



REMUNERATION REPORT

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

Dear Shareholders,

This shareholders' meeting has been called to cast an advisory vote on the policy adopted by the Company regarding the remuneration of the members of the Board of Directors and managers with strategic responsibilities and the procedures used for its adoption and implementation, pursuant to article 123-ter, paragraph 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 on 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 SpA (the "Code of Conduct" or "Code") regarding the remuneration of directors ("**Directors**") and managers with strategic responsibilities ("**Managers**") of listed issuers, to which Saras has adhered.

The Remuneration Policy has also been adopted pursuant to 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.

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

B. Role of the Remuneration and Appointments 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 were also assigned, pursuant to article 5 of the Code of Conduct (“Remuneration and Appointments Committee” or “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. Specifically, the Remuneration and Appointments Committee’s role is to advise and make recommendations to the Board and, with regard to Directors and managers with strategic responsibilities, it is responsible for:

- making recommendations to the Board of Directors regarding the definition of the general remuneration policy;
- periodically assessing the suitability, 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 work and making recommendations regarding share-based remuneration plans.

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

In performing the tasks assigned to it by the Board of Directors, the Committee may be assisted by external consultants with expertise in remuneration policy, provided that the latter 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 independent judgement of said consultants.

The Remuneration and Appointments 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 current members of the Remuneration and Appointments Committee are: Gilberto Callera (Chairman) and Giancarlo Cerutti, both of whom are independent Directors, and Gabriele Previati, a non-executive Director.

Meetings of the Remuneration and Appointments 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 Appointments Committee may be attended by any person whose presence is deemed appropriate by the Committee, provided that no Directors attend Committee meetings in which recommendations about their own remuneration are put forward. The Committee meetings are minuted. The Chairman of the Board of Auditors, or any other auditor appointed by him, also attends the meetings of the Remuneration and Appointments Committee.

C. Assistance of independent experts

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

D. Purposes and principles

The Company defines and applies a general remuneration policy:

- (i) suitable for 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 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 annual remuneration, in addition to their remuneration as Directors, approved by the shareholders' meeting at the time of their appointment, which is determined according to the specific commitment required of them, based on their duties as Committee members.

Following the appointment of Directors, 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 Gian Marco Moratti SapA, owned by Gian Marco Moratti, and Massimo Moratti SapA, owned by Massimo Moratti, which, under the shareholders' agreement signed on 1 October 2013 relating to the shares held by each in Saras SpA, exercise joint control over 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.

This decision is also validated with reference to the role of Executive Vice-Chairman as it is assigned to the person performing the role of General Manager, for whom the remuneration determined in accordance with the criteria used for Managers is regarded as adequate.

E.2 Managers

The Remuneration Policy stipulates that the total remuneration of Managers shall include:

- (i) a fixed component, which appropriately remunerates 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), which shall represent a significant portion 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 structure of Managers' remuneration 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 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 in accordance with 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 objectives

(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 indicators will be considered:

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

Specifically, the Board of Directors identified adjusted net profit as the performance parameter for the purposes of paying the short-term incentive.

With regard to the amount of annual variable compensation, it being understood that short-term incentives shall not account for more than 40% of the total variable component in any one year, the Board identified energy efficiency, costs and inventories as the benchmark parameters.

(ii) *Assessment of performance over several years*

Managers' performance must be assessed over a period of several years, with all variable remuneration components (except for short-term incentives) requiring an accrual period 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 not be 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 approved by the shareholders meeting of 24 April 2013 ("Stock Grant Plan"), which is available on the Company website (<http://www.saras.it>).

With reference to the published document, the main elements of the Stock Grant Plan are summarised below.

The Stock Grant Plan provides for the free allocation of rights to receive Shares of the Company at the end of a set vesting period (three years), provided that the pre-determined three-year performance objectives are achieved.

The maximum number of shares allocated to each beneficiary Manager (see table 3A) is set by the Board of Directors.

Actual delivery of the shares to the beneficiaries takes place within six months from the end of the Performance Period (2013-2015), subject to verification by the Company that specific three-year performance objectives have been met. The indicator used to measure corporate performance in the reporting period is total shareholder return ("TSR"), calculated in respect of a selected group of industrial companies on the Italia Mid Cap Index.

The FTSE Italia Mid Cap is a Milan Stock Market index where mid-cap company shares are traded daily. The FTSE Italia Mid Cap is made up of 60 securities in total. The basket is revised each quarter.

Using this indicator to measure Saras' performance enables the company to mitigate the potential risks arising from a comparison with too small a sample of companies, and to comply with best market practice.

The Stock Grant Plan provides for a "lock up" period: after allocation, a portion of the allocated shares (80%) will be freely tradable, while the remaining portion of the allocated shares (20%) will be subject to transfer restrictions for a period of 24 months as of the Delivery Date of these shares.

Additional application criteria regarding the remuneration of Managers

(a) Remuneration of the Director responsible for drawing up the financial statements

The incentive mechanisms applicable to the Director responsible for drawing up the financial statements must be consistent with the duties assigned to him in order to minimise any possible conflict of interests.

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 and pension cover

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

N. (see point E above)

O. Comparison with other companies' remuneration policies

The remuneration of Directors and the pay scales of Managers are determined in accordance with market and industry practice, by comparing the Company with a peer group of the main Italian listed companies.

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.

Section II

The remuneration paid by the Company to its Directors and managers with strategic responsibilities in 2014 is described below.

First part

Remuneration of non-executive directors

The fixed remuneration approved by the shareholders' meeting of 27 April 2012 was paid to the non-executive Directors in 2014.

Remuneration for attendance at Board committees

With regard to attendance at meetings of the Remuneration and Appointments Committee and the Control and Risks Committee, the non-executive Directors who are members of these committees were also paid additional remuneration in 2014, approved by the Board of Directors at its session of 27 April 2012.

Fixed additional remuneration for certain executive Directors

Additional fixed compensation, as determined by the Board of Directors on 14 May 2012, was paid to Chairman Gianmarco Moratti, CEO Massimo Moratti and Vice-

Chairman Angelo Moratti, on top of the amount approved by the shareholders' meeting of 27 April 2012 for the role of Director.

Variable remuneration

No variable remuneration was paid to the members of the Board of Directors in 2014. The reason for this remuneration policy is that, as indicated in Section I, Chairman Gianmarco Moratti, CEO Massimo Moratti and Vice-Chairman Angelo Moratti are shareholders in Gian Marco Moratti SpA, owned by Gian Marco Moratti, and Massimo Moratti SpA, owned by Massimo Moratti, which exercise joint control over Saras SpA. Their interests are therefore intrinsically linked to pursuing the primary goal of creating value for all shareholders.

The Managers of Saras SpA, i.e. the Executive Vice-Chairman and CEO, and another manager with strategic responsibilities, are the beneficiaries of a short-term monetary incentive plan and a medium- to long-term plan that comprises the Stock Grant Plan approved by the shareholders' meeting on 24 April 2013, which is available on the Company website (<http://www.saras.it>) and is described in more detail in Section I. In 2014, the Managers did not receive any variable remuneration pursuant to the short-term incentive plan, as the minimum performance threshold established under the plan was not achieved.

Other remuneration received by members of the Board of Directors

Vice-Chairman Angelo Moratti, Executive Vice-Chairman and CEO Dario Scaffardi and Director Angelomario Moratti received additional remuneration in 2014 under their individual employment contracts with the Company.

Payment for cessation of office or termination of employment contract

No provision has been made for payment in the event of cessation of the office of Director of Saras SpA or termination of the employment contract. The indemnities shown in column 7 of table 1 of the Second Part of Section II refer to severance pay accrued up to 31 December 2014 under an employment contract.

Part Two

Tables drawn up pursuant to Appendix 3A, Charts 7-*bis* (table 1 and table 3A) and 7-*ter* of the Issuer Regulation (table 1) have been appended.

APPENDIX 3A - SECTION II
SCHEDULE 7-BIS

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 attendance at committees ¹ | Non-monetary benefits | Other remuneration | Total | Severance pay |
| Gianmarco Moratti | Chairman | Entire period | 2014 Fin.St.Mtg. | 1,536,000.00 ² | | | | 1,536,000.00 | |
| Massimo Moratti | Chief Executive Officer | Entire period | 2014 Fin.St.Mtg. | 1,536,000.00 | | | | 1,536,000.00 | |
| Angelo Moratti | Vice-Chairman | Entire period | 2014 Fin.St.Mtg. | 236,000.00 | | | 541,505.00 ³ | 777,505.00 | |
| Gilberto Callera | Director | Entire period | 2014 Fin.St.Mtg. | 36,000.00 | 42,000.00 | | | 78,000.00 | |
| Giancarlo Cerutti | Director | Entire period | 2014 Fin.St.Mtg. | 36,000.00 | 28,000.00 | | | 64,000.00 | |
| Angelomario Moratti | Director | Entire period | 2014 Fin.St.Mtg. | 36,000.00 | | | 204,420.00 ³ | 240,420.00 | 83,185.00 |
| Gabriele Moratti | Director | Entire period | 2014 Fin.St.Mtg. | 36,000.00 | | | | 36,000.00 | |
| Gabriele Previati | Director | Entire period | 2014 Fin.St.Mtg. | 36,000.00 | 28,000.00 | | 50,000.00 ⁴ | 114,000.00 | |
| Igor Ivanovich Sechin | Director | since 14/05/13 | 2014 Fin.St.Mtg. | 36,000.00 | | | | 36,000.00 | |
| Dario Scaffardi | Executive Vice-Chairman General Manager | Entire period | 2014 Fin.St.Mtg. | 36,000.00 | | | 758,896.00 ³ | 794,896.00 | 47,102.00 |
| F. Superti Furga | Chairman, Board of Auditors | Entire period | 2014 Fin.St.Mtg. | 62,400.00 ⁹ | | | 31,200.00 ⁸ | 93,600.00 | |
| Giovanni Camera | Permanent Auditor | Entire period | 2014 Fin.St.Mtg. | 41,600.00 ⁹ | | | 151,624.00 ⁵ | 193,224.00 | |
| Michele Di Martino | Permanent Auditor | Entire period | 2014 Fin.St.Mtg. | 44,726.00 ¹⁰ | | | 23,091.00 ⁶ | 67,817.00 | |
| Luigi Borrè | Deputy Auditor | Entire period | 2014 Fin.St.Mtg. | | | | 7,626.00 ⁷ | 7,626.00 | |
| Marco Visentin | Deputy Auditor | Entire period | 2014 Fin.St.Mtg. | | | | | | |
| Strategic managers | | | | | | | 610,996.00 ³ | 610,996.00 | 201,836.00 |

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 of Saras SpA and of the subsidiary Sarlux Srl

⁵ Remuneration as member of the supervisory bodies of Saras and subsidiaries Sardeolica Srl, Sartec SpA, Sarlux Srl, Deposito di Arcola Srl and Arcola Petrolifera Srl to 30.09.14, and as Chairman of the Board of Auditors of subsidiaries Sartec SpA, Ensar Srl from 01.01.14 to 23.04.14 and of Deposito di Arcola Srl to 23.04.14, and as Permanent Auditor of subsidiary Sarlux Srl, as well as Sole Auditor of subsidiaries Parchi Eolici Ulassai Srl, Sardeolica Srl and Ensar Srl from 24.04.14 to 12.11.14 and Arcola Petrolifera Srl to 30.09.14

⁶ Remuneration as Permanent Auditor of the subsidiaries Sarlux Srl and Ensar Srl to 23.04.14

⁷ Remuneration as Permanent Auditor of the subsidiaries Sartec SpA to 23.04.14 and Ensar Srl to 23.04.14 and as Sole Auditor of subsidiary Sargas Srl.

⁸ Remuneration as Chairman of the Board of Auditors of subsidiary Sarlux Srl - remuneration including professional indemnity insurance

⁹ Remuneration including professional indemnity insurance

¹⁰ Remuneration including indemnity pursuant to article 37 (c) of Ministerial Decree 169 of 02.09.10

TABLE 1(a)**Remuneration for attendance at committees**

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

APPENDIX 3A - SECTION II
SCHEDULE 7-TER

TABLE 1: SHAREHOLDINGS OF DIRECTORS, AUDITORS AND GENERAL MANAGERS

| NAME AND SURNAME | POSITION | 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 |
|--------------------------|------------------------------|------------|---|----------------------------|-----------------------|--|
| Gian Marco Moratti | Chairman | SARAS SpA | 0 | 0 | 0 | 0 |
| Massimo Moratti | Chief Executive Officer | SARAS SpA | 0 | 0 | 0 | 0 |
| Angelo Moratti | Vice-Chairman | SARAS SpA | 0 | 0 | 0 | 0 |
| Angelomario Moratti | Director | SARAS SpA | 0 | 0 | 0 | 0 |
| Gabriele Moratti | Director | SARAS SpA | 0 | 0 | 0 | 0 |
| Gilberto Callera | Director | SARAS SpA | 0 | 0 | 0 | 0 |
| Igor Ivanovich Sechin | Director | SARAS SpA | 0 | 0 | 0 | 0 |
| Giancarlo Cerutti | Director | SARAS SpA | 0 | 0 | 0 | 0 |
| Gabriele Previati | Director | SARAS SpA | 12,164 | 0 | - | 12,164 |
| Dario Scaffardi | Executive Vice-Chairman and | SARAS SpA | 0 | 0 | 0 | 0 |
| Ferdinando Superti Furga | Chairman of the Board of Aud | SARAS SpA | 0 | 0 | 0 | 0 |
| Giovanni Camera | Permanent Auditor | SARAS SpA | 0 | 0 | 0 | 0 |
| Michele Di Martino | Permanent Auditor | SARAS SpA | 0 | 0 | 0 | 0 |
| Luigi Borrè | Deputy Auditor | SARAS SpA | 10,000 | 0 | 0 | 10,000 |
| Marco Visentin | Deputy Auditor | SARAS SpA | 0 | 0 | 0 | 0 |

APPENDIX 3A - SECTION II
SCHEDULE 7-TER

TABLE 2: SHAREHOLDINGS OF OTHER 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 SpA | - | - | - | 0 |