



SARAS

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**ANNUAL REPORT ON CORPORATE GOVERNANCE
AND INFORMATION ON OWNERSHIP STRUCTURE –
Financial year 2014**

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

March 2015

Preliminary remarks

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

The following sections describe the main features of Saras’s corporate governance system and how its various components function in practice, with specific reference to its compliance with the recommendations 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 19 March 2015, to be made available to shareholders, also on the Company website (www.saras.it), for the shareholders’ meeting called to approve the financial statements for the year ended 31 December 2014. The Report relates to financial year 2014 and, where relevant, to any significant corporate events in 2015 up to the date of its approval.

SECTION I

OWNERSHIP STRUCTURE

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

According to the shareholders' register and public information or information that is otherwise available to the Company, no shareholders hold more than 2% of the Company's share capital as at 19 March 2015, except for (i) Massimo Moratti SapA, owned by Massimo Moratti, which holds 25.011% of the Company's share capital, (ii) Gian Marco Moratti SapA, owned by Gian Marco Moratti, which holds 25.011%, and (iii) Rosneft JV Projects SA, which holds 20.989%.

Under the shareholders' agreement in place between Gian Marco Moratti SapA, owned by Gian Marco Moratti, and Massimo Moratti SapA, owned by Massimo Moratti, signed on 1 October 2013 and relating to the shares they each hold in Saras SpA, the two companies exercise joint control over the issuer, as also reported in the press release published on 4 October 2013 (which can also be viewed at www.saras.it).

The following table gives a breakdown of these shareholdings:

SHAREHOLDERS	No. of ORDINARY SHARES	% of CAPITAL
SARAS SpA	19,245,774	2.024
GIAN MARCO MORATTI SAPA OWNED BY GIAN MARCO MORATTI	237,854,559	25.011
MASSIMO MORATTI SAPA OWNED BY MASSIMO MORATTI	237,854,558	25.011
ROSNEFT JV PROJECT SA	199,601,816	20.989

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 by employee shareholders;
- 4) There are no restrictions on voting rights;
- 5) There is a shareholders' agreement pursuant to article 122, paragraph 5 (a) and (b) of the TUF filed at the Cagliari Companies' Register on 2 October 2013, communicated to Consob and available in summary form on the www.saras.it website;
- 6) Note that, with reference to significant agreements to which Saras or its subsidiaries are party, and which could become effective, be amended or be terminated in the event of a change in control of the Company:
 - Saras has a loan in place with a net book value at 31 December 2014 of EUR 113.1 million with a banking syndicate (see the explanatory notes to the consolidated financial statements). The financing agreement provides for withdrawal by the financing banks in the event that Gian Marco Moratti, Massimo Moratti, Angelo Moratti, Angelomario Moratti, Gabriele Moratti, Giovanni Emanuele Moratti and their spouses, children and descendants cease to hold, individually or collectively, directly or indirectly (including through Gian Marco Moratti Sapa, owned by Gian Marco Moratti, and

Massimo Moratti SapA, owned by Massimo Moratti), an equity interest of at least 51% in the voting capital;

- On 06 March 2015 Saras signed a four-year loan agreement with a banking syndicate for EUR 150 million. The financing agreement provides for withdrawal by the financing banks in the event that:

- (i) Gian Marco Moratti, Massimo Moratti, Angelo Moratti, Angelomario Moratti, Gabriele Moratti, Giovanni Emanuele Moratti and their spouses, children and descendants (hereinafter the "Shareholders" or, individually, the "Shareholder") cease to hold, individually or collectively, directly or indirectly (including through Gian Marco Moratti SapA, owned by Gian Marco Moratti, and Massimo Moratti SapA, owned by Massimo Moratti), more than 30% in the voting capital of the beneficiary, Saras (hereinafter the "Beneficiary"); or
- (ii) Any person (other than a Shareholder) or group of persons acting in concert (except for groups in which one or more Shareholders (i) represent the majority of the voting capital or other equity interests in this group and (ii) hold, directly or indirectly, more than 30% of the voting capital of the Beneficiary) obtains the right (either directly or indirectly) to:
 - (A) appoint or remove a greater number of directors (or equivalent corporate officers) on the Board of Directors of the Beneficiary than the number which can be appointed or removed by the Shareholders; or
 - (B) hold a higher overall percentage of voting rights exercisable at the ordinary shareholders' meeting than the percentage held by the Shareholders; or
 - (C) exercise control in any other way (as defined by article 93 of the Legislative Decree 58 of 24 February 1998, as subsequently amended) over the Beneficiary.

Saras has two outstanding bond issues reserved for institutional investors. The first has a nominal value of EUR 250 million, a duration of five years and matures on 21 July 2015, while the second has a nominal value of EUR 175 million, a duration of five years and matures on 17 July 2019. The bond regulations (Terms and Conditions of the Notes) allow 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 (including through Gian Marco Moratti SapA, owned by Gian Marco Moratti, and Massimo Moratti SapA, owned by Massimo Moratti) 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 of 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 Srl, which is indirectly wholly owned by Saras (via Parchi Eolici Ulassai Srl), has a loan in place for a residual amount, at 31 December 2014, of about EUR 23.3 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 Srl or if the latter ceases to hold 100% of the capital of Sardeolica Srl.

- 7) There are no agreements between the Company and its directors that provide for severance pay in the event of resignation, dismissal without cause or termination of employment following a takeover bid;
- 8) The appointment and replacement of directors is governed by article 18 of the Articles of Association, which are published on the Company's website (www.saras.it). See the relevant 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 governed by law, and resolutions to amend the Articles of Association by the extraordinary shareholders' meeting are possessed with the majorities required by law;
- 10) No powers have been delegated for capital increases pursuant to article 2443 of the Italian Civil Code;

11) The Ordinary Shareholders' Meeting on 28 April 2014 authorised, pursuant to articles 2357 of the Italian Civil Code and 132 of the TUF, purchases of own shares up to 20% 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 to be made within a period of 18 (eighteen) months after the resolution date and therefore by 28 October 2015. Note that the Board today resolved to propose to the shareholders' meeting called for 28 April 2015 that the duration of the above authorisation be extended for another 12 (twelve) months after 28 October 2015.

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

2. Corporate organisation

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

Its bodies are as follows:

- A Board of Directors responsible for the management of the Company, including a Remuneration and Nomination Committee and an Audit and Risk 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 *inter alia* to (i) the appointment and removal of members of the Board of Directors and Board of Statutory Auditors and their remuneration and duties, (ii) the approval of the financial statements and appropriation of profits, (iii) the purchase and sale of own shares, (iv) amendments to the Articles of Association and (v) the issue of convertible bonds.

The Company engaged as external auditor PricewaterhouseCoopers SpA ("PwC") to audit its annual and consolidated financial statements for the financial years 2006-2014, as well as to review its half-yearly reports for the same period.

It should also be noted that: (i) the subsidiaries Arcola Petrolifera Srl, Sarlux Srl and Saras Ricerche e Tecnologie SpA engaged PwC to audit their annual financial statements for the financial years 2006-2014; (ii) the subsidiaries Parchi Eolici Ulassai Srl and Sardeolica Srl engaged PwC to audit their annual financial statements for the financial years 2008-2016; and (iii) Deposito di Arcola Srl engaged PwC to audit its annual financial statements for the financial years 2011-2014.

Finally, it should also be noted that:

- By virtue of a Merger Deed 7149/14584, drawn up by Luca Barassi, a Notary Public in Milan, on 10 September 2014, Arcola Petrolifera Srl was merged into Saras SpA effective 1 October 2014;

- By virtue of a Merger Deed 15088/7423, drawn up by Luca Barassi, a Notary Public in Milan, on 15 December 2014, Ensar Srl was merged into Parchi Eolici Ulassai Srl effective 18 December 2014.

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 managing the Company. The Board operates and organises itself in such a way as to ensure 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. In addition to its other statutory duties and powers, the Board:

- may delegate powers to the Chairman and/or one of the Board members and/or an executive committee, pursuant to article 2381 of the Italian 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 ensuring that the corporate governance system complies with the Code of Conduct;
- determines the remuneration of chief executives and directors with specific responsibilities, having examined the recommendations of the appropriate committee and consulted 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 their implementation; defines the Company’s corporate governance system and the Group’s structure;
- defines the nature and level of risk compatible with the Company’s strategic objectives;
- may resolve upon: (i) mergers of the types illustrated 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 specific reference to 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, in other listed companies, or in finance, banking or insurance companies or large companies;
- appoints, after consultation with the Board of Statutory Auditors, a director in charge of financial reporting, chosen from among the 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 a director to be appointed from the list with the second-highest number of votes which 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 any other percentage that may be established by the legislation in force, of the ordinary voting capital.

The candidate lists must be filed with the Company's 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 highest number of votes.

The Articles of Association state that each list filed with the registered office must be accompanied by declarations from each candidate, 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.

In addition to the above lists and statements, shareholders are also invited to file the additional documentation required under article 144-*octies* of the Issuers' Regulations at the registered office. The names of the candidates and information about them will also be promptly made available on the Company's 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. Article 18, paragraph 12 of the Articles of Association governs the replacement of directors, with the specific provision that, if the director ceasing to hold office was drawn from a different list from that which obtained the highest number of votes, then 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 position. 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, however, the co-opted director, or the replacement director, was drawn from a minority list, pursuant to point (ii) of paragraph 9 of article 18 above, 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 obtaining the highest number of votes will be elected. The new director's term in office 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.

If a majority of directors should 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 appoint a new Board.

The Board currently in office was appointed by list vote at the ordinary shareholders' meeting of Saras held on 27 April 2012, and is made up of ten directors, of whom four are executive directors and six are non-executive directors (see the table under - 1), including two independent non-executive directors, Gilberto Callera and Giancarlo Cerutti.

At the publication date of this Report, the Board, whose term will expire at the date of approval of the financial statements for the year ended 31 December 2014, therefore comprises the ten members listed below. One of these members, Giancarlo Cerutti, was drawn from the list presented by the minority shareholder Assicurazioni Generali SpA.

Gian Marco Moratti	Chairman
Massimo Moratti	Chief Executive Officer
Angelo Moratti	Vice-Chairman
Dario Scaffardi	Executive Vice-Chairman and General Manager
Gilberto Callera	Chairman of the Remuneration and Nomination Committee Chairman of the Audit and Risk Committee Lead Independent Director
Giancarlo Cerutti	Independent director Member of the Audit and Risk Committee Member of the Remuneration and Nomination Committee
Angelomario Moratti	
Gabriele Moratti	
Igor Sechin	
Gabriele Previati	Member of the Audit and Risk Committee Member of the Remuneration and Nomination Committee

The curricula vitae of the Board members are available on the Company's website at www.saras.it.

The shareholders' meeting has not authorised, generally and on a precautionary basis, any exemptions to the non-competition clause in article 2390 of the Italian Civil Code.

For further information on the composition of the Board and the Committees, see footnote, 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 ten meetings in 2014. The Board has held two meetings in 2015, 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 the members of the Board of Statutory Auditors as shown in the summary table in Appendix 1.

On 20 January 2015, the Company issued its annual schedule of corporate events, pursuant to article 2.6.2.1.c) of the Stock Exchange Regulation. The schedule includes at least five meetings in 2015.

1.4. Delegated powers within the Board

Without prejudice to the responsibilities summarised in section 1.1, at the Board meeting of 27 February 2013, the Board redefined the operational management powers of the Company.

Specifically, it conferred full administrative powers on the Chairman, Gian Marco Moratti, and the Chief Executive Officer, Massimo Moratti, with related powers of representation with third parties, to be exercised independently by single signature and including the power of sub-delegation to implement the Board's resolutions, proposing strategic directions and guidelines for the Company and Group companies, as well as certain powers of ordinary management (however, provision is made for

consultation in advance between the two directors, in cases where the nature and scale of the transaction or decision suggest this, in order to ensure consistent management of the Company's operations). 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 search for, 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.

It should be noted that during the Board meeting of 27 February 2013, the Board of Directors also passed a resolution to appoint director Dario Scaffardi as Executive Vice-Chairman and to confer on him broad operational management powers. The Executive Vice-Chairman is also responsible for overseeing the operation of the internal control and risk management system.

The Board assigned a special role to Vice-Chairman Angelo Moratti as Company representative in institutional relationships with the media, and banking and finance operators, together with the requisite powers. Mr. Moratti was also given the role of searching for and evaluating potential opportunities for extraordinary transactions to be submitted to the Board or the Chairman and/or Chief Executive Officer, and was given the authority to execute Board resolutions. He was vested with the necessary powers in both cases.

Delegated Board members also carry out the duties assigned to them by law and by the Articles of Association.

Lastly, pursuant to the recommendations in article 1.C.1.d) of the Code, the Board has established that directors with the individual delegated powers described above shall report to the Board on a quarterly basis on the activities carried out while exercising the delegated power that was conferred upon them. These reports were duly provided by the delegated Board members, who also provided further information as described below.

1.5. Reporting 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 the Company's general operating performance, the outlook and activities and significant transactions affecting the Company's business and financial position carried out by the Company or 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 reported at least on a quarterly basis, at meetings of the Board of

Directors and via notice to the Chairman of the Board of Statutory Auditors, as required.

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 two non-executive directors who are considered independent pursuant to article 3.C.1. of the Code (and 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 independence requirements 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 with more than seven members.

Possession of these independence requirements, as declared by each director when the lists were submitted 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 24 February 2015, 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 four members who may be categorised as non-executive directors, namely: Gabriele Previati, Angelomario Moratti, Gabriele Moratti and Igor Sechin.

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 the Board's 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 2014 and the first two months of 2015, 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 Nomination Committee (of which all the independent directors are members) and the Audit and Risk Committee (of which all the independent directors are members) were 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 24 February 2015, 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 Company's operations, providing additional tools for understanding the strategic and competitive scenario unfolding in 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 positions 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 Saras' draft annual financial statements and consolidated financial statements.

2. Board Committees

2.1 Remuneration and Nomination Committee

Pursuant to articles 6.P.3. and 6.C.3. of the Code, the Board has created an internal Remuneration Committee, to which nomination 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 Nomination 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 concrete application of the remuneration policy, using the information supplied by chief executive officers with regard to managers with strategic responsibilities;
- carrying out preliminary research and making recommendations regarding share-based remuneration plans.

Furthermore, the Committee submits recommendations to the Board of Directors regarding the remuneration of executive directors and other directors with special roles and the setting of performance objectives associated with the variable remuneration component, monitoring the implementation of the decisions taken by the Board and, in particular, verifying 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, or to directors or managers with strategic responsibilities, that are significant enough to compromise the independence of their judgement.

The Remuneration and Nomination Committee regulation stipulates that the Committee must consist of three non-executive directors, the majority of whom are to be independent, and that at least one member of the Committee must have appropriate knowledge and experience in financial matters.

The Remuneration and Nomination Committee is currently made up of independent executive directors Gilberto Callera (Chairman) and Giancarlo Cerutti and non-executive director Gabriele Previati.

Meetings of the Remuneration and Nomination Committee 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 Nomination Committee may be attended by any person whose presence is deemed appropriate by the Committee, with the proviso that a director must not attend Committee meetings where proposals regarding his own remuneration are being discussed. Minutes of the Committee meetings are taken and kept. The Committee is vested with the powers specified in article 6.C.5. of the Code of Conduct.

The Remuneration and Nomination Committee held one meeting in 2014 and one in 2015. The meetings were regularly attended by two members of the Committee (see the summary table in Appendix 1 for a breakdown). The Committee made use of internal and external consultants in the execution of its duties.

The meetings of the Committee held in the second half of 2014 and in 2015 mainly addressed the assessment of the appropriateness, the overall consistency and the correct application of the remuneration policy adopted by the Company in November 2011, as proposed by the Committee itself and pursuant to the Code of Conduct.

2.2 Audit and Risk Committee

Pursuant to the provisions of article 7 of the Code of Conduct, the Board has created an Audit and Risk Committee from its members with a consultative and advisory role vis-à-vis the Board.

Specifically, the Audit and Risk 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) the determination

of how compatible these risks are with managing the company in line with the strategic objectives identified, (iii) the assessment, at least once a year, of 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) the approval, at least once a year, of the audit plan prepared by the Head of Internal Audit, (v) the description, in the corporate governance report, of the main features of the internal control and risk management system, expressing its opinion on its adequacy, and (vi) the assessment, after consultation with the Board of Statutory Auditors, of the results contained in any management letter or audit report on key matters arising during the audit, prepared by the external auditor;

- (b) assesses, in conjunction with the director in charge of financial reporting, 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 important reports provided by the Internal Audit department;
- (e) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit department;
- (f) asks the Internal Audit department, if it so deems appropriate, to carry out checks on specific operating areas, notifying the Chairman of the Board of Statutory Auditors;
- (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.

As provided for by the Committee's Regulation, the Audit and Risk Committee consists of non-executive directors, the majority of whom are independent.

In 2014, the Audit and Risk Committee comprised the following: Gilberto Callera (Chairman), independent director, Gabriele Previati, non-executive director and Giancarlo Cerutti, independent director. In accordance with the provisions of the Code, at the Board meeting of 8 August 2013, the Board of Directors identified Giancarlo Cerutti as the member of the Committee with adequate experience in accounting and finance.

Audit and Risk 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 Board of Statutory Auditors and the head of Internal Audit are invited to attend Committee meetings. The Chairman of the Board of Directors, the CEO, the Executive Vice-Chairman, the General Manager, the Chief Financial Officer, representatives of the external auditor, and any other individual whose presence the Committee deems appropriate in relation to the matter under discussion, may also attend the meetings. Minutes of the Committee meetings are taken and kept.

The Control and Risks Committee met five times in 2014.

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 2015.

The Executive Vice-Chairman and General Manager (who also holds the post of director responsible for the internal control and risk management system), the Risk Officer, the Chief Financial Officer (who also holds the position of director in charge of financial reporting) and representatives of the external auditor were invited to attend meetings to discuss specific items of interest.

In 2014, the Committee also:

- reviewed and issued a favourable opinion on the “2014 Programme of Internal Audit Activities” and the “2014 Audit Plan” produced by the Internal Audit department for Saras and its subsidiaries;
- assessed, in conjunction with the director in charge of financial reporting, and after consulting representatives of the external auditor, PricewaterhouseCoopers, and the Board of Statutory Auditors, the correct use of the accounting standards and their consistent 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);

- 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 the Executive Vice-Chairman and the General Manager, the Chief Financial Officer and the Risk Officer regarding the risk management system;
- prepared and approved, on a half-yearly basis, the “Report on the Internal Control and Risk Management System” for the Board of Directors.

In February 2015, the Committee drew up a “Report on the Internal Control and Risk Management System” for the Board of Directors, which describes the activities performed by the Committee in 2014 and includes an assessment of the adequacy of the internal control and risk management system. The report was based on information received from management and the half-yearly report prepared by the Head of Internal Audit on his activities and on the internal control and risk management system.

The report was presented to the Board at its meeting on 16 February 2015.

3. Remuneration of directors and senior managers with strategic responsibilities

At its meeting on 10 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 with respect to the application criteria set out in article 7 of the Code of Conduct are as follows:

- The Remuneration and Nomination Committee confirmed that the remuneration of the 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; considering that all three are executive directors and shareholders of

the two SapA companies, their interests are intrinsically linked to pursuing the primary goal of creating value for all shareholders.

- It is acknowledged that no remuneration is awarded for the position of the Executive Vice-Chairman, as the remuneration received in a capacity as General Manager is considered appropriate.

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 Audit and Risk 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 system¹;
- (b) the Audit and Risk Committee with the characteristics set out in article 7.P.4; the committee is responsible for supporting, with adequate analysis, 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 Audit and Risk Committee, the Board of Statutory Auditors and the Supervisory Body set up pursuant to Legislative Decree 231/01. Its main role is to check that the internal control and risk management system is operational and appropriate, through 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.

In 2014, the Head of Internal Audit prepared (i) periodic 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.

¹ 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

These reports, which were also discussed at meetings of the Audit and Risk 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 has monitored the implementation/progress of the improvement measures agreed with the relevant departments during the audits, and has sent all managers a monthly follow-up report on the measures taken in their areas of responsibility. Periodic progress reports on the implementation of improvement measures were submitted to the Committee, and within their area of responsibility, to the Supervisory Bodies of each company.

In 2006, on a proposal of the Internal Control Committee (now the Audit and Risk Committee), the Board of Directors approved a set of guidelines for the internal control system. The guidelines are intended to develop and improve the Company's internal control system, with specific reference to profiles relating to the control environment, risk assessment and control and monitoring activity. The guidelines were reviewed 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's 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 whereby operational and financial risk is managed by the process owner with guidance from senior management, while the "control" function measures and controls the level of exposure to risks and the results of measures taken to reduce them.

The Company identified a comprehensive picture of its significant risks (Corporate Risk Profile) and the "Risk Office" function was established, reporting to the Executive Vice-Chairman and General Manager, with responsibility for overseeing all monitoring and for updating the Corporate Risk Profile. This involves periodically collecting the information made available by each risk owner on risk identification, management and assessment, and arranging the appropriate reporting on a formal basis.

In 2014, the Risk Officer collected information from the risk owners in order to prepare the half-yearly and annual reports on the monitoring of the main risks to which the Group is exposed; this activity established that following the corporate reorganisation on 1 July 2013, and considering that Sarlux had adopted a management model that is in line with the guidelines established by the Parent Company, the overall framework of the key corporate risks did not indicate any substantial difference with respect to the past.

In their assessment of the main company risks, risk owners considered that some risks had changed slightly and noted a slight improvement compared with the previous situation (“Corporate Risk Profile”).

The outcome of these activities was that the risk management and control measures adopted by the Company, and where available, the risk and control indicators used, were appropriate.

The results of the annual risk assessment monitoring were shared, within their area of responsibility, with the senior management of each company, and were presented to the Saras Control and Risks Committee.

These results were also used by the Head of Internal Audit to define part of the checks included in the 2015 Audit Plan, submitted for approval, following consultation with the Control and Risks Committee, to the Board of Directors of Saras, and, for the audits that fall within their responsibility, to the Boards of Directors of subsidiaries.

The Code of Ethics² 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 people interacting with Saras. The Code of Ethics has been introduced at Saras and its subsidiaries (Sarlux, Sartec, Arcola Petrolifera³, Deposito di Arcola, Sardeolica and Saras Energia).

The internal control system described above was further strengthened with the adoption of Saras’s 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 legal entities and 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, the association of Italian manufacturers and services companies, and

² Further information is available at: http://www.saras.it/saras/_uploads/documents/codice_etico.pdf

³ Arcola Petrolifera was merged into Saras SpA effective 1 October 2014.

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 crimes and corruption involving individuals;
- Offences relating to terrorism or the subversion of the democratic order and offences against public trust;
- Manslaughter and serious or grievous bodily harm committed as a result of a breach of the rules governing accident prevention and the protection of occupational health and safety;
- Market abuse (abuse of privileged information and market manipulation);
- Cyber crime and unlawful data processing;
- Environmental crimes.

In 2014, following the transfer of refining activities to Sarlux (“contribution”), the Organisation, Management and Control Models of Saras and Sarlux were updated to reflect the new corporate organisation.

Moreover, Saras’ Model was updated also taking into account the activities taken over from Arcola Petrolifera following its merger, giving due consideration to the fact that Arcola Petrolifera had its own "Management and Control Model" and that, as a result, it had already established checks and identified areas to be monitored in the context of its operations in order to avoid possible crimes being committed.

Sarlux’s Model was updated on 6 August 2014 with reference to offences related to occupational health and safety and environmental crimes.

In relation to the other types of crime for which analyse were completed at the end of the second half of 2014, the Boards of Directors of Saras and Sarlux (in their respective board meetings of 24 and 23 February 2015) approved the proposed updated "Organisation, Management and Control Model" with the prior approval of their Supervisory Bodies.

In implementing the Model, the Company has, over time, updated and issued certain guidelines, including:

- The internal regulation for managing 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 on relations with the public administration
- Guidelines on managing extraordinary operations
- Guidelines on derivative transactions
- Guidelines on relations with regulators and companies operating regulated markets in financial instruments
- Guidelines on the external communication of corporate information and documents
- Guidelines on information technology and data communication tools
- Anti-corruption guidelines (issued on 25/07/2014)
- Procedure for managing price sensitive announcements to the public
- Procedure for managing consulting contracts
- Procedure for the “preparation of the separate accounts of Saras and the consolidated accounts of the Group”.

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

The Supervisory Body of Saras comprises: Gabriele Previati, non-executive director (acting as Chairman), Giovanni Luigi Camera (external member and member of the Board of Statutory Auditors), Simona Berri (Head of Legal and Corporate Affairs) and Ferruccio Bellelli (Head of Internal Audit).

The Group companies (Sarlux, Sartec, Arcola Petrolifera⁴, 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 a register of persons with access to privileged information to be created, 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 creating a register of persons with access to such information” in May 2006. This 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.

⁴ See note 3.

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 Issuers' Regulations as regards the keeping of the register, and taking into account Consob's 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"⁵ in May 2006, which incorporates and implements the provisions of article 114, paragraph 7 of the TUF and articles 152-*sexies et seq.* of the Issuers' Regulations, 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 on financial instruments issued by Saras executed 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's 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 certain 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 were detailed in a document that was favourably assessed by the then Internal Control Committee and the Board of Statutory Auditors.

⁵ Further information is available at: http://www.saras.it/documentazione/codice_internal_dealing.pdf

The Board of Directors adopted procedures for related party transactions pursuant to the Regulation 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 above-mentioned principles of conduct for carrying out transactions with related parties adopted by the Board in 2006. The procedures are available on the Company’s 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 an 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 in charge of financial reporting

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

The Board of Directors conferred on Mr Costanzo all necessary and appropriate powers to carry out the duties prescribed under article 154-*bis* of the TUF.

9. Board of Statutory Auditors

In accordance with the Company's Articles of Association, the Board of Statutory Auditors comprises three permanent auditors and two stand-in 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 stand-in 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 any 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 Company's 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 25 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 21 days prior to the date of the shareholders' meeting.

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

The current Board of Statutory Auditors, which was appointed through the list voting system at the shareholders' meeting 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 drawn from the minority list submitted by Assicurazioni Generali SpA and was therefore appointed Chairman of the Board of Statutory Auditors.

Ferdinando Superti Furga ⁶	Chairman
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⁶ Ferdinando Superti Furga holds the following posts in listed companies: Chairman of the Board of Statutory Auditors of Arnoldo Mondadori SpA, Permanent Auditor of Telecom Italia SpA

Giovanni Luigi Camera	Permanent Auditor
Michele Di Martino	Permanent Auditor
Luigi Borrè	Deputy Auditor
Marco Visentin	Deputy Auditor

The Board of Statutory Auditors held 11 meetings in 2014. In 2015, the Board of Statutory Auditors has met eight times. The meetings were regularly attended by the permanent auditors (see the summary 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 independence requirements pursuant to the Law and the criteria stipulated by the Code, with a positive result.

The Board of Statutory Auditors attends Audit and Risk Committee meetings to ensure the necessary coordination with this Committee and with the Internal Audit function.

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, in a timely and comprehensive manner, of the nature, terms, origin and extent of his or her interest.

10. Relationships with shareholders

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

In order to facilitate such a 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 Regulation and the Code of

Conduct on Internal Dealing). The website also has a "Shareholders' Meetings"⁷ section containing information on how to take part and exercise voting rights at shareholders' meetings pursuant to the 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 completed and planned activities, in compliance with regulations on privileged information.

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

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

Toll-free number 800511155 - email ir@saras.it

11. Shareholders' meeting

The Company sees the shareholders' meeting as a valuable opportunity to initiate a profitable dialogue between shareholders and the Board of Directors, and a chance to notify shareholders of corporate 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 the law.

Pursuant to the Articles of Association (article 12), shareholders' meetings are 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 as provided for under current legislation.

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

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

⁷ Further information is available at: <http://www.saras.it/saras/pages/aboutus/governance/sharemeetings2?body=80>

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

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 meeting.

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

The notice of meeting 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.

In accordance with the recommendations of article 9 of the Code, the Company has adopted a specific regulation applicable to shareholders' meetings,⁸ prepared using the template created by ABI and ASSONIME. The template was designed to ensure that shareholders' meetings are conducted in an orderly and efficient manner, and sets out detailed regulations for the 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 this regulation does not have the status of a provision in the Articles of Association, it was approved in an ordinary shareholders' meeting under a specific power granted to ordinary shareholders' meetings by the Articles of Association. It was amended by the ordinary shareholders' meeting in April 2011 to bring it into line with new 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 who are 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.

⁸ See the link in note 7 above.

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Board of Directors											Control and Risks Committee		Remuneration and Appointments Committee	
Position	Board member	In position since	In position until	List (M/m)*	Exec.	Non-exec	Indep. pursuant to Code	Indep. pursuant to TUF	***Number of additional positions	** (%)	****	**	****	**
Chairman	Gian Marco Moratti	apr-12	apr-15	M	x					90%				
Chief Executive Officer	Massimo Moratti	apr-12	apr-15	M	x					100%				
Vice-Chairman	Angelo Moratti	apr-12	apr-15	M	x					90%				
Director/LID	Gilberto Callera	apr-12	apr-15	M		x	x	x		90%	x	100%	x	100%
Director	Giancarlo Cerutti	apr-12	apr-15	m		x	x	x		80%	x	60%	x	0%
Director	Angelomario Moratti	apr-12	apr-15	M		x				90%				
Director	Gabriele Moratti	apr-12	apr-15	M		x				60%				
Director	Igor Ivanovich Sechin	mag-13	apr-15	M		x			3	0%				
Director	Gabriele Previati	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 UNDER REVIEW														
Quorum required for submission of lists for most recent appointment: 2.5%														
No. of meetings held during the financial year under review:						<i>BOD: 10</i>	<i>CRC: 5</i>			<i>RAC: 1</i>				

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 meetings attended/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 large companies.

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

TABLE 2: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors							
Position	Board member	In position since	In position until	List (M/m)*	Independence pursuant to Code	** (%)	Number of additional positions***
Chairman	Ferdinando Superti Furga	apr-12	apr-15	m	x	100%	12
Permanent Auditor	Giovanni Luigi Camera	apr-12	apr-15	M	x	100%	13
Permanent Auditor	Michele Di Martino	apr-12	apr-15	M	x	81%	2
Deputy Auditor	Luigi Borrè	apr-12	apr-15	M	x		
Deputy Auditor	Marco Visentin	apr-12	apr-15	m	x		
AUDITORS LEAVING OFFICE DURING FINANCIAL YEAR UNDER REVIEW							
Quorum required for submission of lists for most recent appointment: 2.5 %							
Number of meetings held during the financial year under review: 11							

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

** This column indicates the percentage attendance of auditors at the meetings of the Board of Statutory Auditors. (no. of meetings attended/no. of meetings held during the period of effective office of the party concerned).

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