



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

- 16 March 2018 -

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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