REPORT ON REMUNERATION POLICY AND REMUNERATION PAID

PURSUANT TO ART. 123–*ter* OF LEGISLATIVE DECREE NO. 58/1998 AND ART. 84-*quater* OF THE ISSUERS' REGULATION

Approved by the Board of Directors on 30 March 2021

INTRODUCTION

This Report on the remuneration policy and remuneration paid (the "**Report**") by Saras S.p.A. ("**Saras**" or the "**Company**") drafted pursuant to Article 123-ter of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the "**TUF**") , and Article 84-quater of Consob Regulation No. 11971 of 14 May 1999 implementing Legislative Decree No. 58 of 24 February 1998 concerning the regulation of issuers, as most recently amended and supplemented ("**Issuers' Regulation**"), as well as taking into account the recommendations in Article 5 of the Corporate Governance Code for listed companies of Borsa Italiana S.p.A.[1] (the "**Corporate Governance Code**"),

In this regard, it should be noted that this year the First Section of the Report is submitted to the vote of the Shareholders' Meeting, arranged for 12 May 2021, despite the three-year applicability of the Report approved by the 2020 Shareholders' Meeting. This was done to update the Remuneration Policy also in light of the intervening changes to the Issuers' Regulation (and in particular to Annex 3A, Schedule 7-bis; see paragraph 4 below).

The Policy referred to in this Report will in turn apply for one year.

The Report is divided into the following Sections, prepared in compliance with the current Annex 3A, format 7-*bis* of the Issuers' Regulation:

a. First Section (the "**Remuneration Policy**" or the "**Policy**"), which illustrates:
   i. the procedure used for the preparation, review and implementation of the Remuneration Policy;
   ii. the remuneration policy with reference to:
      a) the members of the administrative bodies[2] (the "**Directors**");
      b) the General Manager;[3]
      c) the other managers with strategic responsibilities[4] (together with the general manager, the "**Key Managers**" or "**KMP**");
      d) remuneration to members of the control bodies
   iii. the ways in which the Policy contributes to company strategy, and to the pursuit of the long-term interests and sustainability of the Company;
   iv. the elements of the Policy that can be waived in the presence of exceptional circumstances.

b. Second Section, which explains:
   i. by name, the remuneration of the directors and the general manager;
   ii. in aggregate form, the remuneration of Key Managers;
   iii. information on the consistency of the award of the remuneration mentioned with

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[1] published in January 2020, which replaces the previous Corporate Governance Code to which the Company already adhered.

[2] Without prejudice to changes to be made during the year, the current members of the Board of Directors are: Massimo Moratti (Chair), Dario Scaffardi (Chief Executive Officer), Angelo Moratti, Angelomario Moratti, Gabriele Moratti, Giovanni Moratti, Gilberto Gallera, Adriana Cerretelli, Laura Fidanza, Isabelle Harvie-Warr, Francesca Luchi, and Leonardo Senni.

[3] Without prejudice to changes to be made during the year, the current General Manager is Dario Scaffardi (the "**General Manager**").

[4] The identification of this category of individuals is carried out in compliance with the definition contained in the RPT Regulation. In particular, for the purposes of the Report, "Key Managers" means the individuals, other than directors and statutory auditors, who have the power and responsibility, directly or indirectly, for the planning, management and control of the activities of the Company according to the definition provided in the Appendix to the RPT Regulation.

the Company's remuneration policy;

iv. comparative information on the year-on-year change:
   a) the total remuneration of the individuals whose remuneration is explained by name;
   b) the results of the Company;
   c) the average gross annual remuneration, on an FTE basis, of employees other than the individuals whose remuneration is represented by name in the Second section of the Report;

v. the methods by which the Company took into account the vote expressed the previous year by the Shareholders 'Meeting (the "**Shareholders**' Meeting") on the second section of the report;

vi. specific tables showing:
   a) remuneration paid to the directors and auditors, the general managers and the other Key Managers.
   b) incentive plans based on financial instruments other than stock options for members of the Board of Directors, general managers and other Key Managers.
   c) shareholdings of the directors and auditors, general managers and other managers with strategic responsibilities.

Pursuant to art. 123-ter of the TUF, the Policy contained in the First Section is put to a binding vote of the Shareholders' Meeting while their vote on the Second Section is advisory.

As required by Consob Regulation no. 17221 of 12 March 2010 containing provisions on transactions with related individuals (the "**RPT Regulation**") and the Procedure on transactions with related individuals adopted by Saras (the "**RPT Procedure**"), as amended periodically and published on the Company's website[5], the adoption by Saras of the Policy exempts the Company from the application of the provisions of the RPT Procedure with reference to the resolutions on the remuneration of directors and directors vested with particular offices other than those indicated in paragraph 13.1 (a) of the RPT Procedure[6], and of managers with strategic responsibilities, provided that they are identified in accordance with the Report. It is hereby specified that the Company's procedure currently in force will be amended in line with the provisions of the RPT Regulation as last amended on 10 December 2020, and which provides that when *"the remuneration awarded is identified in compliance with this policy and quantified on the basis of criteria that do not involve discretionary assessments ",* the RPT Procedure need not be applied. This provision will apply from 1 July 2021.

The Report is made available to the public at the Company's registered office and on the website in accordance with the law.

FIRST SECTION - REMUNERATION POLICY

1. Preparation, approval, possible revision and correct implementation of the Remuneration Policy: bodies and individuals involved

The process for defining the Policy involves the Shareholders' Meeting, the Board of

[5] https://www.saras.it/en/governance/documents-and-procedures/related-parties

[6] Art. 13.1 RPT Procedure *"These Procedures and the provisions of the Consob Regulation do not apply:*
a) to resolutions of the shareholders' meeting pursuant to article 2389, paragraph 1, of the Italian Civil Code, on the remuneration of the members of the Board of Directors and the Executive Committee; b) to the resolutions of the shareholders' meeting pursuant to art. 2402 of the Italian Civil Code, on the remuneration due to members of the Board of Statutory Auditors; and c) to the approval and implementation of Minor Transactions".

Directors and the Remuneration and Nominations Committee (the "**Remuneration Committee**"), as well as a series of company departments, including in particular, the HR and Legal departments.

In particular, the competent company functions are involved from the preliminary preparatory and fact-finding phase, always in close coordination with the Remuneration Committee, including the following activities:

a. as to the HR Function, to carry out analyses of the application of the remuneration policy of the previous year, the consistency of the remuneration tools in place with the purposes underlying the Policy and the possible need for changes or updates, best practice, and peer benchmarking;
b. as to the Legal Department, to coordinate the activities carried out by the HR Department with the competent corporate bodies, coordinate the corporate obligations that lead to the approval of the Report, and carry out regulatory studies and updates for any revision of the Policy.

The Policy is therefore defined by the Board of Directors on the proposal of the Remuneration Committee on the basis of the guidelines and principles prepared and approved by the latter periodically.

The Shareholders' Meeting, convened to approve the annual financial statements pursuant to art. 2364, par. 2 of the Italian Civil Code, resolves with a binding vote on the Policy and expresses itself with an advisory vote on the Second Section of the Report.

The Board of Directors and the Remuneration Committee are the bodies responsible for monitoring the correct implementation of the Policy and for its review.

As part of this activity, on the basis of analyses and reports that the Remuneration Committee periodically undertakes, with the assistance of the competent company departments, also in light of changes in the regulations or in best practice, the Board of Directors considers any revisions to be made to the Policy on the occasion of new shareholders' meeting approvals.

This Report has been prepared by the Company, also making use of data, input and advice provided on specific aspects by external and independent consultants. In particular, the Company made use of (i) salary data analyses (on the subject of executive compensation) provided by Korn Ferry as in previous years and (ii) consultancy on the structuring of incentive plans provided between 2020 and 2021 by Mercer.

2. (continued, in particular): intervention by the Remuneration Committee

In compliance with the provisions of art. 5, recommendation 25 of the Corporate Governance Code, the Board of Directors established a Remuneration Committee from among its members, and it was also allocated the functions set out in art. 4 of the Corporate Governance Code.

The Remuneration Committee is composed of non-executive directors only, the majority of whom are independent, and its rules of operation are established by the pertinent Regulation, most recently amended on 9 August 2012.

The following directors are currently members of the Remuneration and Nomination Committee: Gilberto Callera (Chair), Laura Fidanza and Francesca Luchi, all independent directors

The Chair of the Board of Statutory Auditors or another statutory auditor designated by the Chair also participates in the meetings of the Remuneration Committee, which are convened by the Chair whenever they deem it appropriate and are minuted.

The Committee is validly constituted when a majority of its members are present and it acts by an absolute majority of those present.

The meetings of the Remuneration Committee can be attended by anyone that the Committee deems fit, it remaining the case that, to avoid any kind of conflict of interest, no director or key manager may participate or otherwise be present at meetings of the Committee in which proposals for their own remuneration are formulated.

In particular, the Remuneration Committee may offer advice and make proposals to the Board of Directors and, with reference to the directors and Key Managers, it is, in accordance with the Corporate Governance Code, it is tasked with:

a. assisting the Board in the development of the remuneration policy;
b. submitting proposals or expressing opinions on the remuneration of the executive directors and the other directors who hold particular offices as well as on the setting of performance objectives for the variable component of said remuneration;
c. monitoring the actual application of the remuneration policy and verifying, in particular, the actual achievement of the performance objectives;
d. periodically assessing the adequacy and overall consistency of the remuneration policy for the directors and *the top management.*

In 2020, the Remuneration Committee met a total of 3 times. All of its members attended all meetings. The Chair of the Board of Statutory Auditors or an auditor designated by them regularly participated in the meetings of the Committee.

In 2020, the Committee focused its activities on (i) the preparation of the remuneration policy guidelines and the Report, (ii) on the final balance of company results and (iii) on the definition of performance objectives for the purposes of the variable incentive plans.

In particular, the contents of the new regulatory provisions on remuneration prescribed in the Issuers' Regulation were examined.

3. Aims pursued with the Remuneration Policy, its basic principles and beneficiaries

The Remuneration Policy defined by the Company is a primary instrument aimed at:

a1. attracting, retaining and motivating highly-qualified personnel, with the professional qualities necessary to successfully manage the Company and pursue its long-term interests;
b1. incentivise management to create value for shareholders and to promote the sustainability of the Company in the medium-long term; and
c1. ensure that remuneration is proportionate to results actually achieved by the Company and management.[7]

In continuity with previous years, the Policy is based on the following principles, which the company has used for some time. They are already substantially compliant with the recommendations formulated on the subject in art. 5 of the Corporate Governance Code;

a2. <u>contributing to company strategy</u>: variable remuneration is structured in order to motivate the beneficiaries to achieve specific short and/or medium-long term objectives correlated with the objectives included in the strategic plans, approved on each occasion by the Board of Directors as part of long-term planning (see also paragraph 5.2, B.);

[7] The performances achieved may be subject to a calibration process in order to weight the results obtained by management to the context of the respective reference markets.

b2. pursuing long-term interests: the Policy also envisages long-term objectives assessed at the end of a multi-year performance period so as to contribute to the achievement of business results aimed at strengthening the operational, economic and financial soundness of the Company (see also paragraph 5.2. , B.);

c2. sustainability: variable remuneration is assessed on the basis of objectives directly linked to the sustainable value created in the medium-long term for the Company (see also paragraph 5.2).

These principles are actually incorporated and expressed as part of the short and long-term incentive systems and the related Key Performance Indicators ("**KPIs**") and reference objectives.

In this regard - as illustrated in more detail below - the KPIs underlying the incentive plans, in particular the long-term one (see paragraph 5.2, B.), are first and foremost consistent with the renewed strategy of the Company which, for the next three years, is focused on overcoming the context created by the epidemiological crisis by Covid-19 and is "Business Plan Driven", i.e. strictly interconnected with and guided by the pillars of the strategic plan, based on: (i) internal efficiency measured with profitability; and (ii) financial sustainability using, for example, the net financial position.

With regard to sustainability, the Company, as early as 2017, adopted a programme that envisages a complex set of ESG objectives and indicators, to be monitored and achieved over time, functional to promote sustainability under various profiles such as diversity inclusion, environmental sustainability, digital transformation, and the economic impact on the territory (see for more details *https://www.saras.it/en/sustainability/our-commitments*). These objectives (as illustrated below in paragraph 5.2) are incorporated in the objectives sheet of the MBO system.

Over time, the Company has developed its own Policy independently, with characteristics, remuneration tools and incentive plans aligned with its specific features and requirements, and therefore without taking the specific remuneration policies of other companies as a reference point. Although it remains the case that, as mentioned in paragraph 1 above, in determining and assessing the adequacy of the remuneration packages of its management, the Company makes use of aggregate remuneration data developed by external consultants on panels of companies comparable by size and reference sector.

As for the beneficiaries of the Policy, pursuant to art. 123-ter of the TUF, it applies to Directors, members of the Board of Statutory Auditors and Key Managers. Moreover, substantially similar principles and remuneration systems are applied to most of the members of the *company management* who, although they do not qualify as key managers, contribute to the development of the company strategy.

In addition, the Company, in drawing up the Policy, also takes into account the remuneration and working conditions of the majority of its employees, including those in non-managerial roles, and thus, inter alia:

a3. the achievement of the aforementioned ESG objectives adopted by the Company, and reflected in the MBO system, has a positive impact on the remuneration and working conditions of the entire company population (see in particular that specified in this paragraph with regard to sustainability);

b3. the remuneration of all employees of the Company is defined not only in compliance with the remuneration parameters set out in the National Collective Agreement of reference, but also in accordance with the second-level collective bargaining agreement in force at the Company, which prescribes better conditions for employees;

c3. In addition, salary surveys are periodically carried out to monitor that - even beyond the provisions of collective bargaining - the remuneration of Company employees is in line with the best practices of the reference market.

4. Changes with respect to the 2020 Policy submitted to the Shareholders' Meeting

The 2020 Policy was approved by the Shareholders' Meeting, held on 22 May 2020, with an almost unanimous vote (i.e. 98.150% in favour).

In light of its approval by a large majority, this year's Policy, in its main supporting elements, confirms the previous Policy.

The changes made regard:

a. the additions, in terms of disclosure, needed to incorporate the changes made to the Issuers' Regulation, most recently on 10 December 2020, including more details on (i) the objectives underlying the incentive plans and (ii) the policy on severance payments;
b. the proposal to cancel the 2019-2021 Stock Grant Plan and the allocation of a 2021 Stock Grant (see par. 5.2, B.);
c. the launch of the new long-term monetary-based PCP plan (in place of the previous 2019-2021 Stock Grant Plan; see paragraph 5.2, B.);
d. the introduction of the possibility of using, if the conditions are met, instruments such as entry bonuses, retention bonuses and stability pacts (see paragraph 5.2, C.);
e. the identification of elements of the Policy potentially subject to derogation (see paragraph 8).

5. Policies on fixed and variable components of remuneration

5.1. *Breakdown of individual remuneration*

A. Non-executive directors not invested with particular offices

Non-executive directors and directors not invested with particular offices (including independent directors) are awarded only the fixed remuneration in the amount determined periodically by the Shareholders' Meeting (pursuant to art. 2389, paragraph 1, of the Italian Civil Code) for each three-year term. to which any remuneration envisaged for participation in board committees may be added (see paragraph 5.1., C. below). There are no forms of remuneration linked to the Company's achievement of its economic objectives, nor are they beneficiaries of remuneration plans based on the Company's financial instruments.

B. Executive directors and/or directors invested with particular offices

The executive directors - which currently include the Chair and the Chief Executive Officer - receive the fixed remuneration determined by the Shareholders' Meeting pursuant to art. 2389 co. 1 of the Italian Civil Code and additional fixed remuneration may be recognised, as remuneration for the special office assigned to them, determined by the Board of Directors pursuant to art. 2389 co. 3 of the Italian Civil Code on the proposal of the Remuneration Committee after consulting the Board of Statutory Auditors.

In particular, to date (as reported in the Second Section), this additional remuneration is provided only for the Chair (while the Chief Executive Officer receives only the basic remuneration determined by the Shareholders' Meeting, being remunerated in the context of their parallel and separate relationship as General Manager).

The executive directors currently in office are not, however, beneficiaries of any form of variable remuneration in relation to their directorship.

In particular, regarding the Chair, as noted, is the reference shareholder of Massimo Moratti S.a.p.A. di Massimo Moratti which, by virtue of the shareholders' agreement signed on 1 October 2013 between Angel Capital Management S.p.A. and Stella Holding S.p.A., as subsequently amended and supplemented, regarding the shares each company owns in Saras S.p.A., exercises joint control of the Company jointly with the aforementioned Companies.

The interests of the Chair are therefore necessarily and intrinsically aligned with the pursuit of the priority objective of creating value for all shareholders of the Company.

In fact, the positive or negative results achieved by the Chair as executive director of the Company will be reflected in the value of their relative majority holding, thus generating the drive to achieve more than satisfactory results for the company.

As regards the Chief Executive Officer, they are not the beneficiary of any incentive system by virtue of their directorship, but only by virtue of the distinct role of General Manager that they also hold at the same time, and in relation to which they participate in the incentive systems described in paragraph 5.2 below.

C. Members of the Board of Directors

In addition to the fee for directors resolved by the shareholders' meeting at the time of appointment, members of Committees established within the Board of Directors (Remuneration and Nomination Committee, Control, Risk and Sustainability Committee[8] and Steering and Strategies Committee) are attributed an annual remuneration determined on the basis of the particular commitment required from them based on the tasks attributed to them as members of the Committees.

D. Members of the Board of Statutory Auditors, persons in charge of internal control and the designated manager responsible for drafting company accounting documents.

Members of the Board of Statutory Auditors are paid exclusively a fee, set periodically by the shareholders' meeting pursuant to Art. 2402 of the Italian Civil Code, at a fixed and appropriate amount with respect to the responsibility, professionalism and commitment required by the relevance of the role covered and the size and sector characteristics of the company and its situation.

E. Key Managers

With reference to the KMP, in general, remuneration is composed of:

a. a fixed component, determined on the basis of market analyses that compare the remuneration data of the top management of a panel of comparable companies, divided on the basis of the job grading of the various positions, and aimed at adequately remunerating experience, role covered and the extent of responsibilities assigned to KMP;
b. a variable component linked to the achievement of specific performance objectives

[8] In the new name assumed by the same at the date of publication of this report as a result of the resolution of the Company's Board of Directors on 6 February 2020 relating to the integration and attribution to the Control, Risk and Sustainability Committee of the functions of supervision, evaluation and monitoring of the sustainability profiles connected to the Company's activities.

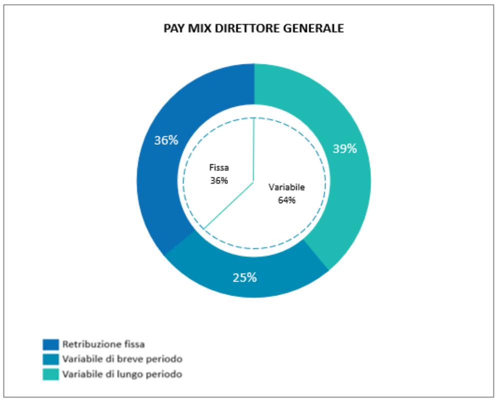
(economic and non-economic, based on the creation of long-term value for shareholders, as illustrated in the following paragraphs), which represents a significant part of the overall remuneration of the KMP, consistently with the company strategy applied periodically (as illustrated in paragraph 3 above and, in more detail below, in this paragraph).

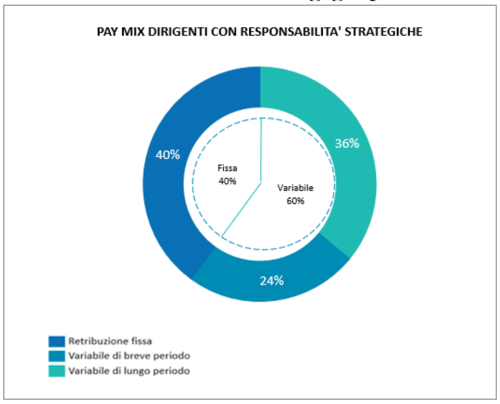
The variable component is divided into a short-term component and a long-term component.

The Company periodically sets the reference "objective" amounts of the short and long-term incentives in percentage terms with respect to the fixed remuneration of the beneficiaries.

The pay-mix of the remuneration package (in terms of total remuneration) is therefore determined in line with the managerial position exercised and the related responsibilities.

In particular, in relation to the incentive systems envisaged by this Remuneration Policy, the percentages relating to the pay mix (at "objective" level on an annual basis) - as described in detail in paragraph 5.2 - are summarized in the following graphs:





5.2. *In particular, short and medium-long term variable component for management*

The variable remuneration, as illustrated, includes both a short-term and a medium-long term component, which are broken down into participation in the diagrams illustrated below.

Following any changes made to the applicable laws and/or in relation to any extraordinary and/or unforeseeable circumstances that might influence the Group, the Company or the market it operates in, the Board of Directors, having heard the opinion of the Remuneration Committee, reserves the right to make the necessary adjustments to the incentive systems and their regulations, in line with the overall structure approved by the Shareholders' Meeting, and insofar as they serve to maintain the essential contents of the system substantially unchanged, preserving its main incentive purpose (the "MAC clause").

A. Short-term variable component

In continuity with previous years, the Policy for 2021 provides for a short-term incentive system called "Management by Objectives" ("**MBO 2021**"), under which beneficiaries can accrue a monetary incentive on an annual basis, determined on the basis of the achievement of specific financial and non-financial objectives of company performance, also taking into account criteria relating to corporate social responsibility.

This variable remuneration component is functional to the pursuit of objectives in line with the provisions of the strategic plan and therefore provides a contribution to the broader company strategy together with the long-term incentive plans referred to in paragraph 5.2, B. below.

The 2021 MBO takes into account the changed company situation, and the proposed indicators are:

a1. predefined and unchanged representatives of the company's strategic objectives that aim to contain the cost structure and the company's resilience;

b1. measurable in the period in question (2021);

c1. aimed at promoting sustainable success in relation to both ESG programmes and renewable energies.

The main financial and non-financial indicators contained in the objective sheets of the 2021 MBO plan are illustrated below.

Financial performance objectives Total weight: 50%	**Non-financial performance objectives Total weight: 50%**
a. 2021 "Industrial" Fixed Costs[9] (weight 25%) b. Comparable Group EBITDA[10] (weight 25%)	a. Expansion of renewable energy sources[11] (weight 20%) b. Warehouse project[12] (reduction in inventory) (weight 15%) c. Sustainability[13] (weight 15%)

In the final assessment of the objectives linked to financial statement indicators (e.g. EBITDA), in order to provide a representation of the Group's operating performance that better reflects the most recent market trends, adjustments are made to exclude unrealised gains and losses on inventories derived from changes in the scenario, as well as items non-recurring by nature, relevance and frequency (e.g. Comparable EBITDA).

Moreover, considering the significant variability in the company results with changes in the main market variables (e.g. oil prices, €/$ exchange rate, PUN, etc.), which influence these results regardless of managerial action, and considering that the company results are compared with historical targets and/or forward-looking objectives (e.g. budget and/or plan), these targets are adjusted for the so-called "scenario" effects, i.e. deriving from the changed market conditions between the conditions assumed in the definition of the objective and those actually recorded.

With regard to the ESG objectives, as illustrated above, an assessment is made of the degree of progress in achieving the various ESG objectives and indicators set out in the sustainability plan launched by the Company in 2017 (see for more details *https://www.saras.it/en/sustainability/our-commitments*).

The amount of the bonus - as also shown in the "pay-mix" graph (see paragraph 5.1 above) - is determined on the basis of the degree of achievement of the objectives calculated by linear interpolation. In particular, a basic amount is defined for each participant, which is accrued upon achievement of the objectives at "*target*" level (the "Baseline"), which with reference to the 2021 MBO plan is equal to 70% for the General Manager of the total fixed component and, for the remaining KMP, 60% of the total

[9] Achievement of budget objectives in terms of the fixed costs of Saras's industrial activities.

[10] Adjusted EBITDA excluding items non-recurring by nature, relevance and frequency and excluding unrealised gains and losses on inventories resulting from changes in the scenario.

[11] Completion of initiatives aimed at increasing the impact of renewable sources in the Saras business.

[12] Efficiency of inventory levels of non- *oil* materials held in Saras warehouses.

[13] Adjustment of the ESG system and monitoring of the evolution of the indicators.

fixed component. The actual premium may then vary from a minimum of 0% to a maximum of 120% of the Baseline[14]. The maximum amount is achievable if the weighted set of objectives set out in the MBO sheet is achieved in an average amount of 120% or more. The amount of the MBO bonus, thus determined, may subsequently be decreased or increased, within a range of +/- 20%, on the basis of a reasoned assessment by the Board of Directors that takes into consideration factors such as: (i) a comparative assessment of the performance achieved by other managers of the Company; (ii) the economic and market context; and (iii) the challenging nature of the objectives.

The variable component of the short-term remuneration accrues on 31 December of each year and is disbursed after the approval of the financial statements of the reference year (and therefore roughly by the month of May of the following year).

Unless otherwise decided by the Board of Directors, in the event of termination of the employment relationship before the payment date:

a2. in the event of a '*good leaver*' (e.g. retirement, death/disability, dismissal for objective reasons, etc.[15]), an amount can be disbursed *pro rata temporis* on the basis of the target amount of the bonus[16];

b2. in the event of a '*bad leaver*' (e.g. dismissal for disciplinary reasons or voluntary resignation), the beneficiaries of the plan lose all right to the bonus.

B. The variable component - medium-long term incentive:

The medium/long-term variable component of the remuneration contributes to the pursuit of the Company's medium/long-term objectives determined as part of the corporate strategy, constituting an essential element for (i) focusing the attention and efforts of the beneficiaries on factors of strategic interest; (ii) encouraging their loyalty; (iii) aligning the interests of management with the creation of value, in the medium-long term, for the shareholders; and (iv) guaranteeing a level of remuneration that is competitive on the market overall.

Medium/long-term incentive plans can in turn take the form of share plans or monetary plans.

With reference to the first type of plan, it should be noted that, in 2019, the Company submitted a *stock grantplan for the 2019-2021 performance* period to the shareholders' meeting (pursuant to art. 114-bis of the TUF) (the"**2019-2021 Stock Grant Plan**"), the detailed contents of which are illustrated in the 2019 Report and in the documentation prepared and published at the time *pursuant to* art. 114-bis of the TUF (see the Information Document, available at the following link: Documento informativo sul Piano di Grant 2019-2021.pdf).

As illustrated in more detail in the aforementioned documentation, the maximum number of shares to service the 2019-2021 Stock Grant Plan was 9,500,000. Their allocation was subject to the achievement, at the end of the 2021 financial year, of certain

[14] Calculated as the average of the percentage of achievement of each KPI.

[15] In the event of consensual termination of employment, the *pro rata temporis* rights may also be maintained on the basis of an assessment of the reasons underlying the consensual termination.

[16] The contractual documentation governing the plan may contain more detailed rules, in compliance with the principles illustrated herein (for example, providing that the pro-rata payment in the event of a *good leaver* is subject to the fact that the manager has in any case remained in service at least a certain minimum number of months during the year).

objectives. In particular, the 2019-2021 Stock Grant Plan granted each beneficiary the right to receive a certain number of Shares for the corresponding three-year period of a value (at the time of the launch of the 2019-2021 Stock Grant Plan[17]) equal to a certain percentage of the fixed remuneration[18], equal, on a three-year basis, to 320% for the General Manager and 270% for the other Key Managers.

The objectives of the 2019-2021 Stock Grant Plan included:
a1. Saras Margin v EMC Benchmark Margin (40% weight);
b1. EBITDA of the Power segment (30% weight).
c1. Relative TSR (30% weight).

During the first two years of the vesting period of the 2019-2021 Stock Grant Plan, its beneficiaries contributed to the achievement of excellent business performances by the Company in relation to the EBITDA and Margin objectives, which were achieved at the 98% and 104% level respectively (average for the two-year period).

By contrast, the strong discontinuity in the performance of the Shares, particularly accentuated by the effects of the Covid-19 epidemic crisis, had negative effects in terms of Relative TSR and have resulted in an objective decrease in the intrinsic value of the share incentive at stake for the beneficiaries of the 2019-2021 Stock Grant Plan.

This factor - which is in any case completely "external" and outside the control of the beneficiaries of the 2019-2021 Stock Grant Plan (which includes not only the KMP, but also other members of the management) - has radically compromised the incentive value of this plan, undermining its ability to adequately motivate and incentivise the entire management of the Company, with the risk - at a time already distinguished by a significant increase in turnover - of causing key managers to leave the Group at a time when it is instead essential to ensure business continuity, also to allow the Group to adopt extraordinary management actions and initiatives.

At the same time, the particularly strong impact of the economic crisis on the Company's reference sector has led to a redefinition of the Group's strategic priorities, so that the KPIs underlying the 2019-2021 Stock Grant Plan are no longer current or aligned with the long-term corporate strategy.

In this context, after an in-depth analysis of the overall situation conducted by the Remuneration Committee (with the help of the competent corporate functions and leading consultants on incentive systems), the Board of Directors resolved:
a2. to submit for the approval of the Shareholders' Meeting called for 12 May 2021 the cancellation of the 2019-2021 Stock Grant Plan, with the aim of discontinuing the implementation of a tool that is no longer suitable for pursuing the original objectives of hiring and retention, at a time when business continuity is of vital importance and opportunities to attract talent from outside are very limited;
b2. to submit for the approval of the same Shareholders' Meeting a plan that provides, for the same beneficiaries of the 2019-2021 Stock Grant Plan, a share allocation to compensate all the beneficiaries of the Plan for waiving their rights under the preceding plan and for the positive business performance achieved in any case during the first two years of the aforementioned 2019-2021 Stock Grant Plan (the

[17] Including Gross Annual Salary and benefits (calculated at the relative full value, and not only for the portion of any taxable amount).
[18]Lower, on average, than 180% for the other Beneficiaries (other than the General Manager and the key managers).

"**2021 Stock Plan**", as described below);

c2. to launch a new LTI monetary plan for the 2021-2023 three-year period, with the aim of providing the Company with a remuneration tool that better represents management performance, is more in line with the current business strategy and is able to support hiring and retention, and to increase the potential for attracting outside resources to Saras (the "**Performance Cash Plan**" or "**PCP**", as described below).

The main characteristics of the plans set out points b2 and c2 above are illustrated below.

i. 2021 Stock Grant Plan

The Stock Grant Plan 2021 (the terms of which are described more fully in the relevant prospectus, available at the *link* www.saras.it/en Governance section, Shareholders' Meeting, archive, 2021), provides for the allocation in favour of the participants in the Stock Grant Plan 2019-2021 (i.e. the General Manager, the other Key Managers and other top managers with a high impact on the creation of value for the Group), subject to their waver of the rights deriving from this plan, of a number of shares, totalling 9,220,216.

(iii) the total number of Shares will be divided among the Beneficiaries in the same proportion with which shares would have been potentially allocated to each of them under the 2019-2021 Stock Grant Plan.

In this regard, it should be noted that, despite the fact that number of shares to be allocated to the beneficiaries under the 2021 Stock Plan is slightly higher than the number that could potentially be allocated in connection with the earlier 2019-2021 Stock Grant Plan[19], the effective value of the share incentive in the 2021 Stock Grant Plan (in terms of the ratio of the Beneficiaries' fixed remuneration to the value of the Shares to be allocated to them) in light of the current share price of Saras (and the relative decrease compared to 2019), is at the present time more than 20% lower than the theoretical value of the share incentive that could potentially have been achieved by the Beneficiaries under the 2019-2021 Stock Grant Plan (calculated based on the Saras share price at the time of the approval of the latter).

To avoid further cost increases for the Company, the plan envisages the allocation of shares already held by the Company, therefore without the need to proceed with a capital increase or to purchase additional treasury shares or to provide monetary remuneration.

The shares will be allocated to the beneficiaries in May 2021, approximately, and a proportion (10% of the shares available following the sale of the securities needed to meet the tax charges related to the award) will be subject to a lock-up period of one year, during which the shares cannot be sold or transferred to third parties for any reason.

In order to encourage retention, the right to shares is also subject to the Beneficiaries remaining with the company for a year after their allocation, so that in the event of termination of the beneficiary's relationship with the company (due to dismissal for disciplinary reasons, revocation of office for just cause or voluntary resignation) less than a year after the allocation, the beneficiary will be required to return the full normal

[19] In fact, despite the fact that the maximum number of shares servicing the previous 2019-2021 Stock Grant Plan was higher than the number servicing the new Plan (9,500,000 v. 9,220,216), in consideration of the actual number of beneficiaries of the previous Stock Grant Plan 2019-2021, the maximum number of shares achievable by the same beneficiaries, collectively, was lower than the maximum number of shares serving the plan.

value of the shares allocated to them.[20]

ii. Performance Cash Plan 2021-2023

Also following the cancellation of the 2019-2021 Stock Grant Plan, the Performance Cash Plan was launched (the terms of which are illustrated in more detail in the related information document, available at the *link* www.saras.it/en, Governance, Shareholders' Meeting, archive section, 2021) which, as noted above, meets the need for an instrument to be available that is:

a. more in line with the medium-long term objectives and the changed strategies of Saras (in compliance with one of the founding principles of the Company's Remuneration Policy, namely the alignment of management's interests with Saras's business strategies);
b. better able to reflect the actual contribution of managers to the achievement of the objectives of the business plan and to engage them in consideration of the challenges that await the Company in the coming years;
c. able to attract external management, if necessary.

The beneficiaries of the PCP will be identified by the Board of Directors on the basis of the powers granted by the Shareholders' Meeting and may include the General Manager, the other Key Managers, other Directors of the Italian and/or foreign subsidiaries, as well as other prominent senior figures on the creation of value for the Group.

The PCP provides for the possibility for beneficiaries to accrue, at the end of a *three-year vesting* period, a monetary amount depending on the degree of achievement of the objectives linked to the new Strategic Plan of the Company, as illustrated below (with an indication of the weight of each one with respect to the determination of the amount of the incentive):

Objectives	Weight
a. Saras margin v. EMC Benchmark[21]	40 %
b. “TSR” or “Total Shareholder Return”[22]	20 %
c. "Debt reduction (NFP improvement)"[23]	40 %

Any incentive disbursed to each beneficiary corresponds to a certain percentage of the overall fixed remuneration component[24], equal in particular - in the event of achievement of the objectives at the corresponding “target” level - to 320% for the General Manager and 270% for the other KMP[25] (so-called ("Baseline"). The allocation can vary from 0% to 120% of the target amount thus calculated (the maximum allocation is achieved if the average achievement of the objectives set is equal to or greater than 120%).

[20] The value of the shares will be determined with reference to the normal share price on the date of allocation to the Beneficiary, net of taxes paid with reference to said allocation.
[21] Margin on non-renewables business activities.
[22] Return for shareholders.
[23] Net Financial Position
[24] Including Gross Annual Salary and benefits (calculated at their full value, and not only for the portion of any taxable amount).
[25]Lower, on average, than 180% for the other Beneficiaries (other than the General Manager and the key managers).

The amount of the bonus accrued will be paid, for 80%, in May 2024 and, for the remaining 20%, one year after the first payment.

Unless otherwise decided by the Board of Directors, in the event of termination of the employment relationship before the payment date:

a. for *good leavers* (e.g. retirement, death/disability, dismissal for objective reasons, etc.[26]*), a reproportioned pro rata temporis* amount may be disbursed to the beneficiaries, calculated based on the *target* amount of the bonus[27];
b. in bad leaver cases (e.g. dismissal for disciplinary reasons, revocation for just cause or voluntary resignation), the beneficiaries of the plan will lose all right to the bonus.

C. Other forms of variable remuneration

Always in order to attract, retain or motivate key figures, specific tools can be used, including, for example:

a. *entry bonuses*, which can be recognised at the start of employment and only once for each individual, as they serve to reward the establishment of the employment relationship and are possibly also connected to loss of incentives offered by the previous employer. Their disbursement may possibly be subject to remaining in service for a determined period;
b. disbursements linked to the stability of the employment over time, such as *retention bonuses* (i.e. bonuses to be paid subject to remaining in service until the end of a certain period or the conclusion of a project or transaction) or stability agreements (i.e. commitments of the manager not to terminate their employment relationship, against a fee and with penalties in the event of withdrawal);
c. any exceptional bonuses in relation to transactions and/or projects of strategic importance and/or extraordinary results, of such significance as to have a substantial impact on the Company's activities and/or profitability and as such not capable of being adequately addressed through the ordinary variable remuneration systems.

The extent of any such disbursements is linked to the fixed remuneration of the beneficiary and is determined taking account of the amounts of variable remuneration already paid to the latter under the ordinary incentive systems.

At present, there are no agreements in place that envisage disbursements of this nature (if there were, they would be *disclosed* in the Second Section of the Report in compliance with the provisions of Annex 3A, Schedule 7 bis, Table 1).

5.3. *Ex post correction mechanisms: claw-back clauses*

The variable components of the remuneration of Managers include *clawback* mechanisms.

In particular, without prejudice to recourse to any other action under the applicable regulations to protect the Company interests, there is the possibility that persons who, with intent or gross negligence have been responsible for (or colluded in) conduct relating to the economic/financial indicators included in the Annual Financial Report adopted as parameters for determining the aforementioned variable components, as indicated below,

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[26] In the event of consensual termination of employment, the *pro rata temporis* rights may also be maintained on the basis of an assessment of the reasons underlying the consensual termination.

[27] The contractual documentation governing the plan may contain more detailed rules, in compliance with the principles illustrated herein (for example, providing that the pro-rata payment in the event of a *good leaver* is subject to the fact that the manager has in any case remained in service for at least a certain period of time during the *three-year vesting* period of the plan).

may be asked to return (all or part) of any incentives paid (*clawback*), or to not proceed with payment (of all or part) of incentives subject to deferment (*malus*), through specific agreements contained in the contractual documentation that regulates the incentive plans, and namely:

a. proven and significant errors in the checking and finalising of results that determine a non-conformity with the accounting standards applied by the Company;
b. fraudulent behaviour (ascertained with a definitive judgment) aimed at achieving a specific representation of the financial position, operating performance or cash flows of Saras.

6. Non-monetary benefits and insurance coverage, or social security or pension coverage, other than mandatory

There are no non-monetary benefits for Directors who are only entitled to the reimbursement of out-of-pocket expenses incurred in relation to their office.

KMP can be allocated non-monetary benefits, consisting mainly of company cars, including for personal use, supplementary healthcare and health *check-ups*[28]. KMP are covered by D&O insurance (against any liability connected to the performance of their duties, under certain conditions and within predetermined limits), and the benefits envisaged by the applicable collective bargaining agreement.

7. Policy relating to the remuneration provided in the event of termination of office or termination of employment, non-competition agreements and any post-employment contracts after termination of office or employment

To date, the Company has no "parachute" agreements - neither with Directors nor with KMP. These are agreements that regulate termination of office or employment ex ante, providing for the disbursement of predetermined indemnities for the early termination of the mandate or termination of the employment relationship (except for the eventuality specified below).

Any agreements - which may be reached before or on the occasion of the termination of the relationship - are defined in accordance with the provisions illustrated below.

First of all, it is specified[29] - with regard to the duration of any employment contracts and the applicable notice period - that:

a. the Directors (who are not, at the same time, executives of the Company[30]) operate under the three-year corporate mandate, and, as a rule, do not have any contract or agreement in place with the Company, nor does any notice period apply to them, in line with the nature of the relationship;
b. the KMP, on the other hand, usually operate within the scope of a permanent contract of employment as an executive; the relevant notice period is calculated on the basis of the provisions of the collective agreement currently applied by the Company (CCNL for Industry Managers) which envisages, in the event of termination of the employment relationship of managerial personnel at the initiative of the company (in the absence of just cause), a range of between 6 and 12 months' pay by way of notice (depending on

[28] For the sake of completeness (even if it does not represent a taxable benefit and is therefore not subject to *disclosure* pursuant to Annex 3A, Scheme 7 bis, Table 1 of the Issuers' Regulation), the KMP also benefit from a company *welfare system*. that complies with the regulations.
[29] In accordance with Annex 3A, Scheme 7 bis no. 1, lett. m.
[30] As is currently the case for the Chief Executive Officer, who at the same time holds the position of General Manager, in the context of his permanent employment as an executive.

the length of service with the company) to which a supplementary allowance can be added, in a range between 4 and 24 months (also in this case depending on seniority).[31][32]

With regard to the Directors[33], in the event of termination of office in the absence of a just cause for dismissal, an amount may be recognised generally based on (and in any case not higher than) the sum of the remuneration envisaged until the date of natural expiry of the office.

With regard to the KMP - a category that includes the General Manager - in the event of termination of the employment relationship, an amount may be recognised, in addition to the notice (or the relative substitute indemnity), on the basis of a weighted set of criteria, to be assessed upon termination of the relationship, and linked, in particular, to seniority, age, *individual performance* achieved, reasons underlying the termination of the relationship, the so-called justification of a possible unilateral withdrawal, risks associated with a unilateral termination rather than an agreement to terminate the relationship, and the company's interest in reaching an agreed termination - within a limit of 24 months' salary (i.e. the maximum number of monthly salaries due pursuant to the National Collective Employment Agreement for Industry Managers), in addition to the ordinary post-employment benefits.

These monthly salaries are calculated - in accordance with the law and the collective agreement - on the basis of the so-called de facto global remuneration (which includes fixed remuneration, average of the variable remuneration of the last three years and valuation of fringe benefits).

In general, no amount is paid - to Directors or KMP - in the presence of a just cause for revocation or dismissal or in the event of voluntary resignation.

For the sake of completeness, as part of any termination agreements, the disbursement of additional items may be envisaged, also for reasons other than the termination of the relationship, such as amounts awarded in response to a justified decision taken by the competent bodies in particular circumstances, by way of settlement or to supplement the severance indemnity (for example, against well-founded claims linked to the execution of the relationship or by way of remuneration for certain prejudicial situations or as support for particular personal situations). In particular, for some managers (including Key Managers, which include the General Manager), who have been beneficiaries of a loan granted by the Company[34], it is envisaged that, in the future eventuality of termination of the employment relationship (in the absence of an ascertained just cause) before the expiry of the loan[35] (or its full repayment), the managers will be required to repay the Company in full the amount of their residual debt at that date, and the Company in turn will pay an indemnity equal to this amount[36].

At present, there are no non-compete agreements in place with Directors or KMP. However,

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[31] To date, there are no managers with fixed-term contracts among the Key Managers.

[32] In particular, in the event of "unjustified" dismissal.

[33]Provided they are not at the same time managers of the Company.

[34] The loan was granted to allow them to meet the tax charges related to the allocation of shares (as part of the 2016-2018 LTI Plan) that - in consideration of the reduction, already at the time, of the value of the security - the beneficiaries of the Plan (albeit in the absence of any obligation or contractual commitment to that effect) they independently determined to fully maintain (what had not allowed them to achieve the necessary funding to meet the tax liability determined by the share allocation, in advance therefore by the Company).

[35] In 2026.

[36] If, in a future year, upon termination of the relationship with one of these individuals, this eventuality should occur, this information would be provided (with indication of the reference amounts) in the Second Section of the Report, on the basis of current regulations.

these can be subscribed - at the establishment of the relationship, or continuously or at the end of the same - for a (limited) period of time subsequent to the termination of the relationship, the consideration of which is determined, in accordance with the law, according to the temporal and territorial extension of the restriction and the prejudice that could result to the Company if the interested party carries out activities in competition with that of the Company or discloses information that could cause damage to the Company, also taking into account the role and responsibilities previously covered by the Company and with the provisions of the applicable regulations, benchmarking the consideration of the agreement to the remuneration of the beneficiary at the time of termination of the relationship and limiting, as a rule, the consideration to a maximum equal to the fixed remuneration on an annual basis parameterised to the duration of the agreement.

Consultancy contracts for a period subsequent to the termination of the relationship are not currently envisaged, and are not normally stipulated. However, this possibility is reserved, if there is a proven need to make use of the powers and contributions of the director and/or manager, in the interest of the company, for a limited period of time after the termination of the relationship, for the performance of specific and predetermined activities (against a fee appropriately parameterized to the object and scope of the requested activity).

With regard to the effects of the termination of the employment relationship on the incentive plans, see paragraph 5.2, A. (for the short-term variable component) and paragraph 5.2, B. (for the long-term variable component).

Moreover, there are currently no agreements in place - and are not normally stipulated - that envisage the allocation or maintenance of non-monetary benefits for the period following the termination of the employment relationship. Some KMP, identified on the basis of a criterion of length of service, may retain some of the benefits referred to in paragraph 6 for limited periods of time after the termination of the relationship.

8. Exceptions to the Remuneration Policy

In the presence of exceptional circumstances - meaning situations attributable to the general cases referred to in art. 123-ter of the Consolidated Law on Finance, i.e. in which the exception to the remuneration policy is necessary to pursue the long-term interests and sustainability of the company as a whole or to ensure its ability to stay on the market - it is possible to temporarily derogate, in compliance with the of the OPC Procedure, to specific elements of the Policy and, in particular with regard to the:

a. ratio between fixed and variable remuneration (i.e. minimum and maximum*pay mix);*
b. objectives, indicators and parameters of the incentive systems;
c. payments envisaged in the event of termination of the employment relationship and related amount limits.

Any exceptions to the Remuneration Policy applied in exceptional circumstances in the manner and within the terms required by the legislation and regulations in force at the time, will be adequately disclosed in accordance with the provisions of current legislation, in Section II of the disclosure of the first Report after disbursement.

SECOND SECTION

PART ONE

The First Part of the Second Section of the Report sets out each of the items that make up the remuneration of the Directors, Statutory Auditors and HRH of Saras, respectively, including any remuneration paid in the event of termination of office or termination of employment, highlighting their compliance with the Saras Remuneration Policy. This Second Section is subject to the advisory vote of the Shareholders' Meeting.

1. Compliance with Saras's remuneration policy and how the remuneration contributed to the long-term results of the company

The Shareholders' Meeting of 22 May 2020 expressed a largely positive "advisory" vote (98.102%) on the Second Section of the 2020 Report, on 2019 remuneration, also in view of the consistency of said remuneration with the provisions of the reference Policy .

Also in the current year, the Company established and paid remuneration in line with its policy approved in 2020, without derogations or disbursing amounts or benefits not envisaged in the policy.

In particular, the amounts recognised as MBO bonuses were quantified in line with the results actually achieved, as illustrated in the tables in paragraph 2. E. of this Section.

These positive results - in terms, inter alia, of EBITDA, cash generation and sustainability - made a functional contribution to the achievement of long-term results and to the sustainability of the Company over time.

In this last regard, as illustrated in more detail in the First Section, to ensure even greater alignment with long-term strategies and interests, the Company decided to submit to the Shareholders' Meeting the cancellation of the previous 2019-2021 Stock Grant Plan and the launch, among other things, of the 2021-2023 PCP monetary plan, whose objectives are fully aligned with the new pillars of the Company's strategy.

2. Description of the items making up the remuneration

A. Non-executive directors not invested with particular offices

On 27 April 2018, the Shareholders' Meeting appointed the current Board of Directors, consisting of Massimo Moratti, Angelo Moratti, Angelomario Moratti, Gabriele Moratti, Giovanni Moratti, Scaffardi Dario, Gilberto Callera, Adriana Cerretelli, Isabelle Harvie Watt, Laura Fidanza, Francesca Luchi and Leonardi Senni and also approved, pursuant to art. 2389, paragraph 1, of the Italian Civil Code, the annual gross remuneration of the directors of Euro 45,000.

Three of the non-executive directors also have a separate employment relationship with the Company (with duties distinct from the activity in question and without strategic responsibility) within which they are only granted a fixed remuneration as specified in Table 1.

There are no forms of remuneration linked to the achievement of the economic objectives by the Company, nor are they recipients of remuneration plans based on the Company's financial instruments.

B. Executive directors and/or directors invested with particular offices

In particular, the following held the office of executive director:

a. the Chair Massimo Moratti;
b. the Chief Executive Officer Dario Scaffardi.

The Board of Directors (pursuant to art. 2389, paragraph 3 of the Italian Civil Code), in addition to the emolument established by the Shareholders' Meeting referred to in paragraph 2., A. above, was allocated an annual fee, paid to the Chair, also with reference to the year 2020, equal to Euro 1,500,000.

On the other hand, the Chief Executive Officer received only the basic remuneration for the office of director (pursuant to par. A above) as remunerated as part of the parallel relationship as General Manager (see par. E, i.).

Instead, they were not beneficiaries of any form of variable remuneration in relation to the directorship (in line with the 2020 Policy and for the reasons illustrated therein).

C. Members of the Board of Directors

The members of the Committees set up within the Board of Directors were allocated remuneration in addition to the remuneration as directors resolved by the Shareholders' Meeting at the time of appointment, equal to:

a. as for the Remuneration Committee, €40,000 for the Chair and €35,000 for the remaining members;
b. as regards the Control, Risk and Sustainability Committee[37], €40,000 for the Chair and €35,000 for the remaining members;
c. as for the Steering and Strategy Committee, €200,000 for the Chair.

D. Members of the Board of Statutory Auditors

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 27 April 2018 and is expected to remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2020. The current members of the Board of Statutory Auditors are: Giancarla Branda, Paola Simonelli[38], Fabrizio Colombo, Pinuccia Mazza[39] and Andrea Perrone[30].

On 22 May 2020, standing auditor Giovanni Luigi Camera was replaced by Fabrizio Colombo[40], appointed at the Shareholders' Meeting called to approve the financial statements as at 31 December 2019.

The remuneration of the standing auditors for the year 2020 was set by the Shareholders' Meeting of 27 April 2018 at €60,000 per year for the Chair and €40,000 per year for the other standing auditors, plus reimbursement of out-of-pocket expenses incurred for the performance of their duties.

The alternate auditors did not receive any remuneration.

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[37] In the new name assumed by the same at the date of publication of this report as a result of the resolution of the Company's Board of Directors on 6 February 2020 relating to the integration and attribution to the Control, Risk and Sustainability Committee of the functions of supervision, evaluation and monitoring of the sustainability profiles connected to the Company's activities.
[38] Also a member of the Supervisory Body of Saras S.p.A and of subsidiary Sarlux S.r.l., as a member of the Board of Statutory Auditors of Saras S.p.A and subsidiary Sarlux S.r.l.
[39] Alternate auditors.
[40] Member of the Supervisory Body of Sartec S.r.l. and Deposito di Arcola S.r.l., as a member of the Board of Statutory Auditors of subsidiary, Sarlux S.r.l., and as Sole Statutory Auditor of subsidiaries Sartec S.r.l. and Deposito S.r.l..

E. Key Managers

i. General Manager

In 2020, the General Manager has, as part of their management relationship with the Company,[41]:

a. received the relative fixed annual remuneration of €947,881[42];
b. benefited from the benefits provided for in their individual contract, the value of which is shown in Table 1;
c. accrued the variable remuneration with reference to the year 2020 as part of the MBO system.

In this last regard, the General Manager accrued an MBO bonus amounting to €651,000, quantified on the basis of the results achieved, as indicated in the following table:

Goal	% weight	% achievement compared to target	% maximum allocation
Profitability - Comparable EBITDA (net of the scenario) - v. budget	25%	150%	120%
Cash generation - Net working capital (net of the scenario) - v. budget	25%	150%	
Energy efficiency - Energy efficiency index deviation from the technical reference	25%	94%	
Sustainability - Implementation of the system of ESG KPIs	25%	100%	

The individual objectives of the MBO plan were established in terms of the ratio of actual result achieved at final balance to the results predicted in the budget set by the Company for that single objective. These budgets, predetermined at the start of each year by the Board of Directors, are not subject to*public disclosure*(either *ex ante* or *ex post*) as they contain commercially sensitive data of strategic value and, in some cases, are even covered by clauses. of confidentiality[43], so that the reference numbers of the targets actually reached are not provided.

In relation to the current crisis situation due to the epidemiological emergency caused by Covid-19, despite the achievement of the objectives above target, the General Manager's bonus was quantified in an amount equivalent to the achievement of the objectives at 100%.

In addition, the General Manager - again in consideration of the particular situation

[41] As already illustrated, the General Manager simultaneously holds the role of Chief Executive Officer and receives a fixed remuneration for the office of director of €45,000 as indicated above in paragraph 2 B.
[42]Calculated by including the GAS and amounts equivalent to tax and social security contributions (referred to as "gross up", to be paid by the Company).
[43] Thus, in particular, the specific technical reference used for the final calculation of the objective relating to the energy efficiency index.

determined by Covid-19 - asked that the Company not proceed, at present, with the payment of the above amount, even if accrued and due.

The amount, although indicated for the sake of completeness in Table 1 attached to this Second Section, has not been paid to date and will be disbursed on the recommendation of the General Manager at a future date to be established.

With reference to the 2020 financial year, the fixed gross annual remuneration[44] accounted for 70% of the total (fixed and variable).

With reference to the long-term component, as illustrated in more detail in the First Section of the Report (see paragraph 5.2, B.), the Company decided to submit to the Shareholders' Meeting the cancellation of the 2019-2021 Stock Grant Plan and the approval of a special *stock grant* (the "**2021 Stock Grant**") to offset the cancellation of the previous plan and against the results achieved during the first two years of said plan.

The shares will be allocated to the beneficiary only in the event of approval by the Shareholders' Meeting of the 2021 Stock Grant, and after such approval (approximately in May), and any such allocation, information will be provided pursuant to the law (www.saras.it/en, Governance section, Shareholders' Meeting, archive, 2021).

For the sake of completeness, the 2021 Policy also provides for the launch of a new monetary LTI plan (the PCP, see paragraph 5.2, B., ii of the First Section of the Report) that will accrue in 2023 (with disbursement of any amounts accrued, 80% in 2024 and 20% in 2025).

ii. Key Managers

At present, in addition to the General Manager, there is only one key manager, who has, as part of the management relationship in place with the Company:

a. received the relative fixed annual remuneration of €506.805[45];
b. benefited from the benefits provided for in their individual contract, the value of which is shown in Table 1;
c. accrued the variable remuneration with reference to the year 2020 as part of the MBO system.

In this last regard, the 2020 MBO bonus of the KMP was linked to the achievement of the same results set for the General Manager. Based on the results achieved (as indicated above in the table relating to the General Manager), the KMP therefore accrued an MBO bonus of €300,000

Also in the case of this KMP, in relation to the current crisis situation due to the epidemiological emergency caused by Covid-19, despite the achievement of the objectives above the objectives, the bonus was quantified in an amount equivalent to the achievement of the objectives at 100%.

With reference to the 2020 financial year, the proportion between the fixed gross annual remuneration[46] and the variable remuneration was 60%.

With reference to the long-term component, as illustrated in more detail in the First Section

[44] For the purpose of this calculation, only the GAS is considered and not the *gross up* of the benefits paid by the company.

[45]*Calculated by including the GAS and amounts equivalent to tax and social security contributions (referred to as "gross up", to be paid by the Company).*

[46] For the purpose of this calculation, only the GAS is considered and not the *gross up* of the benefits paid by the company.

(see paragraph 5.2, B.), the Company decided to submit to the Shareholders' Meeting the cancellation of the 2019-2021 Stock Grant Plan and the approval of a special *stock grant* (the 2021 Stock Grant Plan) to offset the cancellation of the previous plan and against the results achieved during the first two years of said plan.

The shares will be allocated to the KMP, only in the event of approval by the Shareholders' Meeting of the 2021 Stock Grant Plan, and after such approval (approximately in May), and any such allocation, information will be provided pursuant to the law (www. saras.it/en, Governance section, Shareholders' Meeting, archive, 2021).

For the sake of completeness, the 2021 Policy also provides for the launch of a new monetary LTI plan (the PCP, see par. 5.2, B., ii of the First Section of the Report) that will accrue in 2023 (with disbursement of any amounts accrued for 80% in 2024 and 20% in 2025).

3. Termination of office or termination of the employment relationship

During 2020, no indemnities or non-monetary benefits were paid for early termination of the relationship with Directors or with KMP.

4. Exceptions made

During the 2020 financial year, no exceptions were made to the 2020 Policy.

5. Application of ex post correction mechanisms

During the year 2020, no malus or claw back clauses were applied.

6. Comparative information for the last two years relating to the annual change in the following data:

	CHANGE 2019-2020[47]	2020 (EURO)
Total remuneration of the individuals whose information is indicated by name		
Massimo Moratti	0%	1,545,000.00
Dario Scaffardi	+ 6%[48]	1,669,605
Angelo Moratti	0%	245,000.00
Giovanni Emanuele Moratti	0%	125,201.00
Gabriele Moratti	0%	135,321.00
Angelomario Moratti	0%	249,774.00
Laura Fidanza	0%	115,000.00
Adriana Cerretelli	0%	80,000.00
Gilberto Callera	0%	125,000.00
Isabelle Harvie-Watt	0%	80,000.00
Francesca Luchi	0%	80,000.00

[47] The decimals were rounded to +/- 0.5.
[48] Percentage calculated on the basis of an accrual principle.

Leonardo Senni	0%	80,000.00
Giancarla Branda	+ 7%	64,480.00
Paola Simonelli[49]	+22%	104,000.00
Fabrizio Colombo[50]	-	108,000.00
Pinuccia Mazza	-	-
Andrea Perrone	-	-
Company results		
Reported EBITDA (consolidated result)	-134.45%	-87.1 million
Comparable EBITDA (consolidated result)	-106.63%	-20.8 ML
Average gross annual remuneration as at 31 December of employees other than individuals whose information is indicated by name		
Saras employees	0%	63.273.37

PART TWO

<u>Tables</u>

[49] Member of the supervisory body of Saras as of 13 May 2019 and of the subsidiary Sarlux Srl as of 10 May 2019; member of the Board of Statutory Auditors of Saras and Sarlux Srl as from May 2019. It should be noted that in 2019, Ms. Simonelli received a *pro-rata temporis* remuneration.

[50] Member of the Supervisory Body of Sartec S.r.l. and Deposito di Arcola S.r.l., as a member of the Board of Statutory Auditors of subsidiary, Sarlux S.r.l., and as Sole Statutory Auditor of subsidiaries Sartec S.r.l. and Deposito S.r.l.

ANNEX 3A - SECTION II
SCHEDULE 7-BIS
TABLE 1: Remuneration paid to directors and auditors, general managers and other managers with strategic responsibilities.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Given name and surname	Office	Period for which office was held	End of term in office	Fixed remuneration	Remuneration for attendance at committees[1]	Variable non-equity remuneration	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Remuneration for end of office or termination of employment[8]
Massimo Moratti	Chair	Full term	Shareholders' Meeting for approval of 2020 FS	1,545,000.00[2]					1,545,000.00		
Dario Scaffardi	Chief Executive Officer	Full term	Shareholders' Meeting for approval of 2020 FS	45,000					1,669,605.00		51,709.30
	General Manager			947,881		651,000.00[3]	25,724			552,149	
Angelo Moratti	Director	Full term	Shareholders' Meeting for approval of 2020 FS	45,000.00	200,000.00				245,000.00		
Giovanni Emanuele Moratti	Director	Full term	Shareholders' Meeting for approval of 2020 FS	124,787.49[2.4]			413.51		125,201.00		38,450.95
Gabriele Moratti	Director	Full term	Shareholders' Meeting for approval of 2020 FS	134,820.00[2.4]			501.00		135,321.00		33,149.86
Angelomario Moratti	Director	Full term	Shareholders' Meeting for approval of 2020 FS	248,876.47[2.4]			897.53		249,774.00		91,320.83
Laura Fidanza	Director	Full term	Shareholders' Meeting for approval of 2020 FS	45,000.00	70,000.00				115,000.00		
Adriana Cerretelli	Director	Full term	Shareholders' Meeting for	45,000.00	35,000.00				80,000.00		

			approval of 2020 FS								
Gilberto Callera	Director	Full term	Shareholders' Meeting for approval of 2020 FS	45,000.00	80,000.00				125,000.00		
Isabelle Harvie-Watt	Director	Full term	Shareholders' Meeting for approval of 2020 FS	45,000.00	35,000.00				80,000.00		
Francesca Luchi	Director	Full term	Shareholders' Meeting for approval of 2020 FS	45,000.00	35,000.00				80,000.00		
Leonardo Senni	Director	Full term	Shareholders' Meeting for approval of 2020 FS	45,000.00	35,000.00				80,000.00		
Giancarla Branda	Chair of the Board of Statutory Auditors	Full term	Shareholders' Meeting for approval of 2020 FS	64,480.00[7]					64,480.00[7]		
Paola Simonelli	Statutory auditor of Saras	Full term	Shareholders' Meeting for approval of 2020 FS	41,600				26,000[5]	67,600.00		
	Statutory auditor of Sarlux	Full term	Shareholders' Meeting for approval of 2020 FS	20,800				15,600	36,400		
Fabrizio Colombo	Statutory auditor of Saras	From the Shareholders' Meeting of 22 May 2020	Shareholders' Meeting for approval of 2020 FS	24,438[10]					24,438		
	Statutory auditor of Sarlux	Full term	Shareholders' Meeting for approval of 2020 FS	30,000					30,000		
	Statutory auditor of Sartec	Full term	Shareholders' Meeting for approval of 2020 FS	20,000				6,500[6]	26,500		
	Standing Auditor of	Full term	Shareholders' Meeting for	5,000				6,500[6]	11,500		

	Deposito di Arcola		approval of 2020 FS								
Giovanni Luigi Camera	Statutory auditor	Until the Shareholders' Meeting of 22 May 2020		48,360[9]					48,360		
Pinuccia Mazza	Alternate auditor	Full term	Shareholders’ Meeting for approval of 2020 FS								
Andrea Perrone	Alternate auditor	Full term	Shareholders’ Meeting for approval of 2020 FS								
Key Managers				506,805		300,000.00[3]	11,531		818,336.00	236,946	110,856.80

[1] See also table 1 (a) below.
[2] Including 45,000.00 fixed remuneration determined by the shareholders’ meeting.
[3] No profit sharing is recognised. Please note that the amount is indicated on an accrual basis and please refer to the Second Section for further details.
[4]Employment responsibilities.
[5] Remuneration as member of the supervisory body of Saras S.p.A.
[6] Remuneration as member of the supervisory body of the subsidiaries Sartec S.r.l. and Deposito di Arcola S.r.l.
[7] Remuneration as Chair of the Board of Statutory Auditors of Saras S.p.A.
[8] There is no provision for the payment of non-monetary benefits, nor the signing of advisory agreements or non-competition agreements.
[9] Amount paid with reference to the period from 1 January 2020 to 22 May 2020.
[10] Amount paid with reference to the period from 22 May 2020 to 31 December 2020.

TABLE 1(a)		
Remuneration for attendance at committees		
Remuneration and Nomination Committee	Gilberto Callera Laura Fidanza Francesca Luchi	40,000.00 35,000.00 35,000.00
Control and Risk Committee	Gilberto Callera Adriana Cerretelli Isabelle Harvie-Watt Laura Fidanza Leonardo Senni	40,000.00 35,000.00 35,000.00 35,000.00 35,000.00

Steering and Strategies Committee	Angelo Moratti Massimo Moratti Dario Scaffardi Angelomario Moratti Gabriele Moratti Giovanni Emanuele Moratti	200,000.00

TABLE 3A: Incentive plans based on financial instruments, other than *stock options*, for members of the Board of Directors, general managers and other managers with strategic responsibilities.

			Financial instruments awarded in previous years not vested during the financial year		Financial instruments awarded during the financial year					Financial instruments vested during the financial year and not allocated	Financial instruments vested during the financial year and that can be allocated		Financial instruments for the financial year
A	B	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Given name and surname	Office	Plan	Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair value on the allocation date	Vesting period	Allocation date	Market price on allocation	Number and type of financial instruments	Number and type of financial instruments	Value on vesting date (28/12/2018)	Fair value
Dario Scaffardi	General Manager	Stock grant 2019/2021 (resolution of the Board of Directors of 4 March 2019; resolution of the Shareholders' Meeting of 16 April 2019)	2,055,300	January 2019 / December 2021									
Managers with strategic responsibilities			882,000	January 2019 / December 2021									
Total			2,937,300										

ANNEX 3A - SECTION II
SCHEME 7-TER

TABLE 1: SHARES HELD BY MEMBERS OF THE MANAGEMENT AND CONTROL BODIES AND GENERAL MANAGERS

FULL NAME	OFFICE	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
Massimo Moratti	Chair	Saras S.p.A.	-	-	-	-
Dario Scaffardi	Chief Executive Officer and General Manager	Saras S.p.A	1,662,520[51]			1,662,520
Angelo Moratti	Director	Saras S.p.A.	-	-	-	-
Angelomario Moratti	Director	Saras S.p.A.	-	-	-	-
Gabriele Moratti	Director	Saras S.p.A.	-	-	-	-
Giovanni Emanuele Moratti	Director	Saras S.p.A.	-	-	-	-
Gilberto Callera	Independent Director	Saras S.p.A.	-	-	-	-
Adriana Cerretelli	Independent Director	Saras S.p.A.	-	-	-	-
Laura Fidanza	Independent Director	Saras S.p.A.	-	-	-	-
Isabelle Harvie-Watt	Independent Director	Saras S.p.A.	-	-	-	-
Francesca Luchi	Independent Director	Saras S.p.A.	-	-	-	-
Leonardo Senni	Independent Director	Saras S.p.A	-	-	-	-
Giancarla Branda	Chair of the Board of Statutory Auditors	Saras S.p.A.	-	-	-	-
Giovanni Luigi Camera [52]	Statutory Auditor	Saras S.p.A.	-	-	-	-
Paola Simonelli	Statutory Auditor	Saras S.p.A.	-	-	-	-
Fabrizio Colombo[53]	Statutory Auditor	Saras S.p.A.	3000[54]			3000
Pinuccia Mazza	Alternate Auditor	Saras S.p.A.	-	-	-	-
Andrea Perrone	Alternate Auditor	Saras S.p.A.	-	-	-	-

[51] Shares allocated in execution of the 2016-2018 Stock Grant Plan.
[52] In office until the date of the Shareholders' Meeting that approved the Financial Statements as at 31 December 2019, held on 22 May 2020.
[53] Appointed by the Shareholders' Meeting that approved the Financial Statements as at 31 December 2019, held on 22 May 2020
[54] Shares purchased on the market (in 2008).

ANNEX 3A - SECTION II
SCHEME 7-TER
TABLE 2: SHARES HELD BY OTHER MANAGERS WITH STRATEGIC RESPONSIBILITIES

NUMBER OF MANAGERS WITH STRATEGIC RESPONSIBILITIES	INVESTEE COMPANY	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS FINANCIAL YEAR	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES SOLD	NUMBER OF SHARES HELD AT THE END OF THE CURRENT FINANCIAL YEAR
1	Saras S.p.A.	694,425[55]		683,616	10,809

[55] Shares allocated in execution of the 2016-2018 Stock Grant Plan.