

SARAS S.p.A.

Recommendation of the Board of Statutory Auditors of Saras S.p.A. for the assignment of the statutory audit of the accounts for the period 2024-2032 - pursuant to Articles 13, paragraph 1, and 17, paragraph 1, of Legislative Decree no. 39 of 27 January 2010 as amended, respectively, by Articles 16 and 18 of Legislative Decree no. 135 of 17 July 2016 and Article 16 of the European Regulation no. 537/2014 of the European Parliament and of the Council of 16 April 2014.

1. Introduction.

The Shareholders' Meeting called to approve the financial statements as at 31 December 2023 marks the expiry of the mandate granted to the independent auditing firm EY S.p.A. for the nine-year period 2015/2023.

According to the current legislation on statutory auditing, most recently amended by European Regulation no. 537/2014 (hereinafter "**European Regulation**") and Legislative Decree no. 39/2010 supplemented by Legislative Decree no. 135/2016, the engagement cannot be conferred again on EY S.p.A., unless at least four years have elapsed from the termination of the current one. The audit engagement must therefore be entrusted to a different company identified through a specific selection procedure.

In this regard, Article 13 of Legislative Decree no. 39/2010 requires the Shareholders' Meeting to assign the engagement on the reasoned proposal of the Board of Statutory Auditors, as Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree no. 39/2010, following a specific selection procedure carried out in compliance with the criteria and methods established by Article 16 of the European Regulation.

The Board of Statutory Auditors, in agreement with the competent corporate functions and consistent with the practice widely used by a number of listed companies, saw the opportunity to bring forward the start of the selection procedure for the assignment of the statutory audit engagement for the nine-year period 2024-2032, to enable an effectively organized process of transition from the outgoing auditor to the new appointee and allow respect for the time limits established to safeguard the auditor's independence (cooling-off, pursuant to Article 5 of the European Regulation, according to which the auditor must refrain from providing certain services, other than the statutory audit, during the year immediately preceding the first year of audit).

In consideration of this circumstance, it was deemed appropriate for the Shareholders' Meeting, called to approve the financial statements of SARAS S.p.A. (hereinafter only "**SARAS**" or "**Company**") as at 31 December 2022, to resolve on the assignment of the statutory audit engagement, on the reasoned proposal of the Board of Statutory Auditors.

The Board of Statutory Auditors thus prepared this recommendation to be submitted to the Shareholders' Meeting called to approve the financial statements as at 31 December 2022. Since SARAS is included in the category of Public Interest Entities (PIE) pursuant to Article 16 of Legislative Decree no. 39/2010, the aforementioned recommendation will identify two alternatives for the assignment of the engagement, with the expression of a duly justified preference, based on the final judgment assigned at the end of the selection procedure.

2. Regulatory framework.

The EU legislation relating to the statutory audit was most recently amended by two separate acts:

- Directive 2006/43/EC as amended by Directive 2014/56/EU (the "Directive") on the statutory audit of annual accounts and consolidated accounts, implemented by Legislative Decree no. 39 of 27 January 2010, as most recently amended by Legislative Decree no. 135 of 17 July 2016;
- European Regulation no. 537/2014, relating to the audit of public interest entities, in force since 17 June 2016.

The purpose of the new legislation is to further harmonize the rules originally introduced by Directive 2006/43/EC at European Union level to strengthen the independence, objectivity, transparency, reliability of auditors as well as the quality of the audit work, also in order to increase public confidence in the separate and consolidated financial statements of the public interest entities

and consequently contribute to the regular functioning of the market.

In particular, the European Regulation strengthened the role of the Internal Control and Audit Committee in the choice of the new auditing company, assigning it the task of presenting a reasoned “recommendation” in order to allow the Shareholders' Meeting to adopt an adequately informed and considered decision.

3. The selection procedure.

3.1 Introduction.

The Board of Statutory Auditors agreed with the process of selecting the independent auditing firm launched by the Company in June 2022. The selection procedure was coordinated by the Manager in charge of financial reporting with the participation of the General Counsel & Corporate Affairs and the Head of Internal Audit, to guarantee the independence and fairness of the process. The Board of Statutory Auditors participated in all the meetings and constantly monitored the progress of the procedure, contributing to its definition.

It is reiterated that the aforementioned procedure and the request to participate in the tender with the offer of services was defined and conducted in compliance with Article 16 of the European Regulation, with the aim of guaranteeing a high quality of the statutory audit service, consistent with the size and structure of the Group. In this regard, the company management involved and the Board of Statutory Auditors, before starting the selection process, identified clear and objective selection criteria in order to guarantee transparency, non-discrimination and traceability of the activities carried out and the decisions taken, enhancing both qualitative and quantitative elements through the assignment of a score.

SARAS has therefore identified the auditing companies to whom the requests for proposals are addressed according to transparent and non-discriminatory criteria, as required by the reference regulations, opening the participation to bidders with adequate expertise and experience and adequate structures for the auditing of SARAS and the Saras Group (hereinafter also referred to as the “**Group**”).

3.2 Independent auditing firm.

The independent auditing firms to whom the request for the submission of an offer must be sent have been identified taking into account the following aspects:

- skills, assuming the reporting value of listed companies operating in similar sectors audited in Italy;
- knowledge of the Group, on the basis of the engagements carried out in recent years for Group Companies;
- international presence of the network of the independent auditing firm, with particular reference to the countries where the Group is present.

In accordance with the above parameters, SARAS has identified three international networks: Deloitte & Touche S.p.A. (or “Deloitte”); KPMG S.p.A. (or “KPMG”) and PricewaterhouseCoopers S.p.A. (or “PwC”) (hereinafter jointly the “**Offeror Companies**”).

On 15 September 2022, SARAS sent these companies a letter inviting them to submit an offer to audit the Group. Therefore, the invitation to submit the offer also concerned the audit engagements of the Italian and foreign subsidiaries of the Company, given the exercise of management and coordination activities by SARAS over said companies pursuant to Article 2497-bis of the Italian Civil Code. In fact, the figure of sole auditor of the Group was chosen - continuing with the approach adopted in the past - in order to increase the efficiency of the audit process, as the company appointed to audit the consolidated financial statements is fully responsible for expressing its opinion.

In the request for a proposal for the assignment of the statutory audit engagement and in the subsequent additions, the following were indicated:

- the audit services requested by both Saras and its subsidiaries for the period 2024-2032;
- the methods and timing of the selection procedure;
- additional information regarding Group companies;
- information regarding the engagement carried out by the current auditing firm.

3.3 Assessment Criteria.

In identifying the assessment criteria, both qualitative (knowledge of SARAS and the Group, assessment of the company and its network, assessment of the audit team, assessment of the methodological approach, planned number of hours, use of systems IT), and quantitative aspects (fees requested) were taken into account.

The assessment criteria identified were assigned a total of 100 points, of which 75 to qualitative criteria and 25 to quantitative criteria.

For the purposes of the assessment, we aimed to give value to:

- knowledge of the Group
- the methodological approach proposed for carrying out the audit activity;
- the Audit team;
- the total number of hours envisaged for SARAS and for the Italian and foreign subsidiaries;
- the mix of professionals;
- the total consideration.

3.4 Execution of the selection of offers.

On 14 October 2022 - within the deadline indicated in the invitation letter - separate expressions of interest were received to accept the statutory audit engagement by the three auditing firms invited: Deloitte & Touche S.p.A.; KPMG S.p.A. and PricewaterhouseCoopers S.p.A.

After examining the individual offers, specific meetings were held with each company in order to delve deeper into the contents of the proposals and allow the assessment to be concluded.

On the basis of the documentation acquired, the clarifications received and taking into account the above criteria, the Board of Statutory Auditors also held several meetings with the company structures to carry out an adequate investigation and to assess the offers in detail through the analysis - for each criteria of assessment - of the individual distinctive and qualifying aspects of the Offeror Companies.

3.5 Assessment.

As indicated, and consequently also reported in the request for proposals, for the purposes of this recommendation we intended to give value to both qualitative and quantitative/economic aspects.

With regard to the process of assessing the qualitative and quantitative aspects illustrated above, the considerations of the Board of Statutory Auditors are provided below.

Qualitative aspects:

- knowledge of the Saras Group: attention was paid to the knowledge of the Group gained by the Offeror Companies;
- the methodological approach proposed for the performance of the audit activity: aspects such as the audit strategy, the process of interaction with the company functions and the control functions and

the details used to prepare the process of communication to the Board of Statutory Auditors were positively assessed;

- the assessment of the Audit Team: in this context, the composition of the audit team and the teams dedicated to specialist areas was considered, taking into account the specific experience of the professionals proposed;
- the assessment of the total number of hours envisaged: the total number of hours envisaged for audit activities with respect to SARAS and its subsidiaries were taken into consideration;
- the professional mix.

The assessments generally took into account the number of hours envisaged for the various activities.

Quantitative aspects:

- the valuation of the amounts requested in the individual offers: for these purposes, the cost incurred in 2021 for the outgoing auditing company was also considered as a reference parameter.

4. Results of the selection procedure.

All the offers received were extremely valid from the point of view of the quality of the proposals; the meetings held also highlighted the high level of professionalism of the audit teams presented.

Each offer contains a specific and justified declaration relating to the commitment to prove the independence requirements envisaged by the regulations in force and all the Offeror Companies have the necessary - albeit with different characterizations - organization and technical-professional suitability consistent with the size and complexity of the engagement.

That is, the assessment procedure was carried out by assigning a score to each Offeror Company for each individual item of detail identified. The comparison between the different scores led to the definition of the following ranking:

1. PwC S.p.A.;
2. Deloitte S.p.A.;
3. Kpmg S.p.A..

In particular, the company PwC S.p.A. has been given the preference of the Board of Statutory Auditors for the following reasons that represent the justification of this Recommendation:

- assessment of the qualitative and quantitative composition of the team;
- knowledge of the complexity of the reference sector and of the business environment in which the Company operates, also by virtue of the experience acquired during the performance of the audit engagement carried out for the company in the nine years prior to the one due to expire;
- the number of hours dedicated by partners and managers to audit the areas of greatest strategic importance;
- appreciation for the proposed audit strategy;
- the lower amount of total fees for the Group.

5. Recommendation of the Board of Statutory Auditors.

The Board of Statutory Auditors:

WHEREAS

- that the results of the procedure carried out were considered and adopted as their own, incorporated in a document prepared by the corporate structures involved in the selection and which derive from the comparative and general analysis of the offers received at Group level, with particular

attention to the independence requirement, as well as technical and economic aspects;

- that account was taken of the fact that Article 16, paragraph 2, of the European Regulation, which requires the reasoned recommendation of the Board of Statutory Auditors to contain at least two possible assignment alternatives in order to allow the right to choose, and

- that it was considered that the aforementioned Article 16, paragraph 2, of the European Regulation requires the Board of Statutory Auditors to express a duly justified preference

HAVING VERIFIED

- that the methods for carrying out the audit illustrated in the Offers, also considering the hours and professional resources envisaged for this purpose and the fee required, are adequate in relation to the scope and complexity of the engagement;

- that, for the Offeror Companies, there are no pre-existing engagements other than the statutory audit of the accounts and the audit of the financial statements, which owing to their nature and/or scope may be considered suitable for compromising independence;

RECOMMENDS

the Board of Directors to propose to the Shareholders' Meeting to:

- to assign the statutory audit engagement of Saras S.p.A. for the years 2024-2032 pursuant to Article 13, paragraph 1 and 17, paragraph 1 of Legislative Decree no. 39 of 27 January 2010 as amended, respectively, by Articles 16 and 18 of Legislative Decree no. 135 of 17 July 2016 and Article 16 of European Regulation no. 537/2014 of the European Parliament and of the Council of 16 April 2014 to the following companies:
 1. PwC S.p.A.
or, alternatively,
 2. Deloitte S.p.A.
- The economic conditions relating to the aforementioned independent auditors are set out in Annex 1 (economic comparison) to this Recommendation.
- Finally, between the two

EXPRESSES ITS PREFERENCE

For PwC S.p.A., given that, following the procedure of assessment of the offers made, it was the company with the highest position in the ranking and, therefore, considered more suitable to fulfil the engagement, also in consideration of the proposed audit approach, due to the professional mix offered and the experience gained.

This preference is to be understood as subordinate to the resolution of the Shareholders' Meeting of Saras S.p.A. on the legal conferral of the accounts for the years 2024-2032.

6. Statements.

The Board of Statutory Auditors, pursuant to Article 16, paragraph 2 of the European Regulation, declares that this Recommendation has not been influenced by third parties and that no clauses of the type referred to in paragraph 6 of the aforementioned Article 16 of the European Regulation have been applied.

THE BOARD OF STATUTORY
AUDITORS

Giancarla Branda (Chairperson)
[signature]

Paola Simonelli (standing auditor)
[signature]

Fabrizio Colombo (standing auditor)
[signature]

Annex 1 – Economic comparison

ECONOMIC ASSESSMENT	WEIGHT	PWC	Deloitte
Total price	80%	3.20	3.20
Dedicated hours	10%	0.50	0.40
MIX	10%	0.50	0.40
TOTAL ECON. ASSESSMENT	100%	4.20	4.00

NETWORK ASSESSMENT	WEIGHT	PWC	Deloitte
Turnover	20%	0.80	0.80
Quality of service	50%	2.50	2.50
International presence	30%	1.20	1.20
TOTAL NETWORK ASSESSMENT	100%	4.50	4.50

TECHNICAL ASSESSMENT	WEIGHT	PWC	Deloitte
Experience and specialists in OIC and IFRS	15%	0.60	0.60
Experience in the field of sustainability	30%	1.20	1.50
Experience in the oil and refining sector	25%	1.25	0.75
Knowledge of Saras	30%	1.50	0.90
TOTAL NETWORK ASSESSMENT	100%	4.55	3.75

SELECTED TEAM ASSESSMENT	WEIGHT	PWC	Deloitte
Audit team and CV	100%	5.00	4.00
TOTAL NETWORK ASSESSMENT	100%	5.00	4.00

TOTAL ASSESSMENT	WEIGHT	PWC	Deloitte
ECONOMIC ASSESSMENT	25%	1.05	1.00
NETWORK ASSESSMENT	25%	1.13	1.13
TECHNICAL ASSESSMENT	25%	1.14	0.94
SELECTED TEAM ASSESSMENT	25%	1.25	1.00
OVERALL ASSESSMENT	100%	4.56	4.06

Each activity was assessed according to a score of 1-5

The score was then weighted on the basis of the importance for the overall assessment

	PWC		Deloitte	
	Hours	k€/year	Hours	k€/ year
TOTAL SARAS + CONSOLIDATED (*)	6,115	395	6,150	473
TOTAL ITALIAN SUBSIDIARIES (**)	2,356	150	1,680	129
TOTAL SUBSIDIARIES ABROAD (***)	1,319	170	1,300	128
OVERALL TOTAL	9,790	715	9,130	730

ANALYSIS OF THE MIX	PWC		Deloitte	
	Hours	%	Hours	k €
Partner	1,762	18%	1,370	15%
Manager	3,133	32%	2,283	25%
Senior	1,958	20%	2,739	30%
Assistant	1,958	20%	1,826	20%
Specialist	979	10%	913	10%
TOTAL	9,790	100%	9,130	100%

TOTAL SARAS + CONSOLIDATED includes (*)

- Audit of separate financial statements (ITALIAN + ENGLISH)
- services involving certification of Saras Spa's tax returns
- Periodic quarterly audits
- Audit of the consolidated financial statements (ITALIAN + ENGLISH)
- Limited audit of the half-yearly consolidated financial statements (ITALIAN + ENGLISH)
- Audit of consolidated financial report in ESEF format
- Judgment on the report on operations
- Judgment of consistency on the report on corporate governance and remuneration
- Examination of unbundling of separate accounts
- Agreed upon procedures
- Additional report pursuant to Article 11 of European Regulation 537/2014 for the Internal Control Committee
- Verification of NFS preparation
- Limited examination of the NFS

TOTAL ITALIAN SUBSIDIARIES includes ()**

- Audit of separate financial statements
- Audit of reporting package
- Tax return certification services
- Examination of separate accounts requested by ARERA for unbundling and essentiality

TOTAL FOREIGN SUBSIDIARIES includes (*)**

- Audit of the separate financial statements
- Audit of the reporting package
- Tax return certification services
- Tax return certification services
- Availability to fulfil the role of internal audit entity according to local legislation