

SARAS S.p.A.

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

To the Shareholders,

with notice dated 21 March 2017, you have been convened to the ordinary and extraordinary Meeting of the company's shareholders to be held in Milan, at the Palazzo Giureconsulti in via Mercanti n. 2, on the 20 April 2017, at 10.30 am for the first convocation and then, if necessary, on the 21 April 2017, at the same place and time, for the second convocation, to deliberate upon the following

AGENDA

Ordinary Session

1. *Approval of the financial statements to 31 December 2016 and presentation of the consolidated financial statements to 31 December 2016. Allocation of annual result and distribution of dividends.*
2. *Resignation of a Director: nomination of a director or reduction in the number of directors; relative and consequent resolutions.*
3. *Remuneration report. Resolution on the first section of the Remuneration report, pursuant to paragraph 6 of Art. 123-ter, of the Legislative Decree no. 58/98.*
4. *Authorisation to purchase and dispose of the Company's own shares. Relative and subsequent resolutions.*

Extraordinary Session

1. *Amendment of Article 18 of the Articles of Association; relative and subsequent resolutions.*

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The present report illustrates the proposals concerning items indicated at point 2 of the 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 shall be 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 30 days before the date of the Shareholders’ 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 on the day of the ordinary session

In accordance with the first item on the agenda of the ordinary session, the Board of Directors advises you that the Company's draft financial statements to 31 December 2016, accompanied by the associated management report as well as declarations pursuant to Art. 154-*bis*, paragraph 5 of the TUF 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 21 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 2016 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 anticipated 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 to 31 December 2016, 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.

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Second item on the agenda on the day of the ordinary session

To the Shareholders,

With regard to the second item on the Agenda for the Ordinary Session, please be advised that, following the resignation with immediate effect of the Non-executive Director Andrey Nikolayevich Shishkin on 17 February 2017, the Board of Directors has not deemed it necessary to seek a replacement in accordance with Art. 2386, paragraph 1, of the Civil Code, but to seek directly from the Shareholders' Meeting, considering the imminence of the same, a decision regarding the nomination of a Director to replace a departed Director, or the reduction of the total number of Directors.

You are therefore invited to approve, alternatively, the election of a new Director to reinstate the number of the Company's Board Directors to the agreed number of 12 (twelve) as for the resolution of the Ordinary Shareholders' Meeting of 28 April 2015, or the reduction of the number of Directors from 12 (twelve) to 11 (eleven). Regarding this, it should be noted that Art. 18 of the Articles of Association (the text of which is reproduced below) indicates that the Company is to be administered by a Board of Directors made up of no less than three and no more than 15 members.

Nomination of a director

With regard to the possible integration of the Board of Directors through the nomination for the replacement for the departed director (should the Shareholders pass a resolution for this), please note that, as already specified in the notification of the Shareholders' Meeting, to which you are directed for further information, the possible nomination of a new Board Director will take place through a vote on the applications received at least 10 days before the date of the first convocation of the meeting (that is, by 10 April 2017), by a sufficient number of shareholders to represent, in accordance with both Art. 18 of the articles of association and CONSOB resolution no. 19856 of 25 January 2017, at least 1% of the ordinary share capital with voting rights in the ordinary session.

After the vote, the elected candidate will be the one who has obtained the largest number of votes.

You are further reminded that the mandate of the possible new elected director will expire at the same time as that of the directors in place at the time of the nomination, that is to say with the meeting convened for the approval of the financial statements to 31 December 2017, and that it will be subject to the same laws and statutes applicable to the other directors. Furthermore, in case of a nomination, the Board of Directors will propose that the new Director will receive the same compensation as that established for the other appointed Directors.

With reference to law no. 120 of 12 July 2011 as amended and added to, you are reminded that the actual composition of the Board of Directors will ensure gender balance as required by the current regulations.

Every other detail relating to the presentation of nomination proposals and the documentation to be included with the same, you are referred to the notice of convocation of the meeting, to Art. 18 of the articles of association (reproduced below) and to the current applicable regulations.

Reduction in the number of directors

With regard to the alternative proposal to reduce the number of Directors, the Board of Directors, also supported in this assessment by the Remuneration and Nominations Committee, believes that, even though the size and composition of the Board of Directors at 12 members was deemed to be adequate by the resolution in 2015, such adequacy can also be maintained with a reduction of the number of directors from 12 to 11, as the board is currently composed of Directors with diversified professional experience, four of whom also meet the requirements of independence according both to the Voluntary Self-Regulatory Code of listed companies and the Consolidated Law on Financial Intermediation, and it already complies, as previously stated, with the rules on the balance of genders.

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You are therefore requested to come to a resolution with regard to the foregoing.

ARTICLES OF ASSOCIATION

The Board of Directors

Article 18 - Number of members and duration of appointments

The Company is to be administered by a Board of Directors made up of no less than three and no more than 15 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 convened 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 method indicated below.

As many shareholders as, with reference 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 submit a list of at least 3, and no more than 15, candidates, ordered progressively by number, submitting said list to the registered office at least 25 days before the date of the first convocation of the shareholders' meeting, on pain of forfeiture.

In order to provide evidence of the ownership of a sufficient number of shares to submit lists, it is necessary to produce the certificate issued by the intermediary, which can also be provided after submission of 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 to 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 each 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 submitting the list to 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 associations relating to the role of Company director, must be provided together 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.

Upon completion of the vote the following will be elected: (i) the candidates on the list that has obtained the greatest number of votes unless, in the event that one or both of the lists indicated below have been validly presented and voted, respectively the last candidate or the last two candidates of such a list, (ii) the first candidate from the list that has obtained the best result among those that are not linked in any way, not even indirectly, to shareholders who have presented or voted for the list that has obtained the largest number of votes and (iii) the first candidate from the list presented and voted by shareholders who represents individually at least 12% (twelve percent) of the ordinary voting share capital (even if connected with shareholders who have presented or voted for the list that has obtained the largest number of votes) that has obtained the second-largest number of votes after the list that has obtained the largest number of votes.

In the event 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 event 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 Italian Civil Code shall apply. If the departed director had been taken from a list other than the one that received the largest number of votes, the replacement shall be made by nominating a person taken, in progressive sequence, from the same list that the departed director was on, 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, the procedure is the following: as many shareholders as 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 select their own candidate by filing their name at the registered office at least 10 days before the date of the first call of the shareholders' meeting. The previous provisions of current article 18 are applied as they are compatible, including paragraph nine relating to the composition of the board of directors. If the co-opted director, or the director they replace, was taken from a minority list as per point (ii) of paragraph nine of the current article 18, 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 mandate of the new director will expire at the same time as that of the directors in office at the time of the nomination, and it will be subject to the same laws and statutes applicable to the other directors. In any case, the replacement of directors who have resigned their role is carried out by the board of directors ensuring the fulfilment of applicable pro tempore regulations relating to gender balance.

Every time that the majority of members of the board of directors resign 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 on the day of the ordinary session

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

Fourth item on the agenda on the day of the ordinary session

With regard to the fourth item on the agenda on the day of the ordinary session, you are reminded that you have also been convened to deliberate on the proposal to renew the authorisation to purchase the Company's own shares and to dispose of the same, pursuant to, respectively, Articles 2357 and 2357-ter, of the Civil Code and 132 of the TUF (the "Program") and the concurrent replacement (and revocation for the part not executed) of the authorisation by resolution of the shareholders' meeting of 22 April 2016, having the duration of (twelve) months from the date of the authorisation resolution of the above mentioned shareholders' meeting, with concurrent replacement (and revocation for the part not executed) of the previous authorisation and, therefore, due to expire on 22 April 2017.

The report illustrating the objectives and main features of the Program, prepared in accordance with 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, to which you are referred for full details, has been made available to the public according to the terms and manner set out by the current regulations, also through publication on the company's website (www.saras.it).

First item on the agenda on the day of the extraordinary session

In relation to the first point on the agenda for the extraordinary session, the Board of Directors informs you that you are also invited to deliberate on the proposal of making specific amendments to some provisions of Art. 18 of the Articles of Association relating to the nomination of members of the administrative body, as indicated and highlighted in the explanatory report - prepared in accordance and following the structure of Annex 3A, outline no. 3, of the Issuers' Regulations - which will be made available to the public in the manner and terms required by current regulations.

Milan, 21 March 2017

For the Board of Directors
The Chairman
Mr. Gian Marco Moratti