roles and the assessment of general criteria for the remuneration of managers with strategic responsibilities, and (iii) the assessment of the

appropriateness, overall consistency and actual implementation of the Remuneration Policy, which was proposed by the Committee pursuant to the Code of Conduct and adopted by the Company in November 2011.

2.2 Control and Risks Committee

Pursuant to the provisions of Article 7 of the Code of Conduct, the Board has created a Control and Risks Committee from its members with a consultative and advisory role vis-à-vis the Board. Specifically, the Control and Risks Committee:

- (a) provides opinions to the Board in relation to (i) the definition of guidelines for the internal control and risk management system so that the main risks to the issuer and its subsidiaries are correctly identified, as well as appropriately measured, managed and monitored, (ii) determines how compatible these risks are with corporate management that is consistent with the strategic objectives identified, (iii) assesses, at least once a year, the adequacy of the internal control and risk management system with regard to the particular features of the company and the risk profile assumed, as well as its effectiveness, (iv) approves, at least once a year, the audit plan prepared by the Head of Internal Audit, (v) describes, in the corporate governance report, the main features of the internal control and risk management system, expressing its opinion on its adequacy, and (vi) assesses, after consulting the Board of Statutory Auditors, the results contained in any Management Letter or report on key matters arising during the audit, prepared by the external auditor
- (b) assesses, in conjunction with the Director responsible for preparing the Company's accounting statements and after consulting the external auditor and the Board of Statutory Auditors, the correct use of accounting standards and their uniform application in drawing up the consolidated financial statements
- (c) issues opinions on specific aspects relating to the identification of key corporate risks
- (d) reviews the periodic reports that assess the internal control and risk management system, as well as particularly significant reports provided by the Internal Audit department
- (e) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit department

- (f) if it deems it appropriate, asks the Internal Audit department to carry out checks on specific operating areas, giving the Chairman of the Board of Statutory Auditors appropriate notification of this
- (g) reports to the Board of Directors at least every six months, when the annual and interim financial reports are approved, on the activities undertaken and on the adequacy of the internal control and risk management system

Pursuant to the Committee Regulation, the Control and Risks Committee consists of four non-executive Directors, the majority of whom are independent.

In 2012, the Control and Risks Committee was composed of the following people: Gilberto Callera (Chairman), independent Director, Gabriele Previati, non-executive member, Mario Greco, independent member, and G. Cerutti, independent member. Pursuant to Article 7.P.4 of the Code, the Board identified Mario Greco as the Committee member with appropriate experience in accounting and finance (the Financial Expert).

Due to his resignation from the Board of Directors on 5 March 2013, Mario Greco no longer sits on any Board Committees.

Control and Risks 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 by him) and the Head of Internal Audit attend the Committee meetings. 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 external 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 Control and Risks Committee met five times in 2012. The meetings were duly attended by the Committee members (see the table in Appendix 1 for a breakdown) as well as the members of the Board of Statutory Auditors and the Head of Internal Audit. The Committee held two meetings in the first quarter of 2013.

The General Manager, the Chief Financial Officer (who also holds the post of Director responsible for drawing up the accounting statements) and representatives of the external auditing company were invited to attend meetings to discuss specific items of interest.

In 2012, the Committee also:

- approved the 2012 Committee Programme of Activities, in line with the Committee Regulation and the Code of Conduct
- approved the 2012 Audit Plan produced by the Internal Audit department for Saras and its subsidiaries, and the 2012 Internal Control Programme, structured around the Internal Control System Guidelines approved by the Board of Directors
- reviewed and issued a favourable opinion on the proposed remuneration of the Head of Internal Audit, pursuant to Article 7 of the Code of Conduct
- assessed, in conjunction with the Director responsible for drawing up the accounting statements, and after consulting representatives of the external auditor, PricewaterhouseCoopers and the Board of Statutory Auditors, the correct use of the accounting standards and their uniform application in drawing up the consolidated and interim financial statements of Saras and the Group
- received information from the Head of Internal Audit on the results of the checks carried out at Saras and the Group companies
- received information on the activities carried out by the supervisory bodies of Saras and its subsidiaries relating to the adoption and updating of their respective Organisation, Management and Control Models (see below for further details) and reviewed the interim reports drawn up by the Head of Internal Audit on the activities carried out by Internal Audit and the assessment of the internal control and risk management system
- received information from management on the risk management system and the risk assessment project undertaken by the Company to put the processes of identifying and periodically updating the key risks, and the reporting of risk information to senior managers and the Board of Directors on a more formal footing
- planned and approved, on a half-yearly basis, the "Report on the Internal Control and Risk Management System" for the Board of Directors, which describes the activities performed by the Committee and includes an assessment of the adequacy of the internal control and risk management system

In February 2013, the Committee drew up a "Report on the Internal Control and Risk Management System" (hereinafter, the "Report") for the Board of Directors, which describes the activities performed by the Committee in 2012 and includes an assessment of the adequacy of the internal control and risk management system. The report was prepared based on information received by the management and the half-

year report prepared by the Head of Internal Audit on its own activities and on the internal control and risk management system.

The report was presented to the Board at its meeting on 27 February 2013.

3. Remuneration of Directors and senior managers with strategic responsibilities

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

For further information on the remuneration of 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 and Appointments Committee confirmed that the remuneration of Chairman Gian Marco Moratti, CEO Massimo Moratti and Vice-Chairman Angelo Moratti was appropriate and again stated that it was not necessary to establish incentive mechanisms to retain and motivate these members, since all three are executive Directors and shareholders of Angelo Moratti S.a.p.a., which controls the Company, and their interests are therefore intrinsically linked to pursuing the primary goal of creating value for all shareholders.
- The Stock Grant Plan³ for managers with strategic responsibilities, approved by the shareholders' meeting on 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

³ Further information is available at:
<http://www.saras.it/saras/pages/aboutus/governance/govincentive2?body=62>

approved after the date of publication of this article, had already been widely presented to managers, who, at that date, already expected the relevant allocation. This was also in light of the slight impact of the Stock Grant Plan on the Company's risk management policy and the remaining term of the policy, limited to financial year 2012.

A shareholders' meeting has been called to approve a new stock grant plan for management. For further details, please see the information document provided on the Company website (<http://www.saras.it>).

4. The internal control and risk management system

Responsibility for the internal control and risk management system falls within the remit of the Board of Directors, which establishes guidelines and periodically checks its adequacy. In order to do this, the Board liaises with the Control and Risks Committee and the Internal Audit department.

Pursuant to Article 7.P.3 of the Code, the Board has identified from its members:

- (a) the Director responsible for the internal control and risk management system⁴
- (b) a Control and Risks Committee with the characteristics set out in Article 7.P.4; the committee is responsible for supporting, with appropriate training, the assessments and decisions made by the Board of Directors relating to the internal control and risk management system

The Internal Audit department comes under the direct responsibility of the Chairman of the Board, and reports on its activities to the Control and Risks Committee, the Board of Statutory Auditors and the Supervisory Body pursuant to Legislative Decree 231/01. Its main role is to check that the internal control and risk management system is operational and appropriate via independent, objective activities, and to help to assess and improve the effectiveness of the governance, risk management and control processes of the Company and Saras Group companies. The Head of the Company's Internal Audit department is Ferruccio Bellelli.

⁴ This role was performed by the Chairman of the Board until 27 February 2013. On this date, as part of the reorganisation of delegated powers described under 1.5, the Board identified the Executive Vice-Chairman as the Director responsible for the internal control and risk management system, assigning to him the duties and functions stipulated in the Code of Conduct for this position.

In 2012, the Head of Internal Audit prepared (i) periodical reports on the results of the checks performed and (ii) half-yearly reports on the department's activity, risk management procedures and compliance with the plans drawn up to minimise risk, as well as an assessment of the suitability of the internal control and risk management system.

These reports, which were also discussed at meetings of the Control and Risks Committee, were delivered to the chairmen of the Committee, the Board of Statutory Auditors and the Board of Directors, the Director responsible for the internal control and risk management system and, for the results of checks carried out on the Organisation, Management and Control Model, 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 improvement measures was reported periodically to the Committee.

In 2006, at the proposal of the Internal Control Committee (now the Control and Risks Committee), the Board of Directors approved a set of guidelines for the internal control system. The aim of the document is to establish guidelines to develop and improve the Company's internal control system, with specific reference to profiles relevant to the control environment, risk assessment and control and monitoring activity. 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 manager 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.

In 2012, the General Manager, on behalf of the Director responsible for the internal control and risk management system, launched a risk assessment project that, partly

in light of amendments to the Code of Conduct of December 2011, aimed to make the risk management system more structured, with reference to the:

- identification and periodical updating of top risks, classified into risk categories, and thereby providing a complete picture of the significant risks facing the Company and the relevant action to mitigate them
- definition of a structured process of risk reporting to senior management and the Board of Directors, for the purposes of corporate governance and strategic management.

The project's work in defining risk assessment methodologies and formalising the overall framework of the key corporate risks (corporate risk profile), carried out in compliance with international best practice and the Code of Conduct, was coordinated by the Internal Audit department to ensure the overall suitability of the system. The project was undertaken with the involvement of the operational lines, which acted as risk owners, and with the support of a leading consultancy.

A risk officer was also identified for the project, responsible for overseeing all updates to the corporate risk profile, periodically collecting the information on risk identification, management and assessment made available by each risk owner and arranging for the appropriate reporting on a formal basis.

The results of the risk assessment project were presented to the Control and Risks Committee and the Board of Directors of Saras. The Board took note of the key corporate risks identified, analysed and assessed, as well as the assessments provided by the Control and Risks Committee, the Board approved the process and the methods used to carry out this activity.

The Code of Ethics⁵ 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 at Saras and its subsidiaries (Sarlux, Sartec, Arcola Petrolifera, Deposito di Arcola, 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 to implement legislation relating to the administrative responsibility of

⁵ Further information is available at:

<http://www.saras.it/saras/pages/aboutus/governance/aboutuscomparticle?body=6>

organisations, pursuant to Legislative Decree 231/2001, to provide a system of procedures and controls intended to reduce the risk that an offence pursuant to Legislative Decree 231/2001 will be committed.

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 offence stipulated by Legislative Decree 231/2001.

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

- 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
- environmental crimes

In 2012, updates to the Model pertained to:

- Special Part – Environmental Crimes: introduced after the entry into force of Legislative Decree 121 of 7 July 2011, which amended Legislative Decree 231/01
- Special Part – Environmental Crimes: amendments after the sale of the subsidiary Akhela
- General Part and Special Parts: amendments to place more emphasis on the general control safeguards adopted by the Company

The updated Model, including environmental crimes, was reviewed by the Supervisory Body at its meeting on 23 February 2012, and approved by the Board of Directors at its meeting on 27 February 2012. The last update to the Model was approved by the Board of Directors at its meeting on 13 November 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 relations 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 of 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 financial statements of Saras and the consolidated financial statements of the Group”

The Supervisory Body was created to ensure that the model adopted by Saras is effectively and properly implemented.

Saras’ Supervisory Body, which changed in November 2012 after the departure of one member, is composed as follows:

- Gabriele Previati, non-executive Director (Chairman)
- Giovanni Luigi Camera (member of the Board of Statutory Auditors)
- Ferruccio Bellelli (Head of Internal Audit)
- Marco Tonellotto (external member)
- Concetto Siracusa (external member)

The Group companies (Sarlux, Sartec, Arcola Petrolifera, Deposito di Arcola 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 2006⁶, 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 information disclosed to the market of transactions carried out by individuals at the Company on 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 on the Company's securities in determined periods.

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.

⁶ Further information is available at:

<http://www.saras.it/saras/pages/aboutus/governance/aboutuscomparticle?body=6>

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 "Regulation"), 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.

With the inclusion of Directors, their families and entities connected with any of these in the definition of “significant related party” for the purposes of applying the Regulation, the procedures adopted by the Company represent adequate control in managing situations in which a Director has an interest, on his own account or on behalf of third parties. However, where the Director's interest is unconnected to a related-party transaction, he/she is also required to disclose this 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 responsible for drawing up the accounting statements

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 responsible for preparing the accounting statements. Chief Financial Officer Corrado Costanzo currently holds this role, which was assigned by the Board of Directors at its meeting on 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 Directors 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 may 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.

Note that the Board, pursuant to Article 19 of the Articles of Association, today resolved to update the Articles of Association to comply with the new provisions of the TUF (Article 148, paragraph 1-*bis*) relating to gender balance, introduced by Law 120 of 12 July 2011. The Company will apply these new provisions within the time periods and according to the procedures stipulated in Article 2 of Law 120/2011 above.

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 on 27 April 2012 and will expire at the date of approval of the financial statements for the year ending 31 December 2014, comprises the members listed below; one member was taken from the minority list presented by Assicurazioni Generali S.p.A. and was therefore appointed Chairman of the Board of Statutory Auditors.

Ferdinando Superti Furga ⁷	Chairman
Giovanni Luigi Camera	Permanent Auditor

⁷ Ferdinando Superti Furga holds the following posts in listed companies: Chairman of the Board of Statutory Auditors of Arnoldo Mondadori S.p.A., Permanent Auditor of Telecom Italia S.p.A.

Michele Di Martino	Permanent Auditor
Luigi Borré	Deputy Auditor
Marco Visentin	Deputy Auditor

The Board of Statutory Auditors held ten meetings in 2012. In 2013, the Board of Auditors has met three times. The meetings were duly attended by the permanent auditors (see the table in Appendix 2 for a breakdown).

After its appointment and yearly thereafter, the Board of Statutory Auditors performed an internal assessment, pursuant to Article 8.C.1 of the Code, on the fulfilment of the requirements of independence pursuant to law and the criteria stipulated by the Code, with a positive result.

The Board of Statutory Auditors attends Control and Risks Committee meetings to provide the necessary coordination with this Committee and with 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 S.p.A., as well as with the internal regulation on handling privileged information.

In order to facilitate such dialogue, the Company, pursuant to the recommendations of Article 9 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, 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 a shareholders' meetings section⁸ 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 activities undertaken and 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 S.p.A. – Investor Relations, Galleria De Cristoforis 1 – 20122 Milan

Toll-free no. 800511155 – email 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 (while complying with the rules on privileged information) and to give shareholders appropriate information so that they can make informed decisions at 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 with the statutory procedures and deadlines, as well as by the other means provided for under current legislation.

All documentation relating to the items on the agenda 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 S.p.A. The documentation is also made available, pursuant to Article 125-*quater* of the TUF, on the Company's website.

⁸ Further information is available at:
<http://www.saras.it/saras/pages/investors/shareholderservices/agm>

Pursuant to Article 14 of the Articles of Association, shareholders' meetings may be attended by shareholders with voting rights, on condition that their right to vote is verified in accordance with the procedures and deadlines specified by law and by the regulations.

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

Pursuant to the Articles of Association, any individual entitled to attend the shareholders' meeting may be represented by another person pursuant to a written proxy granted in accordance with the law.

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

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

The notice of call 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 9 of the Code, the Company has a specific shareholders' regulation⁹, prepared using the template created by ABI and ASSONIME. The template was designed to ensure that shareholders' meetings are conducted in a structured 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.

Although it does not have the status of a provision in the Articles of Association, this regulation was approved by the Ordinary Shareholders Meeting under a specific power granted to this body by the Articles of Association. It was amended by the ordinary shareholders' meeting on April 2011 to bring it into line with new

⁹ Further information is available at:
<http://www.saras.it/saras/pages/aboutus/governance/sharemeetings2?body=80>

terminology introduced by Legislative Decree 39 of 27 January 2010, and to adapt it to the changes in the 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.

Milan, 25 March 2013

For the Board of Directors

THE CHAIRMAN

signed by Gian Marco Moratti

TABLE 1: BOARD OF DIRECTORS AND COMMITTEES

Board of Directors											Control and Risks Committee		Remuneration and Appointments Committee	
Position	Board member	In position since	In position until	List (M/m)*	Executive	Non executive	Indep. pursuant to code	Indep. pursuant to TUF	*** Number of additional positions	** (%)	****	**	****	**
Chairman	Gian Marco Moratti	Apr 12	Apr 15	M	x					100%				
Chief Executive Officer	Massimo Moratti	Apr 12	Apr 15	M	x				1	85%				
Vice-Chairman	Angelo Moratti	Apr 12	Apr 15	M	x					85%				
Director/LID	Gilberto Callera	Apr 12	Apr -15	M			x	x	x	100%	x	100%	x	100%
Director	Giancarlo Cerutti	Apr 12	Apr 15	m			x	x	x	85%	x	60%		
Director	Mario Greco	Apr 12	Resigned on 05/03/2013	M			x	x	x	85%	x	80%	x	80%
Director	Angelomario Moratti	Apr 12	Apr 15	M			x			50%				
Director	Gabriele Moratti	Apr 12	Apr 15	M			x			100%				
Director	Gabriele Prevati	Apr 12	Apr 15	M			x			100%	x	100%	x	100%
Director	Dario Scaffardi	Apr 12	Apr 15	M	x					100%				

DIRECTORS LEAVING OFFICE DURING FINANCIAL YEAR IN QUESTION

Indicate the quorum required for presentation of lists for most recent appointment:

Number of meetings held during the year in question	BoD: 6	CCR: 5	CRN: 5
---	--------	--------	--------

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.

TABLE 2: BOARD OF AUDITORS

Position	Board member	In position since	In position until	List (M/m)*	Independence	(%)**	Number of additional positions***
Chairman	Ferdinando Superti Furga	Apr -12	Apr -15	m	x	100%	11
Permanent Auditor	Giovanni Luigi Camera	Apr 12	Apr -15	M	x	100%	17
Permanent Auditor	Michele Di Martino	Apr 12	Apr -15	M	x	100%	3
Deputy Auditor	Luigi Borrè	Apr 12	Apr -15	M	x		
Deputy Auditor	Marco Visentin	Apr -12	Apr -15	m	x		

Indicate the quorum required for presentation of lists for most recent appointment: 2%

Number of meetings held during the year in question: 10

NOTES

- * 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 complete list of positions is published by Consob on its website pursuant to article 144 - quinquiesdecies of the Consob Issuer Regulations.