

SARAS SpA

**REPORT OF THE BOARD OF DIRECTORS ON THE AGENDA ITEMS IN ACCORDANCE
WITH ARTICLE 125-ter OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998**

Dear Shareholders,

By notice of meeting dated 23 March 2016, you were invited to attend the ordinary shareholder meeting at Palazzo Giureconsulti, via Mercanti n. 2, Milan, on 22 April 2016 at 10:30 a.m. for the first call and, if necessary, on 23 April 2016 at the same time and venue for the second call, to vote on the following

AGENDA

1. *Approval of the separate financial statements for the year ended 31 December 2015 and presentation of the consolidated financial statements for the year ended 31 December 2015. Allocation of income and distribution of dividends.*
2. *Remuneration report. Resolution on the first section of the Remuneration report, pursuant to article 123 -ter, paragraph 6 of Legislative Decree 58/98.*
3. *Appointment of a member of the Board of Directors.*
4. *Appointment to the Board of Statutory Auditors subsequent to the resignation of a standing auditor.*
5. *Approval of the new stock grant plan for management*
6. *Authorisation to purchase treasury shares and to dispose of them.*

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This report sets out the proposals concerning items 3, 4, and 5 on the above agenda and was prepared in accordance with article 125-*ter* of Legislative Decree 58 of 24 February 1998, as amended (hereinafter the “TUF”). In accordance with the above law, this report will be made available to the public at the registered office and administrative office and on the website (www.saras.it) of Saras SpA (the “Company”) at least thirty days before the meeting takes place.

As specified hereunder, the reports on the other items of the agenda will be published by the legal deadlines.

First item on the agenda

With regard to the first item on the agenda, the Board of Directors informs you that the Company's draft financial statements at 31 December 2015, together with the report on operations and attestation pursuant to article 154-*bis*, paragraph 5 of the TUF by the delegated management bodies and the manager responsible for preparing the company's financial reports, will be made available at the Company's registered office and administrative office, on the Company's website and according to the other terms and procedures set out in the Consob regulations, as required by law.

Furthermore, for the twenty-one days prior to the shareholder meeting, copies of the reports of the Board of Statutory Auditors and the independent auditors on the draft financial statements at 31 December 2015 will be available at the Company's registered office and administrative office, on the Company's website and according to the other terms and procedures set out in the Consob regulations.

The documentation may also be viewed on the Company's website (www.saras.it).

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With regard to the presentation of the consolidated financial statements for the year ended 31 December 2015, the relevant documentation will be provided in a manner similar to that described above for the draft separate financial statements. It should be noted that the consolidated financial statements do not require the approval of the shareholders.

Second item on the agenda

With regard to the second item on the agenda, the Board of Directors hereby informs you that the Remuneration Report, prepared in accordance with article 123-*ter* of the TUF and Art 84-*quater* of the Issuer Regulation, will be made available according to the terms and procedures stipulated by law.

Third item on the agenda

Dear Shareholders,

with regard to the third item on the agenda, it is worthy of note that in the meeting of 29 February 2016, pursuant to law and the Articles of Association, the Board of Directors co-opted Andrey Nikolayevich Shishkin, subsequent to the resignation - on 24 February 2016 - of Igor Ivanovich Sechin.

As already specified in the notice of the Annual Shareholder Meeting, to which reference is made for further information, the appointment of a new member of the Board of Directors will take place by means of voting on candidacies presented, at least ten days before the date of the first call of the general meeting (i.e. by 12 April 2016), by a number of shareholders representing, in keeping with the combined provisions of art. 18 of the articles of association and of the CONSOB resolution 19499 of 28 January 2016, at least 1% of the voting shares outstanding.

Upon completion of the voting, the candidate who has obtained the greatest number of votes shall be elected. Also, the term of office of the new director will expire together with those of the directors in office upon appointment of the former, that is on the date of the shareholder meeting convened to approve the financial statements for the year ended 31 December 2017, and the new director will be subject to the law and the provisions of the articles of association applicable to the other directors.

With reference to Law no. 120 of 12 July 2011 as amended and supplemented, the current composition of the Board of Directors ensures gender balance in compliance with the regulations in force.

Where necessary in respect of the candidates proposed, and in order to allow individuals who hold management positions at partner firms or otherwise operate in the same sector as the Company, to contribute their experience and expertise to the Board of Directors, the Board also believes it to be appropriate for the shareholders to consider the possibility of authorising the waiver of the non-compete obligation pursuant to article 2390 of the Civil Code.

For all other details concerning submission of the proposals for candidacy and the documentation to be appended thereto, reference is made to the notice of meeting, to article 18 of the articles of association, and to applicable laws.

You are therefore invited to appoint a director by voting on the proposals for candidacy submitted in accordance with the applicable law and the articles of association.

ARTICLES OF ASSOCIATION

Board of Directors

Article 18 Number of members and term of office

The Company is managed by a board of directors composed of no fewer than three and no more than fifteen members.

The shareholders' meeting determines the number of members of the board of directors within the above limits according to the vote-by-list mechanism laid down in the following paragraphs. The number of directors may be increased by resolution of the shareholders' meeting, in accordance with the above-indicated maximum limit, before or after the directors have entered office. Directors appointed through this process leave office together with those in office when the former are appointed.

The directors' term of office is set upon their appointment by the shareholders' meeting and may not exceed three financial years. The directors' term of office ends on the date of the shareholders' meeting called to approve the financial statements for the final year of their term of office. Directors may be re-elected.

Members of the board of directors are elected, in accordance with the gender balance rules in force at the time, on the basis of lists of candidates according to the conditions laid down hereunder.

Shareholders representing at least 2.5% (two point five percent), or another amount established according to the legislation in force at the time, on the basis of the shares on record in their names on the date on which the list is filed with the Company, of share capital consisting of shares conferring the right to vote in ordinary shareholders' meetings may submit a list of at least three, and no more than fifteen, candidates, sequentially numbered, by filing such list with the Company's office no later than the twenty-fifth day before the date of first call of the shareholder's meeting, failing which such list shall be null and void.

For the purposes of proving ownership of the number of shares required to submit the lists, reference shall be made to the certificate issued by the financial broker, which may also be submitted after the list has been filed, as long as it is submitted before the deadline for the publication of the lists by the Company. Lists with three or more nominees must comprise candidates of both genders, in order to ensure that a proportion of the nominees (rounded up), equal to that required by the gender balance rules in force at the time for members of boards of directors, is from the least-represented gender.

Each shareholder may submit and vote upon one list only and no candidate may appear on more than one list, failing which they shall be ineligible. Each shareholder's vote shall be cast for a list and thus automatically for all candidates on that list, without the possibility of changes, additions or exclusions.

Each list deposited at the registered office, by the deadline for filing lists, must be accompanied by declarations from each candidate certifying under his or her own responsibility that there are no grounds for ineligibility or incompatibility and that the candidate meets the requirements prescribed by existing legislation and these articles of association to serve in the capacity of director of the Company.

The number of directors shall be equal to the number of candidates on the list that received the most votes.

The following will be elected when voting has been completed: (i) the candidates on the list that obtained the most votes, with the exception, if one or both of the lists indicated below have been validly submitted and voted for, of the final candidate or final two candidates, respectively, of that list; (ii) the first candidate on the list that obtained the most votes of those unrelated in any manner, directly or indirectly, to the shareholders who submitted or voted for the list that received the most votes; and (iii) the first candidate on the list submitted and voted for by shareholders individually representing at least 12% (twelve percent) of the share capital made up of shares with voting rights at the ordinary shareholders' meeting (even if associated with shareholders who submitted or voted for the list that received the most votes) that received the second-most votes after the list that received the most votes.

If, with the candidates elected in the foregoing manner, the composition of the board of directors is not consistent with the gender balance rules in force at the time, the candidate of the most-represented gender who was elected last in sequential order from the list that received the most votes will be replaced by the first unelected candidate of the least-represented gender from that same list, in sequential order. If, upon the conclusion of this replacement procedure, the composition of the board of directors is not consistent with the gender balance rules in force at the time, replacement will be made by resolution passed by the shareholders' meeting by a relative majority, following submission of candidates of the least-represented gender.

If one or more directors leave office during the year, the procedure laid down in article 2386 of the Italian Civil Code will apply. If the director who left office was drawn from a list other than that which received the most votes, that director will be replaced by appointing a person drawn, following the sequential order, from the same list to which the director who left office belonged, and who is still eligible and willing to accept the office. The following procedure applies to confirmation of a director co-opted by resolution of the board of directors, or appointment of another director replacing such a director: shareholders representing at least 2.5% (two point five percent), or a different amount established according to the law in force at the time, of the share capital consisting of shares with voting rights in ordinary shareholders' meetings may name candidates by filing their nominations with the Company's office at least ten days before the date of first call of the shareholders' meeting. The foregoing provisions of this Article 18, including paragraph nine concerning the composition of the board of directors, shall apply to the extent compatible. If the co-opted director, or the director replaced by the co-opted director, was drawn from the minority list set out in point (ii) of paragraph nine of this Article 18, the shareholder representing the greatest percentage of share capital present at the shareholders' meeting and the shareholders linked to the aforementioned shareholder, directly or indirectly, may not vote. Once the voting has been completed, the candidate with the most votes will be elected. The new director will leave office at the same time as the directors in office when he or she is appointed, and the provisions of the laws and articles of association applicable to the other directors will apply. In any event, the replacement of directors who have left office is done by the board of directors in accordance with the gender balance rules in force at the time.

If the majority of the members of the board of directors leave office for any cause or reason, the entire board will be regarded as having resigned, and the shareholders' meeting must be called without delay by the directors who remain in office to reconstitute the board.

Fourth item on the agenda

Dear Shareholders,

With regard to the fourth item on the agenda, it is noted that with effect as of 30 December 2015, the Chairman of the Board of Statutory Auditors, Dott. Andrea Vasapoli (appointed by the Shareholder Meeting of 28 April 2015 among the candidates of the list presented by the Minority interests published on the website www.saras.it), resigned from office, and that, pursuant to the combined provisions of art. 2401 of the Civil Code and of art. 26 of the articles of association, the alternate auditor Giancarla Branda (appointed by the Shareholders' Meeting of 28 April 2015 among the candidates of list submitted by the Minority interests published on the website www.saras.it), took the role of Chair of the Board of Statutory Auditors and Standing Auditor.

As a reminder, pursuant to art. 2401 of the Civil Code, the Shareholder Meeting must elect the replacement member on the Board of Statutory Auditors by appointing the Chair or, if Giancarla Branda is confirmed, an alternate auditor. The statutory auditors thus appointed will remain in office until the term of office of the current Board expires, that is on the date of the shareholder meeting convened to approve the financial statements for the year ending on 31 December 2017.

As already specified in the notice of the Annual Shareholder Meeting, to which reference is made, it should be borne in mind that pursuant to art. 26 of the articles of association, the voting-by-list mechanism is not applicable. Therefore, the Shareholder Meeting called to elect the replacement member of the Board of Statutory Auditors shall resolve with the lawful majorities, subject to compliance with laws – including regulatory provisions - in force at the time concerning gender balance rules. With regard to the matter, the current composition of the Board of Statutory Auditors ensures gender balance in compliance with the law in force.

Furthermore, since the reconstitution regards statutory auditors of minority shareholders, the Shareholder Meeting must respect the principle of representation of the minority shareholders, it being understood that at least one standing auditor and at least one alternate auditor must be registered in the Register of Auditors and have practised auditing activity for a period no less than three years.

The relative supporting documentation containing the details indicated in the notice of the shareholder meeting (to which reference is made) must also be submitted, together and concurrently with the submission of the proposals for candidacy.

The Board of Directors reminds you that the candidates for the office of statutory auditor must satisfy the requirements of personal integrity and professionalism established by applicable legislation and, in accordance with the Corporate Governance Code prepared by the Corporate Governance Committee of the listed companies of Borsa Italiana SpA (hereafter “**Corporate Governance Code**”), which the Company has adopted, statutory auditors must be elected from persons classified as independent according to the criteria established by law and the recommendations of the aforementioned Corporate Governance Code on the subject of directors, in this latter case with more regard to substance than form. Moreover, considering that, pursuant to article 2400, final paragraph, of the Civil Code, upon appointment and before acceptance of the office, the administration and control positions held by the statutory auditors at other companies must be disclosed to the shareholder meeting, candidates are asked to provide a specific declaration disclosing their personal and professional characteristics, with a recommendation that such declaration be kept up to date until the date of the shareholder meeting.

For all other details regarding the requirements of candidates, the submission of the proposals for candidacy and the documentation to be appended thereto, please refer to the notice of meeting, to article 26 of the articles of association (reported herein) and the applicable laws.

You are therefore invited to complete the Board of Statutory Auditors by voting for one of the proposals for candidacy to be submitted in accordance with the provisions of applicable law and the articles of association.

ARTICLES OF ASSOCIATION

Article 26 - The Board of Statutory Auditors

The Board of Statutory Auditors consists of three statutory members and two alternates, who remain in office for three financial years, with their term of office ending on the date of the shareholders' meeting convened to approve the financial statements for the third year, and may be re-elected.

The Board of Statutory Auditors and the statutory auditors operate in accordance with the law.

Statutory and alternate members of the Board of Statutory Auditors are elected in accordance with the gender balance rules in force at the time, according to the vote-by-list procedure established by the provisions in force from time to time, as supplemented by the following.

Shareholders representing at least 2.5% (two point five percent), or another percentage established by the legislation in force at the time, of the share capital consisting of shares conferring the right to vote in ordinary shareholders' meetings may submit a list. Lists with three or more candidates must comprise candidates of both genders, in order to ensure that a proportion of the candidates (rounded up) for positions as statutory or alternate auditors, equal to that required by the gender balance rules in force at the time for members of boards of statutory auditors, is from the least-represented gender.

Each list deposited at the registered office, by the deadline for submitting lists, must be accompanied by declarations from the individual candidates stating that they accept their candidacy and, under their own responsibility, that there are no grounds for ineligibility or incompatibility (including that they do not exceed the statutory limits for the number of positions held) and that they meet the requirements stipulated by existing legislation and the articles of association to fulfil the role of auditor for the Company.

The candidates included in such lists must satisfy the following professional requirements:

** the first candidate on the list, for the offices of both statutory and alternate auditor, must be entered in the register of auditors and must have practised as a statutory auditor for no less than three years;*

** the other candidates, if they do not meet the requirement established in the foregoing paragraph, must have experience totalling at least three consecutive years in the performance of:*

- administration or control activity or executive tasks at joint stock companies with share capital of no less than two million euros;*
- professional or tenured university lecturing activity in the fields of law, economics, finance, technology or science closely related to the sector of operation of the Company or the group of which it is the parent;*
- executive functions at public entities or public authorities operating in the fields of credit, finance or insurance, or otherwise in fields closely related to the sector of operation of the Company of the group of which it is the parent.*

Subjects and fields closely related to the business of the Company or group of which it is the parent mean those included in the Company's objects.

The following will be elected once the voting has been completed: (i) as statutory auditors, the candidates indicated in positions 1 (one) and 2 (two) of the list that received the most votes; (ii) as chairman of the Board of Statutory Auditors, the candidate for auditor indicated at number 1 (one) on the list that received the most votes of the lists submitted or voted for by shareholders who are not associated, directly or indirectly, with the shareholders who submitted or voted for the list that received the most votes; (iii) as alternate auditors, the candidates indicated as alternates in position 1 (one) of the list that received the most votes and the minority list from which the chairman of the Board of Statutory Auditors has been drawn.

If the foregoing methods do not ensure that the composition of the Board of Statutory Auditors, in terms of statutory auditors, is consistent with the gender balance rules in force at the time, the necessary replacements will be made, drawing on the candidates for the position of statutory auditor from the list that received the most votes, in the sequential order in which the candidates were elected.

If two or more lists have received the same number of votes, a new vote will be held in order to obtain an unequivocal outcome. If only a single list of candidates is submitted, the statutory auditors (including the chairman of the Board of Statutory Auditors) and the alternate auditors will be elected from that list, in accordance with the gender balance rules in force at the time. If a statutory auditor leaves office, he or she will be replaced by the alternate auditor from the same list as the auditor to be replaced. If the statutory auditor who has left office is also chairman of the Board of Statutory Auditors, the replacement alternate auditor will be appointed chairman of the Board of Statutory Auditors.

If the replacement statutory auditor is from the minority list, the shareholders' meeting convened to appoint the replacement members of the Board of Statutory Auditors in accordance with the law will act in such a way as to observe the aforementioned principle of minority representation, without prejudice to the fact that at least one statutory auditor and at least one alternate auditor must be entered in the register of auditors and have practised as a statutory auditor for a period of no less than three years.

The foregoing is without prejudice to the fact that the above replacement procedures must in any event ensure that the composition of the Board of Statutory Auditors complies with the gender balance rules in force at the time.

When appointing statutory auditors that were not elected for any reason according to the methods indicated in the foregoing paragraphs, the shareholders' meeting shall decide by legal majority, without prejudice to observance of the gender balance rules in force at the time.

The office of statutory auditor is incompatible with carrying out similar duties in more than three other companies listed on the Italian regulated markets, except for the Company and its subsidiaries.

To that end, each statutory auditor must submit to the Board of Directors a specific declaration containing, where necessary, a mention of resignation from the incompatible positions.

Failure to submit the declaration indicated in the foregoing paragraph within 30 (thirty) days of nomination or subsequent acceptance of incompatible positions, as defined in said paragraph, shall entail dismissal from the office of statutory auditors

The chairman and the other members of the Board of Statutory Auditors shall be remunerated in accordance with applicable legislation.

Meetings of the Board of Statutory Auditors may be held by remote telecommunication, provided all the participants can be identified and are able to take part in the controls, follow the debate and take part in real time in the discussion of the topics raised and process, receive, transmit and view documents. If these requirements have been satisfied, the Board of Statutory Auditors may be considered to have met in the place in which the session is convened, where at least one statutory auditor must be present.

Fifth item on the agenda

With regard to the fifth item on the agenda, the Board of Directors reminds you that you have also been convened to resolve on the approval of the new stock grant plan for management.

For more information, reference is made to the disclosure document drafted pursuant to the 114-*bis* of the TUF and art. 84-*bis* of the Issuer Regulation, available to the public c/o the registered offices, the administrative office and on the company website (www.saras.it).

Sixth item on the agenda

With regard to the sixth item on the agenda, the Board of Directors hereby informs you that you have also been called to vote on the proposal to renew the authorisation of the purchase of treasury shares in the Company and disposal of the same, pursuant to article 2357 and article 2357-ter of the Civil Code and article 132 of the TUF (the “Programme”) and the concurrent replacement (and revocation of the part not executed) of the authorisation granted by the shareholder meeting on 28 April 2015, having the duration of (twelve) months starting from 28 October 2015, and therefore expiring on 28 October 2016.

The report illustrating the aims and key features of the Programme, which has been prepared using the guidelines and format shown in Annex 3A, table 4 of the Issuer Regulation, as well as article 73 of the same Issuer Regulation, (please refer to the entire Regulation) is available to the public according to the terms and procedures stipulated by the laws in force, also via publication on the company website (www.saras.it).

Milan, 23 March 2016

For the Board of Directors
Chairman
Gian Marco Moratti