

SARAS S.p.A.

Item 4 on the agenda

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS REGARDING THE PROPOSAL TO ADJUST THE REMUNERATION OF THE INDEPENDENT AUDITORS EY S.P.A. FOR THE YEARS FROM 31 DECEMBER 2017 TO 31 DECEMBER 2023

Dear Shareholders,

With regard to item four on the agenda, allow us to remind you that the Shareholders' Meeting of 28 April 2015 gave the auditing assignment for the years 2015-2023 to the Independent Auditors EY S.p.A. ("EY") and set the annual remuneration for the entire term of the assignment at a total of € 678,000 (six hundred seventy-eight thousand). It also provided for the possibility to adjust this remuneration during execution of the assignment should there be circumstances susceptible to causing changes in the professional services requested.

With its communication dated 29 January 2018, EY specified, in detail, the additional auditing activities to be carried out for each of the years from 31 December 2017 to 31 December 2023, justified by both regulatory amendments introduced in the meantime and the introduction of an alternative corporate performance indicator called "*Comparable Result*" in the Group's consolidated financial statements, and at the same time presented a proposal to integrate time frames and considerations - compared to those originally established - (the "**Integration Proposal**"), without prejudice to all the other terms and conditions agreed upon.

To this regard, please note that on 12 March 2018 the Board of Directors of the Company evaluated and approved the Integration Proposal and that the Board of Statutory Auditors of Saras S.p.A., in compliance with the provisions of applicable legislation, performed an in-depth assessment with the aid of the competent company functions, and then formulated its own reasoned proposal to the Shareholders' Meeting, hereunder transcribed and referred to which in full.

REASONED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS
TO INTEGRATE THE TIME FRAMES AND CONSIDERATIONS PROVIDED FOR BY
THE CONTRACT WITH THE INDEPENDENT AUDITORS RECONTA ERNST &
YOUNG S.P.A. FOR THE YEARS FROM 31 DECEMBER 2017 TO 31 DECEMBER 2023

Dear Shareholders,

The Board of Statutory Auditors of Saras S.p.A.

WHEREAS

- the Shareholders' Meeting of Saras S.p.A. (hereinafter "Company") of 28 April 2015 resolved to assign the auditing task to Reconta Ernst & Young S.p.A. for the years from 31 December 2015 to 31 December 2023;
- the Shareholders' Meeting set the annual remuneration due to the independent auditors for the entire term of the assignment at the total of € 678,000 (six hundred seventy-eight thousand) in the aforesaid resolution and also provided for the possibility to adjust this remuneration during execution of the assignment should there be circumstances susceptible to causing changes in the professional services requested;
- with its letter dated 29 January 2018 addressed to the Company with a copy sent to the Chairman of the Board of Statutory Auditors, the Company assigned the auditing task formulated a proposal to integrate time frames and considerations with those originally set, and specified in detail the additional auditing activities to carry out for each of the years from 31 December 2017 to 31 December 2023;
- the need to perform additional auditing activities was justified by referring to the regulatory amendments in the meantime introduced (Art. 10 and 11 of EU Regulation no. 537/2014; Italian Legislative Decree no. 139/2015; resolutions of the State General Accountancy of 15 June and 31 July 2017); and the introduction of an alternative corporate performance indicator called "Comparable Result" to the Group's consolidated financial statements;
- to perform the above-mentioned additional activities, EY S.p.A. requested additional fees set at € 70,000.00 (seventy thousand/00), corresponding to about 550 hours of Partner and Manager levels, for the additional activities justified by the regulatory amendments introduced, and at € 20,000.00 (twenty thousand/00) corresponding to about 240 hours, for the additional activities generated by the introduction of the new corporate performance indicator;
- the integration request confirms that all other clauses specified in the proposal of 16 March 2015 remain unaltered;
- the above request was evaluated and approved by the Board of Directors during its meeting held 12 March 2018;

CONSIDERING

- that the resolution of the Shareholders' Meeting of 28 April 2015 provided for the originally approved fees due for performing the activity carried out by the Independent Auditors for the entire term of the assignment "might be changed if circumstances involving changes in the professional services requested take place";
- the resolution just referred to did not specify the criteria for changing the originally set remuneration;
- therefore, it is deemed that said change must be resolved by the Shareholders' Meeting;

HAVING FOUND

- that the regulatory amendments introduced and that the introduction of the alternative corporate performance indicator called "Comparable Result" require carrying out more complex checks for the auditing activity than those provided for in the proposal dated 16 March 2015 and an amendment to the auditing plan considered at the time;
- that this circumstance leads to an increase in time, a change in the make-up of the resources used and, in particular, the work of specialised resources in addition to those foreseen to perform the auditing activity for the years from 31 December 2017 to 31 December 2023;
- that the quantification in terms of hours necessary to perform the additional activities specified in the letter dated 28 January 2018 is deemed reasonable.

All that being stated, the Board of Statutory Auditors, in line with the terms of the request submitted by the Independent Auditors EY S.p.A.

PROPOSES

to submit the resolution to integrate time frames and relevant considerations set out in the proposal dated 16 March 2015 under paragraph IV.2 entered as "Time frames, considerations and other expense" and approved by the Shareholders' Meeting of 28 April 2015 by the amount of € 70,000.00 (seventy thousand/00), corresponding to about 550 hours of Partner and Manager levels, for the additional activities justified by the regulatory amendments introduced and € 20,000.00 (twenty thousand/00), corresponding to about 240 hours, for the additional activities generated by the introduction of the new corporate performance indicator.

Milan, 12 March 2018

The Board of Statutory Auditors

Giancarla Branda – Chairman

Giovanni Luigi Camera – Statutory Auditor

Paola Simonelli – Statutory Auditor

The Board of Directors asks you to resolve the following for all the foregoing:

“Having taken note of and examined the Explanatory Report of the Board of Directors and the reasoned proposal of the Board of Statutory Auditors attached thereto, the Shareholders’ Meeting

resolves

- to approve the proposal of the Board of Statutory Auditors regarding the adjustment and integration of the remuneration due to the Independent Auditors EY S.p.A. with reference to the years 2017-2023, all in observance of the time frames and conditions specified in the reasoned proposal submitted to this regard by the Board of Statutory Auditors”.

Milan, 28 March 2018

For the Board of Directors

The Chief Executive Officer

(Massimo Moratti)