



REMUNERATION REPORT

**PURSUANT TO ARTICLE 123-*ter* OF LEGISLATIVE DECREE 58/1998
AND ARTICLE 84-*quater* OF THE ISSUER REGULATION**

Dear Shareholders,

This Shareholders' Meeting has been called to cast an advisory vote on the policy adopted by the Company regarding the remuneration of the members of the Board of Directors and managers with strategic responsibilities and the procedures used for its adoption and implementation, pursuant to Article 123-ter, paragraph 3a) and 3b), of Legislative Decree 58/1998.

This Report was also drawn up pursuant to Article 84-*quater* of the regulations governing issuers adopted by Consob with Resolution 11971 of 14 May 1999 (the "Issuer Regulation"), as subsequently amended according to Appendix 3A, tables 7-*bis* and 7-*ter* of the Issuer Regulation.

Section I

Section I of this Remuneration Report describes and illustrates: (i) the Company's policy regarding the remuneration of directors and managers with strategic responsibilities adopted by the Company and (ii) the procedures for adopting and implementing this policy (the "Remuneration Policy").

The Remuneration Policy complies with the recommendations contained in Article 6 of the code of conduct approved by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. (the "Code of Conduct" or "Code") regarding the remuneration of directors ("**Directors**") and managers with strategic responsibilities ("**Managers**") of listed issuers, which Saras accepted and implemented as of the 2012 financial year.

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

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A. Preparation, approval and implementation of the Remuneration Policy

The remuneration policy for Directors and Managers is determined by the Board of Directors on the recommendation of the Remuneration and Appointments Committee.

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The guidelines and principles of the Remuneration Policy were drawn up and approved by the Remuneration Committee (now the Remuneration and Appointments Committee).

B. Role of the Remuneration Committee

Pursuant to Articles 6.P.3. and 6.C.5. of the Code, the Board has set up an internal Remuneration Committee, to which the functions of the Appointments Committee have also been assigned, pursuant to Article 5 of the Code of Conduct (now the “Remuneration and Appointments Committee”). 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 duties assigned to the Committee. In particular, the Remuneration and Appointment Committee's role is to advise and make proposals to the Board and, with regard to Directors and managers with strategic responsibilities, it is responsible for:

- making recommendations to the Board of Directors regarding general 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 formulating proposals 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, Directors or managers with strategic responsibilities that are significant enough to compromise the independence of their judgement.

The rules of the Remuneration and Appointments Committee require the Committee to consist of three non-executive Directors, the majority of whom are independent, and at least one member of the Committee to have appropriate knowledge and experience in financial matters.

Due to his resignation from the Board of Directors, Mario Greco no longer sits on any Board Committees. The current members of the Remuneration and Appointments Committee are therefore: Gilberto Callera (Chairman), independent Director, and Gabriele Previati, non-executive director.

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 proposals on their remuneration are put forward. The Committee meetings are minuted. The Chairman of the Board of Statutory Auditors, or any other auditor appointed by him, also attends the meetings of the Remuneration and Appointments Committee.

C. Intervention by independent experts

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

D. Purposes and principles

The Company establishes and applies a remuneration policy:

- (i) suited to attracting, retaining and motivating highly qualified individuals with the professional skills required to manage the Company successfully;
- (ii) aimed at encouraging management to create value for shareholders and promoting the medium- to long-term sustainability of the Company; and
- (iii) structured so as to ensure that remuneration is benchmarked to the actual results achieved by the Company and the management.

E. Fixed and variable components

E.1 Members of the Board of Directors

Non-executive Directors that do not hold specific roles (including independent Directors) are assigned a fixed remuneration determined by the shareholders' meeting. There is no provision for any form of remuneration associated with the achievement of financial targets by the Company nor do these directors benefit from any remuneration plans based on the Company's financial instruments.

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

With regard to Directors, following their appointment, the Remuneration and Appointments Committee makes a recommendation for their remuneration to the Board of Directors. Based on this recommendation from the Remuneration and Appointments Committee, the Board of Directors, after consulting with the Board of Statutory Auditors, determines the remuneration of Directors pursuant to Article 2389, paragraph 3 of the Civil Code.

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

The Company reaffirms the appropriateness of this decision and that there is therefore no need to establish incentive schemes designed to retain and motivate Directors for the duration of the executive Directors' mandate and/or for as long as specific roles are assigned to Directors who are shareholders of Angelo Moratti S.a.p.a., which controls the Company, given that their interests are intrinsically linked with the primary objective of creating value for all shareholders.

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

E.2 Managers

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

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

- (ii) a variable component linked to the achievement of specific performance objectives (collective and individual, financial and non-financial, connected with creating long-term value for shareholders), representing a significant part of Managers' total remuneration;
- (iii) the fringe benefits normally granted to Managers based on Group policies.

The variable remuneration component will be split between a short-term incentive (generally on an annual basis) and a long-term incentive.

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

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

(a) Remuneration level

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

(b) Balance between fixed and variable remuneration components

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

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

(c) Limit on the variable remuneration component

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

(d) Setting of performance targets

(i) *Parameters*

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

The performance objectives linked to payment of the variable remuneration must be determined in advance by the Board of Directors and notified to Managers.

The variable remuneration will be determined according to:

- (i) the Company's financial results and the performance of Saras shares;
- (ii) the individual results of each Manager.

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

- i. with specific reference to the Company's financial results: such as, for example, MOL and Total Shareholder Return of Saras shares (equal to the change in share price);
- ii. with reference to individual results: strategic objectives of the relevant department.

(ii) *Assessment of performance over several years*

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

(e) Deferral of part of the variable component

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

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

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

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

The Stock Grant Plan, approved by the shareholders' meeting on 27 April 2010, expired at the end of 2012.

The shareholders' meeting is required to approve a new stock grant plan for management. For more details, see the information document prepared pursuant to Article 114-*bis* of the TUF and Article 84-*bis* of the Issuer Regulation, available to the public at the registered office and administrative office, and on the Company's website (www.saras.it) under Investor Relations – Shareholder Services – AGM.

Additional application criteria regarding the remuneration of Managers

(a) Remuneration of the Director responsible for preparing the corporate accounting statements

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

In determining performance objectives, individual objectives must be linked to the performance of their specific roles.

(b) No guaranteed bonuses

Guaranteed bonuses, i.e. bonuses not subject to any performance objective or otherwise conditional on the achievement of pre-determined objectives, will not be payable, with the exception of any bonuses granted when new Managers are recruited; the amount of any such bonus must not, however, exceed 70% of the fixed remuneration component that will be paid to them.

F. Non-monetary benefits

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

G. (see point E above)

H. (see point E above)

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

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

J. (see point E above)

K. (see point E above)

L. Cessation of office or termination of employment contract

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

M. Insurance, welfare or pension cover

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

N. (see point E above)

O. Reference to the remuneration policies of other companies

The remuneration of Directors and the pay scales of Managers are determined according to market and industry practice, taking into account a comparison with the main Italian listed companies that are similar to the Company.

Specifically, in implementing the Remuneration Policy, the Remuneration and Appointments Committee will be responsible for continuously monitoring Italian and international market practice to check that the remuneration paid by the Company is in line with the remuneration paid by competitors or other peer companies.

Milan, 25 March 2013

For the Board of Directors

THE CHAIRMAN

signed by Gian Marco Moratti

APPENDIX 3A - SECTION II

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

(A)	(B)	(C)	(D)	(1)	(2)	(4)	(5)	(6)	(7)
Name and surname	Position	Period of office	Expiry of office	Fixed remuneration	Remuneration for involvement	Non-monetary benefits	Other remuneration	Total	Severance pay
Gianmarco	Chairman	Full period	2014	1,536,000.0				1,536,000.0	
Massimo	Chief Executive	Full period	2014	1,536,000.0				1,536,000.0	
Angelo Moratti	Vice-Chairman	Full period	2014	236,000.00 ²			689,872.00 ³	925,872.00	239,261.00
Gilberto Callera	Director	Full period	2014	36,000.00	42,000.00			78,000.00	
Giancarlo	Director	Full period	2014	36,000.00	14,000.00			50,000.00	
Mario Greco	Director	until 05/03/2013	Resigned on 05/03/2013	36,000.00	28,000.00			64,000.00	
Angelomario	Director	Full period	2014	36,000.00			204,845.00 ³	240,845.00	80,708.00
Gabriele	Director	Full period	2014	36,000.00			132,601.00 ³	168,601.00	52,723.00
Gabriele	Director	Full period	2014	36,000.00	28,000.00		45,000.00 ⁴	109,000.00	
Dario Scaffardi	Executive Vice-Chairman General	Full period	2014 Fin.St.Mtg.	36,000.00			751,885.00 ³	787,885.00	45,700.00
F. Superti Furga	Chairman, Board of	Full period	2014	62,400.00				62,400.00	
Giovanni	Permanent Auditor	Full period	2014	41,600.00			181,766.00 ⁵	223,366.00	
Michele Di	Permanent Auditor	Full period	2014	40,000.00			34,484.00 ⁶	74,484.00	
Luigi Borrè	Deputy Auditor	Full period	2014				88,950.00 ⁷	88,950.00	
Marco Visentin	Deputy Auditor	Full period	2014						
Strategic							586.261,00 ³	586,261.00	195,827.00

¹ See table 1(a) below

² Including 36,000.00 fixed remuneration determined by the shareholders' meeting

³ Employment responsibilities

⁴ Remuneration as chairman of the supervisory body

⁵ Remuneration as member of the supervisory bodies of Saras and the subsidiaries Sardeolica S.r.l., Sartec S.p.A. and Arcola Petrolifera S.p.A., and as Chairman of the Board of Auditors of the subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l., Sartec S.p.A., Parchi Eolici

⁶ Remuneration as Permanent Auditor of the subsidiaries Sarlux S.r.l and Ensar S.r.l.

⁷ Remuneration as Permanent Auditor of the subsidiaries Arcola Petrolifera S.p.A., Sarlux S.r.l., Sartec S.p.A., Parchi Eolici Ulassai S.r.l., Sardeolica S.r.l., Ensar S.r.l., Deposito di Arcola S.r.l. and Sargas S.r.l.

TABLE 1(a)**Remuneration for involvement in committees**

Remuneration and Appointments Committee	Gilberto Callera Mario Greco Gabriele Previati	21,000.00 14,000.00 14,000.00
Control and Risks Committee	Gilberto Callera Giancarlo Cerutti Mario Greco Gabriele Previati	21,000.00 14,000.00 14,000.00 14,000.00

SHAREHOLDINGS OF DIRECTORS AND AUDITORS, GENERAL MANAGERS AND SENIOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

NAME AND SURNAME	POSITION	SUBSIDIARY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR	NUMBER OF SHARES PURCHASED OR SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR
GIAN MARCO MORATTI	Chairman	SARAS S.p.A.	6,000,000	00	6,000,000
MASSIMO MORATTI	Chief Executive Officer	SARAS S.p.A.	6,000,000	00	6,000,000
ANGELO MORATTI	Vice-Chairman	SARAS S.p.A.	0	00	0
ANGELOMARIO MORATTI	Director	SARAS S.p.A.	0	0 0	0
GABRIELE MORATTI	Director	SARAS S.p.A.	0	00	0
GILBERTO CALLERA	Director	SARAS S.p.A.	0	00	0
GIANCARLO CERUTTI	Director	SARAS S.p.A.	0	0 0	0
MARIO GRECO	Director	SARAS S.p.A.	0	00	0
GABRIELE PREVIATI	Director	SARAS S.p.A.	18,000	00	18,000
DARIO SCAFFARDI	Director/General Manager	SARAS S.p.A.	1,425	00	1,425
FERDINANDO SUPERTI FURGA	Chairman, Board of Auditors	SARAS S.p.A.	0	00	0
GIOVANNI LUIGI CAMERA	Permanent Auditor	SARAS S.p.A.	0	00	0
MICHELE DI MARTINO	Permanent Auditor	SARAS S.p.A.	750	00	750

SHAREHOLDINGS OF DIRECTORS AND AUDITORS, GENERAL MANAGERS AND SENIOR MANAGERS WITH STRATEGIC RESPONSIBILITIES

NUMBER OF MANAGERS WITH STRATEGIC RESPONSIBILITIES	SUBSIDIARY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT YEAR
1	SARAS S.p.A.	2,125	0	0	2,125

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

A	B	(1)	Financial instruments assigned in previous financial years not vested during the financial year		Financial instruments assigned during the financial year					Financial instruments vested during the financial year and	Financial instruments vested during the financial year and available for allocation		Financial instruments relating to the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Name and surname	Position	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on assignment date	Vesting period	Date of assignment	Market price on assignment	Number and type of financial instruments	Number and type of financial instruments	Value at maturity	Fair value
Dario Scaffardi	General Manager	Stock grant of 27/04/2007	302,000	2007 / 2009									
Strategic manager			201,400	2007 / 2009									
Dario Scaffardi	General Manager	Stock grant of 27/04/2010			765,700	867,800	February 2012 / March 2013	27/02/2012	860,647	88,660	354,640	631,259	742,192
Strategic managers					525,436	595,499	February 2012 / March 2013	27/02/2012	590,590	60,840	243,360	433,181	509,305
Total			503,400		1,291,136	1,463,299			1,451,237	149,500	598,000	1,064,440	1,251,497