



# **REMUNERATION REPORT**

**PURSUANT TO ARTICLE 123-ter OF LEGISLATIVE DECREE NO. 58/1998  
AND ART. 84-quater OF THE ISSUERS' REGULATIONS**

Dear Shareholders,

This Shareholders' Meeting is called to express its advisory vote in relation to the policy adopted by the Company in respect of the remuneration of members of the Boards of Directors and managers with strategic responsibilities and the procedures used for its adoption and implementation pursuant to article 123-ter, paragraph 3(a) and (b), of Legislative Decree no. 58/1998.

This report has also been prepared for the purposes of art. 84-quater of the regulations governing issuers adopted by Consob with Resolution No. 11971 of 14 May 1999 (the "Issuers' Regulations"), as subsequently amended and in accordance with Annex 3A, Schemes 7-bis and 7-ter of the Issuers' Regulations.

## **Section I**

Section 1 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 the adoption and implementation of 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") in respect of the remuneration of directors ("**Directors**") and managers with strategic responsibilities ("**Managers**") of listed issuers, which Saras has signed up to.

Moreover, the Remuneration Policy has been adopted for the purposes of article 14 of the Procedure for Transactions with related parties approved by the Company's Board of Directors on 11 November 2010. It is also noted that the Remuneration Policy was amended and updated by the Board of Directors of Saras of 14 March 2016 to align it with the new wording of the Code of Conduct based on which it is provided, among others, that the Remuneration Policy of executive directors or those vested with special offices (also applicable to key managers) considers the possibility for the company of "*requesting the repayment of all or part of the variable remuneration components paid (or withholding sums subject to deferment), determined based on data that subsequently proves to be manifestly incorrect*".

### **A. Preparation, approval and implementation of the Remuneration Policy**

The Remuneration Policy for Directors and Managers is defined by the Board of Directors on the proposal of the Remuneration and Nomination Committee.

The guidelines and principles of the Remuneration Policy have been prepared and approved by the Remuneration and Nomination Committee.

## **B. Role of the Remuneration and Nomination Committee**

In accordance with the provisions in articles 6.P.3. and 6.C.5. of the Code, the Board has established an internal Remuneration Committee, which has also been assigned the functions of the Nomination Committee as provided for in art. 5 of the Code of Conduct (the "Remuneration and Nomination Committee" or "Committee"). The minimum rules on members, tasks and operation of the Committee are laid down in the relevant Regulations, as amended on 9 August 2012 to take account of new duties assigned to it. In particular, the Remuneration and Nomination Committee has duties comprising the function of providing proposals and consulting to the Board and, with reference to directors and managers with strategic responsibilities, it is tasked with:

- formulating proposals to the Board of Directors for defining the general remuneration policy; regularly assessing the adequacy, overall coherence and practical application of the remuneration policy by making use of, as regards managers with strategic responsibilities, the information provided by managing directors; performing preliminary activities and formulating proposals in relation to share-based payment arrangements.

Furthermore, the Committee submits proposals to the Board of Directors for the remuneration of executive directors and other directors who hold particular offices as well as for the identification of performance objectives related to the variable component of that remuneration, monitoring the implementation of decisions adopted by the Board of Directors and verifying, in particular, the actual achievement of performance objectives.

The Committee, in performing the tasks entrusted to it by the Board of Directors, may use external consultants expert in matters of remuneration policies, provided that they do not simultaneously provide the Human Resources Department, directors or managers with strategic responsibilities services of significance that would effectively compromise the independent judgement of such consultants.

The Remuneration and Nomination Committee's regulations state that the Committee shall comprise three non-executive directors, the majority of whom are independent, and that at least one member of the Committee should have adequate knowledge and experience of financial matters.

The following persons are currently part of the Remuneration and Nomination Committee: Gilberto Callera (Chairman), Laura Fidanza, both independent directors and Gabriele Previati, a non-executive director.

The meetings of the Remuneration and Nomination Committee are convened by the Chairman, whenever he deems it appropriate. The Committee is validly constituted when the majority of its members are present and it acts by an absolute majority of those present. The meetings of the Remuneration and Nomination Committee can be attended by anyone that the Committee deems fit, on the understanding that no director shall attend Committee meetings dealing with proposals to their own remuneration. Committee meetings are minuted. The Chairman of the Board of Statutory Auditors or another Auditor appointed by them also contributes to the work of the Remuneration and Nomination Committee.

#### **C. Possible intervention of independent experts**

The Company has not used any external consultants in the preparation of the Remuneration Policy.

#### **D. Aims and principles**

The Company defines and applies a general remuneration policy:

- (i) suitable to attract, retain and motivate highly-qualified personnel, with the professional qualities necessary to successfully manage the Company;
- (ii) aimed at incentivising management to create value for shareholders and to promote the sustainability of the Company in the medium-long term; and
- (iii) structured in such a way as to ensure that remuneration is configured to results actually achieved by the Company and management.

#### **E. Fixed and variable components**

##### **E.1 Members of the Board of Directors**

Non-executive directors and those not vested with special offices (including independent directors) are allocated a fixed fee determined by the General Shareholders' Meeting. There are no forms of remuneration linked to achieving the economic targets by the Company, nor are they recipients of remuneration plans based on the Company's financial instruments.

Members of the Committees established within the Board of Directors (the Remuneration and Nomination Committee and the Control and Risk Committee), in addition to the fee as directors as approved by the Shareholders' Meeting on appointment, are allocated annual remuneration determined based on the particular commitment required of them by the tasks entrusted to them as members of the Committees.

With reference to Directors, following nomination, the Remuneration and Nomination Committee proposes the remuneration to be allocated to Directors to the Board of Directors. Based on the Remuneration and Nomination Committee's proposal to the Board of Directors, having heard the opinion of the Board of Statutory Auditors, it determines - pursuant to Article 2389, paragraph 3 of the Italian Civil Code - the remuneration for Directors.

Directors, in addition to the remuneration decided by the Shareholders' Meeting, are only paid a fixed fee, with no incentives, share premiums or other variable fees provided for them.

The Company reiterates the adequacy of the aforesaid choice as it believes that there is no need for incentive schemes aimed at retaining and motivating Directors so long as the role of CEO is assigned and/or specific offices conferred upon the director-shareholders of the companies Massimo Moratti S.a.p.A. di Massimo Moratti and MOBRO SPA (formerly Gian Marco Moratti S.a.p.A. di Gian Marco Moratti) and that, by virtue of the shareholders' agreement signed on 1 October 2013 and relating to the shares respectively held by those companies in Saras S.p.A., they exercise joint control on the Company, as their interest is intrinsically aligned with the pursuit of the main objective of creating value for all the shareholders.

Positive or negative results achieved by them as executive directors of the Company, in fact, will in most cases be reflected in the value of their majority holdings, generating, therefore, the desire to achieve more than satisfactory results for the company.

This choice has also been confirmed with reference to the position of Executive Vice-Chairman as allocated to a person who performs the role of General Manager for which the determined remuneration based on the criteria laid down for Managers is considered adequate.

## **E.2 Managers**

With reference to Managers, the Remuneration Policy states that their total remuneration includes:

- (i) a fixed component, that adequately compensates experience, the role covered and the scope of the responsibilities assigned to the Managers,
- (ii) a variable component linked to achieving specific *performance* targets (collective and individual, both economic and non-economic, depending on the long-term value creation for shareholders), which represents a significant part of the total remuneration for Managers,
- (iii) *fringe benefits* ordinarily allocated to Managers based on Group policies.

The variable component of remuneration will be separated into a short-term incentive, which generally expires annually, and a long-term incentive.

Short-term incentives on the entire variable component for the year may not exceed 40%.

In respect of the afore-mentioned general principles, the structure of the remuneration for Managers is determined on the following criteria:

(a) Pay level.

The overall pay level offered by the Company to Managers must remain competitive with respect to the average market level for similar offices and positions.

(b) Balance between the fixed and variable part of the remuneration.

The fixed and variable component of the remuneration must be adequately balanced, to discourage initiatives focused on the Company's short-term results and to prevent Managers from being encouraged to act in conflict with the Company's strategic goals and the risk management policy.

The fixed component of the remuneration should therefore be sufficient to remunerate the performance of Managers also in the case in which any variable fee has not been paid due to non-attainment of the relevant performance targets.

(c) Limit to the variable part of the remuneration.

The variable aggregate fee, calculated by reference to the year, attributable to each Manager, including any incentive in money or in kind (including, by way of example, the allocation of shares in the Company in accordance with a stock plan),

should be between a minimum of 70% of the fixed component of the remuneration and a maximum of 220% of the fixed component of the Manager's remuneration.

(d) Determining performance targets.

(i) *Parameters.*

There is a minimum *performance* threshold below which no premium or incentive will be paid to the Manager.

The *performance* targets whose attainment is linked to the payment of the variable fee will be previously determined by the Board of Directors and indicated to the Managers.

The variable fee will be determined on the basis of:

- (i) the economic results of the Company [and/or Group] and the performance of Saras' shares,
- (ii) each Manager's individual results.

To this end, the following economic elements and performance will be identified:

- i. by specific reference to the economic results of the Company [and/or the Group]: for example, GOM [of the Group] and *Total Shareholder Return* of Saras' shares (equal to the change in share price);
- ii. as regards individual results: strategic objectives of the reference department.

In particular, the Board of Directors has identified the *adjusted* net profit as the parameter for *performance* to be assessed for the purposes of recognition of the short-term incentive.

As regards the amount of the annual variable, without prejudice to the limit of 40% for short-term incentives on the variable component as a whole for the year, the Board has identified energy efficiency, costs and working capital as reference parameters.

(ii) *Multi-year performance assessment.*

The *performance* of Managers must be assessed over a period of several years, providing for all variable fees (with the exception of short-term incentives) an accrual period of the related premium of at least three years.

(e) Deferment of part of the variable component.

Always with a view to ensuring exact correspondence between the amount paid to Managers by way of remuneration and their performance and to assess the impact of said performance on the Company's long-term results, the payment of a significant part of the variable fee accrued should be deferred for a period of at least one year.

The share of variable fee, referred to a year and deferred, will not be less than 60%.

The variable component - medium-long term incentive: Share-based schemes

The variable component of Managers' remuneration linked to achieving medium-long term objectives comprises the Stock Grant Plan available on the Company website (<http://www.saras.it>).

It should be noted that the 2016/2018 Stock Grant Plan in force was approved by the Shareholders' Meeting on 22 April 2016.

Further application criteria concerning the remuneration of Managers

(a) Clawback clauses

The variable components of the remuneration of Managers includes clawback mechanisms.

In particular, without prejudice to the attempting of every other action in the Company interests, the possibility will be envisaged of requesting the refund (in whole or in part), within two years of incentives paid to persons who, with intent or gross negligence, have been responsible for (or have concurred in) events relating to economic/financial indicators included in the Annual Financial Report adopted as parameters for determining the afore-mentioned variable components, as indicated below:

- proven and significant errors that result in a non-conformity with the accounting standards applied by the Company;
- verified fraudulent behaviour meant to obtain a specific representation of the financial position, operating performance or cash flows of Saras.

(b) Fees for the designated manager responsible for drafting company accounting documents.



The incentive mechanisms for the designated manager responsible for drafting company accounting documents should be consistent with the tasks assigned to them in order to minimise any conflict of interests.

In particular, in the determination of the *performance* targets, the individual targets must be linked to performing their specific duties.

(c) Prohibition of guaranteed bonuses.

There will be no guaranteed bonuses, i.e. not subject to any *performance* target or otherwise conditional upon the achievement of predetermined targets, except for bonuses possibly allocated when hiring new Managers, the amount of which, however, may not exceed 70% of the fixed component of the remuneration that they will be paid.

**F. Non-monetary benefits**

There are no non-monetary benefits for Directors.

Managers can be allocated non-monetary benefits according to Group policies, consisting mainly of company cars and health *check-ups*.

G. (please refer to point E above)

H. (please refer to point E above)

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

The Company's long-term interests and the policy followed in relation to the management and monitoring of the main company risks are an integral part of the Company's internal control and risk management system. The Remuneration Policy has been prepared in full compliance with the afore-mentioned internal control and risk management system.

J. (please refer to point E above)

K. (please refer to point E above)

**L. Termination of office or termination of the employment relationship**

There are no pay-outs in the event of termination of office or termination of the employment relationship.

#### **M. Insurance, retirement or pension benefits**

The Manager receives insurance for the refund of healthcare costs, as part of the FASI Health Fund.

N. (please refer to point E above)

#### **O. Reference to the remuneration policies of other companies**

The remuneration of directors and pay levels of Managers are determined on the basis of verification of practices in the general market and the specific sector in particular, by comparing the Company with leading listed Italian companies comparable thereto.

In particular, in the implementation of the Remuneration Policy, the Remuneration and Nomination Committee will be tasked with constantly monitoring market practices, both national and international, to assess the correspondence of the salaries paid by the Company to those paid by competing companies or otherwise comparable to the Company itself.

### **Section II**

A description of the fees paid by the Company to its directors and managers with strategic responsibilities in the financial year 2017 are provided below.

#### **Part One**

##### Payments to non-executive directors

In 2017, non-executive directors were paid fixed fees agreed by the Shareholders' Meeting of 28 April 2015.

##### Fees for attending board committees

In 2017, non-executive director members of the Remuneration and Nomination Committee and the Control and Risk Committee were also paid the additional fees approved by the Board of Directors at its meeting of 28 April 2015 for being part of these board committees.

##### Fixed additional fees for some executive directors

As regards the Chairman, Gianmarco Moratti, the CEO, Massimo Moratti and the Vice-Chairman, Angelo Moratti, in addition to the fees set out by the Shareholders' Meeting of 28 April 2015 for their role of directors, additional fees were granted for the amount determined by the Board of Directors on 14 May 2015.

### Variable fees

In 2017, no variable fees were paid to members of the Board of Directors. This remuneration policy is justified, as indicated in Section I, in virtue of the fact that the Chairman, Gianmarco Moratti, the CEO, Massimo Moratti and the Vice-Chairman Angelo Moratti are shareholders of the companies Gian Marco Moratti S.a.p.A. di Gian Marco Moratti<sup>1</sup> and Massimo Moratti S.a.p.A. di Massimo Moratti, that exercise joint control of Saras S.p.A., with the result that their interests are inherently aligned with achieving the priority target of creating value for all shareholders.

As regards the Managers of Saras S.p.A., i.e. the Executive Vice-Chairman and the General Manager and another manager with strategic responsibilities, these subjects are recipients of a short-term incentive plan of a monetary nature and a medium-long term incentive comprising the Stock Grant Plan, as better described in Section I. With reference to the Stock Grant Plan, the summary of the Performance Targets for the first year of validity of the Plan was prepared, with the help of the Remuneration and Nomination Committee, it being understood that the Allocation of Rights and the actual Provision of the Shares will only take place at the end of the three-year validity period of the Plan.

### Other fees received by members of the Board of Directors

The Executive Vice-Chairman and General Manager Dario Scaffardi and the directors Angelomario Moratti, Giovanni Moratti and Gabriele Moratti received additional fees in 2017 within the scope of their employment relationship with the Company.

### Pay-outs in the event of termination of office or termination of the employment relationship

There are no pay-outs in the event of termination of the office of director of Saras S.p.A. or termination of the employment relationship. The allowances listed in column 7 of Table 1 of Part Two of this Section II relate to termination pay-outs accrued until 31 December 2017 in the context of the employment relationship.

## **Part Two**

Tables drawn up pursuant to Annex 3A, Schemes 7-bis (Table 1 and Table 3A) and 7-ter of the Issuers' Regulation (Table 1) are attached.

---

<sup>1</sup> It is worth noting that the company Gian Marco Moratti S.a.p.A. di Gian Marco Moratti was converted into a joint stock company with effect from 26 March 2018 and changed its name into MOBRO SPA, as per communication of 29 March 2018 published on the website [www.Saras.it](http://www.Saras.it)

**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	Office	Term of office	Expiry of office	Fixed remuneration	Remuneration for attendance at committees <sup>1</sup>	Non-monetary benefits	Other remuneration	Total	Severance pay
Gian Marco Moratti	Chairman	Full term	26/02/2018	1,536,000.00 <sup>2</sup>				1,536,000.00	
Massimo Moratti	Chief Executive Officer	Full term	Approval of 2017 FS	1,536,000.00 <sup>2</sup>				1,536,000.00	
Angelo Moratti	Vice-Chairman	Full term	Approval of 2017 FS	236,000.00 <sup>2</sup>				236,000.00	
Dario Scaffardi	Executive Vice-President General Manager	Full term	Approval of 2017 FS	36,000.00			1,211,290.00 <sup>3</sup>	1,247,290.00	49,404.00
Gabriele Moratti	Director	Full term	Approval of 2017 FS	36,000.00			90,615.00 <sup>3</sup>	126,615.00	12,786.00
Angelomario Moratti	Director	Full term	Approval of 2017 FS	36,000.00			204,735.00 <sup>3</sup>	240,735.00	87,251.00
Giovanni Moratti	Director	From 20/04/2017	Approval of 2017 FS	25,151.00			62,049.00 <sup>3</sup>	87,200.00	19,950.00
Gabriele Previati	Director	Full term	Approval of 2017 FS	36,000.00	70,000.00		75,000.00 <sup>4</sup>	181,000.00	
Adriana Cerretelli	Director	Full term	Approval of 2017 FS	36,000.00	35,000.00			71,000.00	
Gilberto Callera	Director	Full term	Approval of 2017 FS	36,000.00	80,000.00			116,000.00	
Isabelle Harvie-Watt	Director	Full term	Approval of 2017 FS	36,000.00	35,000.00			71,000.00	
Laura Fidanza	Director	Full term	Approval of 2017 FS	36,000.00	70,000.00			106,000.00	
Andrey Nikolayevich Shishkin	Director	01/01/2017 - 17/02/2017	17/02/2017	4,537.00				4,537.00	
Giancarla Branda	Chairwoman of the Board of Statutory Auditors	Full term	Approval of 2017 FS	68,475.00				68,475.00	
Paola Simonelli	Standing auditor	Full term	Approval of 2017 FS	40,000.00			5,344.00 <sup>6</sup>	45,344.00	
Giovanni L. Camera	Standing auditor	Full term	Approval of 2017 FS	40,000.00			91,500.00 <sup>5</sup>	131,500.00	
Pinuccia Mazza	Alternate auditor	Full term	Approval of 2017 FS				0.00	0.00	
Giovanni Fiori	Alternate auditor	01/01/2017 - 13/12/2017	13/12/2017				0.00	0.00	
Strategic directors							656,852.00 <sup>3</sup>	656,852.00	38,288.00

<sup>1</sup> See Table 1 (a) below

<sup>2</sup> Including 36,000.00 fixed remuneration determined by the shareholders' meeting

<sup>3</sup> Employment responsibilities

<sup>4</sup> Remuneration as Chairman of the Supervisory Body of Saras SpA and of the subsidiary Sarlux Srl

<sup>5</sup> Remuneration as member of the supervisory bodies of Saras S.p.A and the subsidiaries Sardeolica S.r.l., Sartec S.r.l., Sarlux S.r.l. and Deposito di Arcola S.r.l. and as Chairman of the Board of Statutory Auditors of the subsidiary Sartec S.p.A. (until 23 march 2017), as Standing auditor of the subsidiary Sarlux S.r.l and, finally, as the sole statutory auditor of the subsidiaries Parchi Eolici Ulassai S.r.l. (until 4 October 2017), Sardeolica S.r.l. and Sargas s.r.l. (until 16 June 2017).

<sup>6</sup> Remuneration as member of the Board of Statutory Auditors of the subsidiary Sarlux S.r.l.

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

Remuneration and Nomination Committee	Gilberto Callera	40,000.00
	Laura Fidanza	35,000.00
	Gabriele Previati	35,000.00
Control and Risk Committee	Gilberto Callera	40,000.00
	Adriana Cerretelli	35,000.00
	Isabelle Harvie-Watt	35,000.00
	Laura Fidanza	35,000.00
	Gabriele Previati	35,000.00

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

A	B	(1)	Financial instruments awarded in previous years not vested during the financial year		Financial instruments awarded during the financial year					Financial instruments vested during the financial year and not allocated	Financial instruments vested during the financial year and that can be allocated		Financial instruments for the year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)	(10)	
Name and surname	office	plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the allocation date	Vesting period	Allocation date	Market price on allocation	Number and type of financial instruments	Number and type of financial instruments	Value on vesting date (29/12/2017)	Fair value
Dario Scaffardi	General Manager	Stock grant 2016 / 2018	435,130	January 2016 / December 2016						167,215	362,785	727,021	345,227
Key management			192,935	January 2016 / December 2016							74,143	160,858	322,358
Total			628,065							241,348	523,643	1,049,380	498,299

**APPENDIX 3A - SECTION II****SCHEDULE 7-TER**

TABLE 1: SHARES HELD BY MEMBERS OF THE MANAGEMENT AND CONTROL BODIES AND GENERAL MANAGERS

FULL NAME	OFFICE	INVESTEES COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
Gian Marco Moratti	Chairman	SARAS S.p.A.	-	-	-	-
Massimo Moratti	CEO	SARAS S.p.A.	-	-	-	-
Angelo Moratti	Vice-Chairman	SARAS S.p.A.	-	-	-	-
Angelomario Moratti	Director	SARAS S.p.A.	-	-	-	-
Gabriele Moratti	Director	SARAS S.p.A.	-	-	-	-
Giovanni Moratti	Director	SARAS S.p.A.	-	-	-	-
Gilberto Callera	Independent Director	SARAS S.p.A.	-	-	-	-
Andrey Nikolayevich Shishkin	Director	SARAS S.p.A.	-	-	-	-
Adriana Cerretelli	Independent Director	SARAS S.p.A.	-	-	-	-
Gabriele Previati	Director	SARAS S.p.A.	12,164	-	12,164	-
Laura Fidanza	Independent Director	SARAS S.p.A.	-	-	-	-
Isabelle Harvie-Watt	Independent Director	SARAS S.p.A.	-	-	-	-
Dario Scaffardi	Exec. Vice President and Gen. Man.	SARAS S.p.A.	146,370	-	-	146,370
Giancarla Branda	Pres. Board of Statutory Auditors	SARAS S.p.A.	-	-	-	-
Giovanni Luigi Camera	Standing Auditor	SARAS S.p.A.	-	-	-	-
Paola Simonelli	Standing Auditor	SARAS S.p.A.	-	-	-	-
Pinuccia Mazza	Alternate Auditor	SARAS S.p.A.	-	-	-	-
Giovanni Fiori	Alternate Auditor	SARAS S.p.A.	-	-	-	-

**APPENDIX 3A - SECTION II****SCHEDULE 7-TER**

TABLE 2: SHARES HELD BY OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

NUMBER OF MANAGERS WITH STRATEGIC RESPONSIBILITIES	INVESTEES COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
1	SARAS S.p.A.	-	-	-	-