

SARAS S.p.A.

**REPORT OF THE BOARD OF DIRECTORS ON ISSUES ON THE AGENDA PURSUANT TO
ART. 125-ter OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998**

Dear Shareholders,

with notice dated 16 March 2018, you have been convened to the ordinary Meeting of the company's shareholders to be held in Milan, at the Palazzo Giureconsulti in via Mercanti n. 2, on 27 April 2018, at 10.00 am in the first instance and then, if necessary, on the 28 April 2017, at the same place and time, in second call, to deliberate upon the following

AGENDA

- 1) *Approval of the financial statements for the year ending 31 December 2017; presentation of the consolidated financial statements for the year ending 31 December 2017 and of the Consolidated Non Financial Declaration pursuant to Legislative Decree n. 254 of 30/12/2016 - Sustainability Statement. Proposed distribution of profits and distribution of dividends.*
- 2) *Appointment of the Board of Directors:*
 - 2.1 *Determination on the number of members;*
 - 2.2 *Determination of the term of office;*
 - 2.3 *Appointment of members;*
 - 2.4 *Determination of remuneration;*
 - 2.5 *Any exemptions from the anti-competition rules pursuant to article 2390 of the Civil Code.*
- 3) *Appointment of Members of the Board of Statutory Auditors for the financial years 2018-2020:*
 - 3.1 *Appointment of members;*
 - 3.2 *Determination of remuneration;*
- 4) *Proposal of adjustment of remuneration to external EY S.p.A.; related and consequent resolutions;*
- 5) *Remuneration report. Resolution on the first section of the Remuneration report, pursuant to paragraph 6 of Art. 123-ter, of Legislative Decree no. 58/98.*
- 6) *Authorization to purchase and dispose of the Company's own shares. Relative and subsequent resolutions.*

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The present report illustrates the proposals concerning items indicated in points 2 and 3 of the aforementioned Agenda and has been drawn up in accordance with Art. 125-*ter*, of Legislative Decree no. 58 of 24 February 1998, as later modified (“TUF”).

In accordance with the regulation above, the current report is made available to the public at the registered office, administrative head office as well as on the website (www.saras.it) of Saras S.p.A. (the “Company”), at least days prior to the date of the shareholders' meeting (**Shareholder's Meeting**”).

As specified below, the reports relating to the other items in the agenda will be published in accordance to the law.

First item on the agenda

In accordance to the first item on the agenda, the Board of Directors you that the Company's draft financial statements to 31 December 2017, accompanied by the relative management report as well as declarations in pursuant to Art. 154-*bis*, paragraph 5 of the by the delegated administrative body and the officer in charge of preparing the company's accounting documents, will be made available at the Company's registered office and administrative head office, on the Company's website and in accordance with the other requirements by Consob, within the terms of the law.

Furthermore, in the days preceding the Shareholders' Meeting, copies of the Statutory Auditors' report and the Report of the Auditing Firm relating to the draft financial statements to 31 December 2017 will also be made available at the Company's registered office and administrative head office, on the Company's website and according to the terms by Consob.

The documents will furthermore be made available on the Company's website (www.saras.it).

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With regard to the presentation of the consolidated financial statements 31 December 2017 and of the consolidated non-financial statements in accordance with no. 254 of 30/12/2016 ("*Sustainability Statement*"), the documentation for which will be made available in a similar manner as that indicated above for the draft financial statements, please note that no approval will be required at the Shareholders' Meeting.

Second item on the agenda

With regard to the second item on the Agenda, the Board of Directors reminds you that the Board in office (the “**Board**”), appointed by Shareholders at the Meeting of 28 April 2015 for the three-year period 2015/2017, has expired due to the completion of its term and that, for this reason, you were called to an ordinary meeting to vote on the appointment of the new board of directors, determining the number, term of office and pay of director.

With regard to the size of the board of directors, we also remind you that art. 18 of the articles of association (the “**Articles**”) provides for a number of members of between 3 and 15 and sets the term of their office at 3 financial years and also provides that the board members can be re-elected.

As already specified in the notification of the Shareholders’ Meeting, to which you should refer for further information, we remind you that the board of directors will be appointed on the basis of lists presented in accordance with the terms provided by article 18 of the Articles of Association, the full text of which is set out at the foot of this point, and by CONSOB decision no. 20273 of 24 January 2018, by Shareholders who, alone or together with others, represent at least 1% of the share capital constituted by shares with right to vote in Ordinary Shareholders' Meetings.

We also remind you that, pursuant to the aforementioned article of the Articles of Association, the lists of candidates, numbered consecutively, accompanied by the CVs of the parties appointed and their declarations of acceptance of the position, the absence of legal ineligibility and incompatibility and compliance with any requirements indicated in the list, must be signed by those who present them and filed at the registered office within twenty-five days of the date of first call of the Shareholders' Meeting called to vote on the appointment of board members. The lists of candidates are made available to the public at the registered office, on the company's website and by the other methods provided by Consob at least twenty-one days before the date of the Shareholders' Meeting.

For the appointment of the board of directors, each Shareholder can present and vote for only one list and each candidate can only be included in one list. Each list must contain a number of candidates from three to fifteen, numbered in consecutive order.

At the end of the voting, the number of directors will be equal to the number of candidates indicated in the list that has obtained the greater number of votes and the following will be elected: (i) the candidates on the list that has obtained the greatest number of votes except for the last candidate of said list, and (ii) the

first candidate from the list that has obtained the second best result and is not connected in any way, not even indirectly, with shareholders who have presented or voted for the list that has obtained the largest number of votes. In the case of only presenting and voting for one list of candidates, the Board of Directors will comprise all the candidates from the single list.

We remind you that law no. 120 of 12 July 2011 (hereinafter “**Law 120/2011**”) just as has happened in other European, has introduced into Italian law the “*gender quotas*” in relation to the composition of listed companies' corporate bodies, establishing that these companies must guarantee, for at least three consecutive terms, compliance with a distribution criterion relating to the composition of the corporate bodies. The renewal of the board of directors will, in accordance with art. 2 of the aforementioned Law 120/2011, be subject to the rules and articles clauses, as set out below, on the subject of gender balance in corporate bodies and at the same time, we note that, since the Company has already applied these rules for the first term, the quota reserved for the less represented gender will be one third.

In the case that, with candidates elected in the manner indicated above, it has not been possible to ensure a composition of the Board of Directors compatible with pro tempore regulations in relation to gender balance, the candidate of the gender most represented elected last in progressive order in the list that has reported the largest number of votes will be replaced by the first candidate of the less represented gender non-elected from the same list, in progressive order. In the case that, as a result of this replacement procedure, the composition of the Board of Directors is not compliant with applicable pro tempore regulations relating to gender balance, the replacement will take place through a resolution by the shareholders' meetings with a relative majority, after presentation of candidates belonging to the gender less represented.

The Board recommends that in the presentation of the lists, Shareholders, taking into account the complexity and the specific nature of the activities carried out by the Company and by the group it is headed by, consider (a) the need to maintain an appropriate ratio between executive, non-executive and independent directors, (b) the usefulness of confirming the office of persons who have already built up sufficient knowledge of the sector in which the Company operates and of its *corporate governance* structure, and (c) the usefulness of confirming the current combination of professionals and skills present on the Board; meantime making sure to appoint board members from the less represented gender, in adherence to the applicable regulations.

In this respect, if it should be necessary in relation to the candidature presented, and in order to allow persons holding managerial roles in companies operating in the same sector as the Company to make their own contributions in terms of experience and skills to the Board of Directors, the Board also considers it appropriate that the Shareholders' Meeting consider authorizing a waiver of the ban on competition in accordance with art. 2390 of the Civil Code for directors who do not hold executive positions and that, in assessing compliance with the independence requirements of the independent directors recommended by the Corporate Governance Code, the benefit that the Board of Directors and its internal committees could derive from the wealth of experience and knowledge of the structure of Board members who have already held such office in the past should be duly taken into account.

For further details, the Board refers you to the "Guidelines" document attached to these presents and also published on the Company's website.

For further information on the submission of the lists and documentation to be included with the same, including that relating to individual candidates, and the terms of appointment, please see article 18 of the Articles of Association and article 18 of the Shareholders' Meeting Regulation, with particular reference to the provisions of article 144-*octies*, clause one, letter b) and of CONSOB decision no. 11971 of 14 May 1999, as amended (the "Issuers' Regulation").

You are therefore invited to appoint the Board of Directors by voting for one of the lists that will be presented in accordance with the provisions of the applicable regulations and the Articles of Association, and to determine the number, the term of office (which, in accordance with the law and the Articles of Association, cannot exceed three financial years) and the annual of the directors in accordance with article 2389, clause1, of the civil code and detail in it any exemptions from the anti-competition rules pursuant to article 2390 of the Civil Code.

ARTICLES OF ASSOCIATION

Board of Directors

Article 18 - umber of members and the term in office

The Company is to be administered by a Board of Directors made up of no less than three and no more than members.

The shareholders' meeting determines the number of the members of the board of directors within the already mentioned limits through the voting mechanism as described in the following paragraphs. The number of directors can be increased by a shareholders' resolution, within the maximum limit indicated above, also during the term of office of the board of directors; the appointment of the directors so appointed will terminate at the same time as that of directors already in place at the time of the appointment.

The directors' term of office is determined by the shareholders' meeting at the time of the election and cannot be longer than three financial years. The mandate expires on the date of the shareholders' meeting called for the approval of the financial statements relating to the last financial year of the term of office. Directors are eligible for re-election.

The election of the members of the board of directors will take place, in respect of the applicable pro tempore regulations relating to the balance of genders, on the basis of lists of candidates according to the manner indicated below.

As many shareholders who, referring to the shares that are recorded in their name on the day the list is filed with the company, represent at least 2.5% (two point five percent), or as otherwise established by the regulations in force, of the ordinary voting share capital can file a list of at least three, and no more than , candidates, ordered progressively by number, filing said list with the registered office at least days before the date of the first call of the shareholders' meeting, on pain of forfeiture.

In order to provide evidence of the ownership of a sufficient number of shares to file lists, it is necessary to produce the certificate issued by the intermedia, which can also be produced after filing the list, as long as this is done within the time limit set for the publication of lists by the company. Lists with a number of candidates equal or higher than three must include candidates of both genders, so that a proportion (rounded up) of candidates belongs to the gender less represented, equal to that applicable by pro tempore regulations relating to the balance of genders in the composition of the board of directors.

Each shareholder can file a single list of candidates and every candidate can be included in only one list, under penalty of ineligibility. Each shareholder can vote for a single list and therefore automatically all the candidates listed therein, without possibility of variations, additions or exclusions.

By the deadline for filing the list with the registered office, declarations by each of the candidates attesting, on their own responsibility, the non-existence of causes of ineligibility and incompatibility, as well as confirming compliance with the requirements of current legislation and the current Articles of Association relating to the role of Company director, must be filed with each list.

The number of directors will be equal to the number of candidates indicated in the list that has obtained the greater number of votes.

On the result of the vote, the following will be elected: (i) the candidates on the list that has obtained the greatest number of votes except for the last candidate of said list, and (ii) the first candidate from the list that has obtained the second best result and is not connected in any way, not even indirectly, with shareholders who have presented or voted for the list that has obtained the largest number of votes. In the case of only presenting and voting for one list of candidates, the Board of Directors will comprise all the candidates from the single list.

In the case that, with candidates elected in the manner indicated above, it has not been possible to ensure a composition of the board of directors compatible with pro tempore regulations in relation to gender balance, the candidate of the gender most represented elected last in progressive order in the list that has reported the largest number of votes will be replaced by the first candidate of the less represented gender non-elected from the same list, in progressive order. In the case that, as a result of this replacement procedure, the composition of the board of directors is not compliant with applicable pro tempore regulations relating to gender balance, the replacement will take place through a resolution by the shareholders' meetings with a relative majority, after presentation of candidates belonging to the gender less represented.

Should one or more vacancies occur on the Board during the financial year, Article 2386 of the Civil Code shall apply. If the departed director had been taken from the list that had received the second largest number of votes, the replacement is made by nominating a person taken, in progressive order, from the same list the departed director belonged to, if still eligible and prepared to accept the role. For confirmation of the co-opted director by resolution of the shareholders' meeting, or for the nomination of another director to replace them in the subsequent shareholders' meeting, proceed in the following way: as many shareholders who represent at least 2.5% (two point five per cent), or as otherwise established by the regulations in force, of the ordinary voting share capital can select their own candidate by filing their name at the registered office at least days before the date of the first call of the shareholders' meeting. The previous provisions of article 18 are applied as they are compatible. If the co-opted director, or the director they replace, had been taken from a from a minority list, the shareholder representing the largest percentage of the share capital present in the meeting and shareholders connected with them, even if indirectly, will not be eligible to vote. After the vote, the elected candidate will be the one who has achieved the largest number of votes. The term of the new director will expire at the same time as that of the directors in place at the time of the nomination, and it will be subject to the same laws and applicable to the other directors. In any case, the replacement of directors who have their role is carried out by the board of directors ensuring the respect of applicable pro tempore regulations relating to gender balance.

Every time that the majority of members of the board of directors their role for any cause or reason, the entire board shall be deemed to have resigned and a shareholders' meeting must be called without delay by the directors still in place for the reconstitution of the board.

Third item on the agenda

With regard to the third item on the Agenda, the Board of Directors reminds you that the Board of Statutory Auditors appointed by Shareholders at the Meeting of 28 April 2015 for the three-year period 2015/2017 has expired due to the completion of its term and that, for this reason, you were called to an ordinary meeting to vote on the appointment of the new Board of Statutory Auditors, determining its remuneration.

In particular, you are called to appoint three standing statutory auditors and two alternate auditors who, in accordance with the law and the Articles of Association, will remain in office for three financial years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the year closing on 31 December 2020.

We remind you that the members of the Board of Statutory Auditors will be appointed on the basis of lists presented in accordance with the terms provided by article 26 of the Articles of Association, the full text of which is set out at the foot of the following point, and by CONSOB decision no. 20273 of 24 January 2018, by Shareholders who, alone or together with others, represent at least 1% of the share capital constituted by shares with right to vote in Ordinary Shareholders' Meetings.

The lists must be filed at the registered office no later than the day prior to the date of the first call of the shareholders' meeting. The filing of the lists within the aforementioned deadline must be accompanied by the supporting documentation containing the information on the identity of the shareholders presenting them, the percentage of the total shareholding held, the declaration of shareholders other than those who hold, even jointly, a controlling interest or relative majority, certifying the absence of relationships provided for by art. 144-*quinquies*, Issuers Regulation with the latter and exhaustive information on the personal and professional characteristics of the candidates and a declaration certifying possession of the requirements provided by the articles or by law, acceptance of the candidature, accompanied by the list of administrative or control positions they occupy at other companies.

If within twenty-five days of the first call of the Shareholders' Meeting only one list is filed or only lists that are connected to each other pursuant to applicable law are filed, the deadline for the presentation of lists for the appointment of the Board of Statutory Auditors will be extended by three days, and the percentage for the presentation of the same will be equal to 0.5% of the share capital constituted by shares with voting rights in the ordinary Shareholders' Meeting.

On the result of the vote, the following will be elected: (i) to the office of standing auditor the candidates indicated in numbers 1 (one) and 2 (two) of the list that have obtained the largest number of votes; (ii) to the office of Chairman of the Board of Statutory Auditors the candidate auditor indicated at number 1 (one) of the list who has obtained the largest number of votes among the lists presented and voted by shareholders who are not connected in any way, not even indirectly, with shareholders who have presented or voted for the list that has obtained the largest number of votes; (iii) to the office of alternate auditors the candidates indicated as alternates in number 1 (one) either of the list that has obtained the largest number of votes, or of the minority list from which the Chairman of the Board of Statutory Auditors has been taken.

If two or more lists have obtained the same number of votes, a new vote will be taken to obtain an unequivocal result. If only one list of candidates is presented, standing auditors (including the Chairman of the Board of Statutory Auditors) and the alternates will be elected from this list.

We remind you that law no. 120 of 12 July 2011 (hereinafter “Law 120/2011”) just as has happened in other European, has introduced into Italian law the “*gender quotas*” amending the articles relating to the composition of the corporate bodies of listed companies, establishing that at least a third or, on initial application (in other words on the first renewal following the entry into force of the law), at least one fifth of the less represented gender be represented in corporate bodies. The renewal of the Board of Statutory Auditors therefore, in accordance with the aforementioned rules, will be subject to the rules and articles clauses relating to gender balance in corporate bodies. Lists with a number of candidates equal to or higher than three must include candidates of both genders, so that a proportion (rounded up) of candidates to the office of statutory Auditor and of candidates to the office of alternate Auditor belongs to the gender less represented, equal to that applicable by *pro tempore* regulations relating to the balance of genders in the composition of the Board of Statutory Auditors (namely a third).

The Board reminds you that candidates for the position of auditor must fulfil the integrity and independence requirements of current legislation and, in accordance with the Governance of Listed Companies to which the Company adheres, auditors must be chosen from among people who can be qualified as independent, based on legal criteria and the recommendations of the aforementioned Governance with reference to Directors, in the latter case having regard more to substance rather than form.

Also considering that, for the purposes of article 2400, last clause, of the Civil Code, at the time of the appointment and before accepting the office the Meeting must be informed of the administration and

control positions held by the auditors in other companies, candidates are invited to kindly provide this declaration in the documents containing their own personal and professional details, with the recommendation that they update them to the date of the shareholders' meeting.

For further information on candidate requirements, presentation of the lists and the documentation to be included with the same, including those relating to individual candidates, and the modalities of appointment, please see, apart from the convening notice, article 26 of the Articles of Association, article 18 of the Shareholders' Meeting Regulation and the applicable laws and regulations, with particular reference to the provisions of art. 144-*sexies*, clause four, of the Issuers' Regulations.

You are therefore invited to appoint the members of the Board of Statutory Auditors by voting for one of the lists that will be presented in accordance with applicable legal provisions and the Articles of Association, and to determine their remuneration.

ARTICLES OF ASSOCIATION

Article 26 - Board of Statutory Auditors

The board of statutory auditors is composed of three standing members and two alternate members, who remain in office for three financial years, expiring on the date of the shareholders' meeting called to approve the financial statements for the third year, and may be re-elected.

The board of statutory auditors and the statutory auditors operate according to the law.

The standing and alternate members of the board of statutory auditors are elected in compliance with the pro tempore regulations in force regarding gender balance, according to the list voting procedures provided by current legislation, as set out below.

Shareholders who represent at least 2.5% (two point five per cent), or a different measure established according to current legislation, of the share capital consisting of shares with voting rights at the ordinary shareholders' meeting have the right to present lists. Lists with a number of candidates equal to or higher than three must include candidates of both genders, so that a proportion (rounded up) of candidates to the office of statutory Auditor and of candidates to the office of alternate Auditor belongs to the gender less represented, equal to that applicable by pro tempore regulations relating to the balance of genders in the composition of the Board of Statutory Auditors.

Together with each list, before the submission deadline at the registered office, declarations must be filed in which the individual candidates accept their appointment and attest, under their own responsibility, that there are no grounds for ineligibility and incompatibility (including not exceeding the regulatory limits regarding the number of offices held), as well as the existence of the requirements laid down by law and the Articles of Association for the office of company auditor.

The candidates included in the lists must fulfill the following professional requirements:

** the first candidate on the list, both for the standing auditor and for the alternate auditor, must be entered in the auditors register and must have exercised the legal control of accounts profession for a period of no less than three years;*

** the other candidates, if not in possession of the requisite provided in the previous paragraph, must have gained a total experience of at least three uninterrupted years in the exercise of:*

- administration or control activities or management functions in companies with a share capital of no less than two million Euro;*
- business or university teaching activities in legal, economic, financial or technical-scientific subjects closely related to the business sector in which the company or the group it is headed by operates;*
- managerial functions in public bodies or public administrations operating in the credit, financial and insurance sectors or in any other sectors closely related to the corporate purpose of the company or the group it is headed by.*

Matters and sectors strictly related to the activities of the company or of the group that heads are understood to be those included in its the corporate purpose.

When the voting ends, the following will be elected: to the office of standing auditor the candidates indicated in numbers 1 (one) and 2 (two) of the list that have obtained the largest number of votes; to the office of Chairman of the Board of Statutory Auditors the candidate auditor indicated at number 1 (one) of the list that has obtained the largest number of votes among the lists presented and voted for by shareholders who are not connected in any way, not even indirectly, with shareholders who have presented or voted for the list that has obtained the largest number of votes; to the office of alternate auditors the candidates indicated as alternates in number 1 (one) either of the list that has obtained the largest number of votes, or of the minority list from which the Chairman of the Board of Statutory Auditors has been taken.

If the composition of the board of statutory auditors is not ensured in the manner described above, in terms of its standing members, in compliance with the pro tempore regulations in force concerning the gender balance, for candidates for the office of standing auditor of the list that has obtained the largest number of votes, the necessary replacements will be made, according to the consecutive order in which the candidates are elected.

If two or more lists have obtained the same number of votes, a new vote will be taken to obtain an unequivocal result. If only one list of candidates is presented, standing auditors (including the Chairman of the Board of Statutory Auditors) and the alternates will be elected from this list, notwithstanding adherence to the pro tempore regulations relating to gender balance. In the event of termination of the office of a statutory auditor, the alternate auditor belonging to the same list as the auditor to be replaced takes over. If the statutory auditor is also chairman of the board of statutory auditors, the alternate auditor will be appointed chairman of the board.

The shareholders' meeting called to reinstate the board pursuant to the law will, if the reinstatement concerns statutory auditors of the minority list, make every effort to adhere to the aforementioned principle of representation of the minority, provided that at least one auditor and at least one alternate auditor are entered in the auditors register and have exercised the legal control of accounts profession for a period of not less than three years.

It is understood that the replacement procedures referred to above must in any case ensure that the composition of the board of statutory auditors complies with the pro tempore regulations in force concerning the gender balance.

For the appointment of statutory auditors not elected, for whatever reason, in compliance with the procedures set out in the previous paragraphs, the shareholders' meeting takes decisions with the legal majorities, notwithstanding compliance with the pro tempore regulations concerning gender balance.

The office of auditor is incompatible with performing similar offices in more than three other companies listed on Italian regulated markets, with the exclusion of the Company and its subsidiaries.

To this end, each standing auditor must produce a specific declaration for the board of directors containing, where necessary, mention of the renunciation of incompatible positions.

Failure to produce the declaration referred to in the previous paragraph within 30 (thirty) days of the appointment or any subsequent assumption of incompatible positions pursuant to the same paragraph shall result in the forfeiture of the office of statutory auditor.

The chairman and the other members of the board of statutory auditors are paid in accordance with current .

The possibility of meetings of the board of statutory auditors being held by telecommunications means is permitted, provided that all the participants can be identified and that they are allowed to participate in the controls, follow the discussion and intervene in real time in the discussion of the topics dealt with and in the voting and to receive, send and view documents. With these requirements fulfilled, the board of statutory auditors is considered convened in the place announced by the board, in which at least one statutory auditor must be present.

Fourth item on the agenda

With regard to the fourth item on the agenda, the Board of Directors reminds you that the Shareholders' Meeting of 28 April 2015 appointed the Auditing Firm EY S.p.A for the legal review of the accounts for the financial years 2015/2023. ("EY") but that, considering changes to that have led to and will lead to an increase in the work of the board and, therefore, of the payments to be made to EY, you have been called to vote on the proposed updating of the fees of EY S.p.A for the financial years 2017/2023.

The illustrative report on this matter, drawn up on the proposal of the Board of Statutory Auditors, will be made available in the legal form and terms.

Fifth item on the agenda

With regard to the fifth item on the agenda, you are by the Board of Directors that the report on remuneration, drawn up in accordance with art. 123-*ter* of the and Art. 84-*quater* of the Issuers' Regulations, will be made available in the manner and terms indicated by the law.

Sixth item on the agenda

With regard to the sixth item on the agenda, the Board of Directors informs you that you have been called also to vote on the proposal to own shares of the Company and of the same, in accordance with and for the purposes of article 2357 and 2357-ter of the Civil Code and 132 TUF (the “Program”) and the simultaneous substitution of the authorization voted by the Shareholders' Meeting of 20 April 2017.

The report illustrating the objectives and main features of the Program, prepared in accordance and following the structure of Annex 3A, outline no. 4, of the Issuers' Regulations and in accordance with art. 73 of the same Issuers' Regulations, will be made available to the public according to the terms and manner indicated by current regulations.

Milan, 16 March 2018

For the Board of Directors
Chief Executive Officer
Massimo Moratti



**GUIDELINES
OF THE SARAS BOARD OF DIRECTORS
TO SHAREHOLDERS ON THE SIZE AND
COMPOSITION OF THE
NEW BOARD OF DIRECTORS**

- 16 March 2018 -

GUIDELINES
OF THE SARAS BOARD OF DIRECTORS
TO SHAREHOLDERS ON THE SIZE AND COMPOSITION
OF THE NEW BOARD OF DIRECTORS

PREAMBLE

In compliance with the recommendations of art. 1.C.1, h) of the Corporate Governance Code for listed companies (“**Corporate Governance Code**”) and, considering the fact that its term of office expires with the approval of the balance sheet for 2017, the Board of Directors (the “**Board**”) of Saras S.p.A. (“**Saras**” or the “**Company**”), has drawn up some considerations to be submitted to Shareholders, in view of the presentation of the lists for the Shareholders' Meeting scheduled for April 2018, on the size of the new Board of Directors and on the professionals it considers appropriate to place on the new Board.

The aim of this document is therefore to identify and define, in compliance with the Company's Articles of Association and statutory and regulatory provisions, the qualitative and quantitative composition of the Company's Board of Directors, providing the appropriate instructions to the Shareholders' Meeting for the purposes of the renewal of the said body.

Therefore, the Board having:

- previously heard the Remuneration and Nomination Committee;
- taken into consideration the positive results of the **Board Evaluation** conducted, referring to financial year 2017,

provides Shareholders and sets out in this document (the “**Guidelines**”) its own guidelines regarding:

- the size of the new Board of Directors;
- the composition, referring to the managers and professions it is deemed appropriate to place on the new Board of Directors.
- the maximum number of members
- the diversity policy

A) SIZE OF THE BOARD OF DIRECTORS

Regarding the size of the Board of Directors, Art. 18 of the Articles of Association indicates that the Company is to be administered by a Board of Directors made up of no less than three and no more than fifteen members.

Considering that the appropriate size of the administrative body must take into account the complexity and specific nature of the corporate purpose of the Company and of the group it belongs to and that, therefore, the number of Board Members must be appropriate to the size and complexity of the Company's organizational structure, in order to

- effectively oversee all the company's operations;
 - ensure problems can be analyzed in depth and that each member can express themselves, individually contributing to the development of a fruitful dialectic;
 - guarantee that the Body's actions are effective and incisive;
 - oversee the management, controls and the effective governance of all risks,
- the number of members should not be excessive nor, on the other hand, too small.

Lastly, also taking into account the Industrial Plan 2018/2021 (the “**Plan**”) and in relation to the challenges that await the Company, it is necessary to identify a Board structure that ensures an ability to tackle complex strategic, organizational and management issues that require sufficient professionalism and constant exchanges between its members on issues dealt with at the Board.

Based on the above considerations, the Board considers worthy of consideration:

- (a) the need to maintain the proper ratio of executive, non-executive and independent directors;
- (b) the usefulness of confirming in their positions persons who have already built up sufficient knowledge of the sector the Company operates in and of its *corporate governance* structure, and
- (c) the requirement to guarantee the combination of professionalism and skills present in the Board;

The above will also be done by introducing members belonging to the least represented gender, in adherence to .

The Board also considers the current number of members of the Board of Directors to be appropriate and the current ratio of Executive Directors, Non-Executive Directors and Independent Directors to be balanced and appropriate for ensuring its efficient operation.

Saras' Board of Directors, therefore, wishes to maintain the current size and structure in a spirit of continuity, to ensure stability and coherence in the Company's management actions.

B) OF THE BOARD OF DIRECTORS

With reference to the skills that the members of the Company's future administrative body must possess, without prejudice to the necessary possession of the requisites of professionalism, integrity and independence required by current legislation and without prejudice to the fact that all directors contribute to the taking of company decisions, the Board considers that the distribution of roles and competences among the various members must be clear and well articulated, in order to best pursue the company's objectives, distinguishing for this purpose between the roles of the Chairman, executive directors, independent directors and non-executive directors.

Saras' Board of Directors identifies the following personal and professional characteristics deemed appropriate for the various roles in the board of directors, in line with those currently to be found:

(i) the **Chairman of the Board of Directors** :

- be a person of sufficient authority and professional standing;
- have previous experience in boards of directors of listed companies of a size and/or complexity comparable to those of the Company; and
- have sufficient knowledge of and experience in *corporate governance* and corporate strategy matters;

(ii) the **executive directors** should:

- have previous experience at the top of companies of a size and/or complexity comparable to those of the Company;
- have amassed sufficient knowledge and experience in the oil refining and energy sector or in other similar sectors; and
- have sufficient skills in economic-financial and business strategy or in other subjects (technical or legal matters) relevant to the Company's activities;

(iii) the **non-executive directors** should:

- have gained high profile professional experience at top national or international companies, or in institutional environments;
- be sufficiently skilled in economic-financial matters and in *corporate governance* of listed companies;
- be in the main persons who have gained experience in *business* areas comparable to those of the Company; and
- ensure a complementarity of skills and professional backgrounds that guarantees suitable diversity of board committee members;

(iv) the **independent directors** should:

have the independence requisites provided by law and the recommendations of the Corporate Governance Code, the latter having more regard to substance than form; and

- have sufficient authority and possibly already have experience in *corporate governance* in companies of a size and/or complexity comparable to those of the Company.

In particular, the skills areas the Board has identified and that it considers appropriate for candidates for the position of director to possess, along with a good level of knowledge and experience, are the following:

- a) have a managerial and/or professional and/or academic/institutional profile that provides a set of different and complementary skills and experiences, also taking into account the benefits that may derive from the presence on the Board of different genders, age groups, and levels of seniority;
- b) have sufficient *seniority*, understood as proven experience in complex organisational contexts in corporate and/or professional and/or institutional areas;
- c) preferably have experience in positions of responsibility within industrial groups of a scale and/or complexity and with an international projection comparable to those of Saras or on the board of directors of companies, preferably listed, of significant scale and/or complexity;
- d) have skills that enable them to effectively contribute to the company's work. To this end, skills gained in the OIL sector and in the Energy market, and also in economic-financial and/or risk management and/or law and/or corporate *governance* and/or sustainability and/or *digital innovation* and/or in the technology and research sectors are considered relevant;
- e) possibly have international experience, accompanied by appropriate knowledge of foreign languages and, in particular, at least English.

The Board also deems it appropriate that it can be demonstrated that board members and, in particular, those who do not have an executive role in the ordinary management of the company, have professionalism and a thorough knowledge of the area the Company operates in. To this end, it suggests that the shareholders waive non-executive directors' compliance with the ban on competition pursuant to art. 2390 of the Civil Code, thereby allowing persons holding managerial roles in companies operating in the same sector as the Company to make their own contributions in terms of experience and skills to the Board of Directors.

The Board also notes that the administrative body in its current set-up is the result of certain operations carried out during the term of office, in particular to additions to it made following the resignations of some of the directors originally appointed.

Taking into account the fact that the knowledge of an structured and complex Group like SARAS needs an adequate period of experience-building, the Board suggests that, in assessing compliance with the independence requirements of the independent directors recommended by the Corporate Governance Code, the benefit that the Board of Directors and its internal committees could derive from the wealth of experience and knowledge of the structure of Board members who have already held such office in the past should be duly taken into account.

C) GENDER

The Board reminds you that with regard to the gender requisite, the appointment of the administrative body must be done in adherence to the law so that the distribution of directors to be elected is based on criteria that guarantee that the least represented gender obtains at least a third of the seats on the Board.

In particular, in consideration of the provisions of art. 123-bis, paragraph 2, d-bis) of the , the Board of Directors acknowledges that no specific diversity policy has been adopted because, since the entry into force of Law 12 July 2011 the promotion of diversity and the principle of gender inclusion and balance have always been fundamental elements of the Group's corporate culture, regardless of whether a specific policy has been adopted in this respect. These principles have been considered as the basis for the medium to long-term sustainability of the business activity, representing a point of reference both for the Group's employees and for the members of the Saras administrative body and in particular the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Chairman who, as shareholders of the companies that hold joint control of Saras, have made their choices accordingly.

D) COMMITMENT

On making the appointments and annually, at a board meeting, the Board of Directors checks the compatibility of the offices taken up by the directors in other listed companies through examination and discussion of the individual positions declared by the said directors.

All directors accept the office when they believe they can dedicate the necessary time to the diligent performance of their duties - taking into account both the number and the nature of the offices held outside the Company, in the administrative and control bodies of other companies listed in regulated markets (including foreign ones), in financial, banking, insurance companies or companies of considerable size and the commitment required by further work and professional activities carried out - and dedicate the time necessary to successfully perform their duties, being well aware of the responsibilities inherent in the office held.

The Board, on the basis of the opinion expressed by the Remuneration and Appointments Committee and on the *Board Evaluation* carried out, considers, as a guideline, that the directors should not hold office in administrative or control bodies in more than five companies listed on regulated markets (including foreign) or financial, banking, insurance or large companies..

These guidelines are, as said, general, and may be waived as the result of a specific evaluation of the individual personal situations of each candidate. In particular, notwithstanding the fact that each director must undertake to dedicate a sufficient amount of time to the performance of their duties, a candidate can accept the position in the absence of the aforementioned requirement if, for example, the role assumed on the Company's Board of Directors (e.g. non-executive role, not a member of any internal committee) and their

specific experience and personal skills lead to the consideration that, despite the total number of positions they hold being higher than that indicated, this person's membership of the Board of Directors is consistent with the corporate interest and with the effective performance of the board's functions.

The Board of Directors will issue an annual evaluation of a qualitative nature based on examination and discussion of the positions declared by the individual Board Members, taking into account the following criteria:

- relevance of the offices of Director or Statutory Auditor held in other companies listed in regulated markets (even abroad), in financial, insurance companies or those of significant scale
- professionalism and independence of judgment demonstrated by the Directors;
- checking of the commitment, of the continual physical participation in meetings of the Board, of the Committees and of the Company's various management activities by Directors, in the light of their professional commitments.

For the Board of Directors
Chief Executive Officer
Massimo Moratti