REPORT ON REMUNERATION POLICY AND COMPENSATION PAID

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

Approved by the Board of Directors on 15 March 2023

Introduction

Shareholders,

This Report on the remuneration policy and compensation paid (the "**Report**") by Saras S.p.A. ("**Saras**" or the "**Company**") drafted pursuant to Article 123-ter of Italian 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 Italian Legislative Decree No. 58 of 24 February 1998 concerning the regulation of issuers, as most recently amended and supplemented (the "**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**"),

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

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 mentioned remuneration with the Company's

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

[2] The composition of the current Board of Directors in office for one year until the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2022, was defined during the Shareholders' Meeting of 27 April 2022, which appointed its members comprising: Massimo Moratti (Chairman); Dario Scaffardi (Chief Executive Officer); Angelo Moratti; Angelomario Moratti; Gabriele Moratti; Giovanni Moratti; Giovanni Mancini; Adriana Cerretelli; Laura Fidanza; Isabelle Harvie-Watt; Francesca Stefania Luchi; Patrizia Radice. On 2 May 2022, the Board of Directors appointed and conferred, in continuity with their previous mandates, the office of Chair to Massimo Moratti and of Chief Executive Officer and General Manager to Dario Scaffardi. Subsequently, on 28 October 2022, the Board of Directors approved an agreement for the consensual termination of the existing employment as an executive with Dario Scaffardi, outgoing Chief Executive Officer and General Manager, who resigned with effect from 30 October 2022; at the same meeting, the Board co-opted Pier Matteo Codazzi as a new non-independent Director of the Company, with effect from 31 October 2022, and appointed him as the new Chief Executive Officer and General Manager of Saras. On 15 March 2023, Codazzi resigned with immediate effect (as per the press release issued by the Company on the same date and published on the website www.saras.it). Taking into account the renewal of the Board of Directors, envisaged on the agenda of the next Shareholders' Meeting called for 28 April 2023, among other things, for the approval of the financial statements at 31 December 2022, the Board of Directors' meeting of 15 March mentioned above did not co-opt another director and decided to appoint the Chairman of the Board of Directors, Massimo Moratti, as Chief Executive Officer, granting him the relevant additional powers and appoint the current CFO, Franco Balsamo, as General Manager, granting him the same powers as the resigning General Manager, Codazzi.

[3] Following the resignation of Codazzi (also from his employment as General Manager), the office of General Manager was held, effective 15 March 2023, by Franco Balsamo (who also held the office of CFO on an interim basis).

[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.

remuneration policy for the year;

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 Key Managers.

The Policy referred to in this Report applies for one year.

Pursuant to Article 123-ter TUF, this Shareholders' Meeting is required to express:

(i) its binding vote regarding the Policy contained in the First Section with the contents specified above under point A); and

(ii) its non-binding advisory vote regarding the Second Section of this Report with the information specified above under point B)

As required by Consob Regulation No. 17221 of 12 March 2010, recently amended, containing provisions on transactions with related parties (the "**RPT Regulation**") and the Procedure on transactions with related parties 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 Key Managers, provided that they are identified in accordance with the Report and quantified on the basis of criteria that do not entail discretionary assessments.

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 Directors

[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 the shareholders' meeting resolutions pursuant to Article 2389, paragraph 1 of the Italian Civil Code regarding the remuneration due to the members of the Board of Directors and of the executive committee; b) to the shareholders' meeting resolutions pursuant to Article 2402 of the Italian Civil Code regarding the remuneration due to the members of the Board of Statutory Auditors; c) to the approval and implementation of the Minor Transactions; d) to the transactions resolved by the companies and addressed to all shareholders conditions being equal, including: (i) the capital increases under option, also to service convertible bond loans, and the free capital increases provided for by Article 2442 of the Italian Civil Code; (ii) the demergers in the strict sense of the term, total or partial, with criterion of proportional allocation of the shares; (iii) the share capital reductions by repayment to the shareholders provided for by Article 2445 of the Italian Civil Code and the purchases of treasury shares pursuant to Article 132 of the Consolidated Law on Finance".

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 practices, and peer benchmarking;
b. as to the Legal Function, to coordinate the activities carried out by the HR Function 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 Article 2364, paragraph 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 functions, also in light of changes in the regulations or of best practices, 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, inputs and advice provided on specific aspects by external and independent consultants. In particular, the Company made use of remuneration data analyses (on the subject of so-called "executive compensation") provided by the consultancy companies Korn Ferry and Towers Watson Italia.

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

In compliance with the provisions of Article 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 Article 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 Committee: Francesca Stefania Luchi (Chairwoman), Laura Fidanza and Adriana Cerretelli, 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 Remuneration 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, 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 2022, the Remuneration Committee met a total of 12 times. All of its members attended all meetings. The Chair of the Board of Statutory Auditors or an auditor designated by the Chair regularly participated in the meetings of the Committee.

In 2022, the Committee focused its activities (i) on the preparation of the remuneration report; (ii) on the final balance of company results for the purpose of recognizing the short-term incentive, (iii) on the definition and regular check of performance objectives for the purposes of the variable incentive plans. The Committee also gave its opinion on the agreements reached during the year in relation to the termination of managers (see below in Section II, Part One), in particular, with reference to the position of the former CEO and General Manager, Dario Scaffardi as well as (v) on the agreement to hire the Company's next General Manager, Pier Matteo Codazzi, as from 31 October 2022.

Committee meetings held in the second half of 2022 and in 2023, which were also always attended by the majority of the members of the Board of Statutory Auditors, mainly focused on assessing the adequacy, overall consistency and actual application of the Remuneration Policy adopted, on a proposal of the same Committee and pursuant to the Code, by the Company and the examination and analysis of the summary document of the self-assessment of the Board of Directors. The Committee also formulated its considerations on the Letters dated 3 December 2021 and 25 January 2023 of the Chairman of the Borsa Italiana Corporate Governance Committee and on adhering to the new corporate governance code adopted by Borsa Italiana S.p.A., and it also examined the remuneration of the Key Managers in connection with the performance objectives to whose achievement payment of the short-term variable component was anchored.

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

[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.

recommendations formulated on the subject in Article 5 of the Corporate Governance Code;

a2. contributing to company strategy: 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.);

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, predetermined and measurable, 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 strategy of the Company as revised in 2021 (and still in place and being carried out) which, for the 2021-2023 three-year period, 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 as a reference.

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*). Environmental and social objectives were confirmed for 2023 as well[8]. Some of 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 Article 123-ter 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

[8] Save what is specified in note 18 below.

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 2022 Policy submitted to the Shareholders' Meeting

The 2022 Policy was approved by the Shareholders' Meeting held on 27 April 2022 by a large majority (i.e. about 82% favorable votes).

In light of the approval by a large majority, this year's Policy is, in its structural elements, in line with the one of the previous year, without substantial changes (obviously except for the update of the objectives underpinned to the annual MBO system).

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 Article 2389, paragraph 1, of the Italian Civil Code) for each term of office to which any remuneration envisaged for participation in board committees may be added (see paragraph 5.1., C. below). Also in accordance with the recommendations of the Corporate Governance Code, there are no forms of remuneration linked to the Company's achievement of its economic objectives, nor are there beneficiaries of remuneration plans based on the Company's financial instruments in relation to the office of directors.

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

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

In particular, during 2022 (as reported in the Second Section), this additional remuneration was provided only for the Chair (while the Chief Executive Officer - both the one in office until October 2022 and the one appointed to replace him (who later resigned on 15 March 2023) - received 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 is, as noted, the reference shareholder of Massimo

Moratti S.a.p.A. di Massimo Moratti which, [9]by virtue of the shareholders' agreement signed on 30 March 2022 between Angel Capital Management S.p.A. and Stella Holding S.p.A., 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, in the past he has not been the beneficiary of any incentive system by virtue of their directorship, but only by virtue of the distinct role of General Manager held at the same time, and in relation to which he participated in the incentive systems described in paragraph 5.2 below.

Moreover, in the face of further changes in the top management at the beginning of the current 2023[10] financial year, forms of variable remuneration may possibly be envisaged in favor of the figure of the Chief Executive Officer (whether or not he also holds the position of General Manager at the same time), applying in this case what is provided below in this policy about the fixed and variable remuneration systems (short-term and long-term) and their proportions.

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 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 Article 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, keeping into consideration also remuneration paid for commitments in similar companies.

[9] It is acknowledged that the shareholders' agreement originally signed on 1 October 2013 by Gian Marco Moratti S.a.p.A. di Gian Marco Moratti, later named Mobro S.p.A., and Massimo Moratti S.a.p.A. di Massimo Moratti (as afterwards amended and supplemented on 24 June 2019 to incorporate the effects of the total non-proportional demerger of Mobro S.p.A. in favor of Angel Capital Management S.p.A. and Stella Holding S.p.A.) was mutually terminated with the signing on 30 March 2022 of the Saras Agreement relating to the shares held by each of them respectively in Saras S.p.A, deals with, among other things, the appointment of the corporate bodies of Saras S.p.A., the exercise of voting rights in the shareholders' meetings of Saras S.p.A., and a reciprocal obligation of non-transferability of shares of Saras S.p.A. and the related rights held respectively by each of the above companies, except for certain cases provided for therein. For more details, please refer to what is published in the Financial Press Releases section at www.saras.it.

[10] Please see the previous note 2.

E. Key Managers

With reference to the KM, 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 KM;

b. a variable component linked to the achievement of specific performance objectives (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 KM, consistently with the company strategy applied periodically (as illustrated in paragraph 3 above and, in more detail below, in this paragraph).

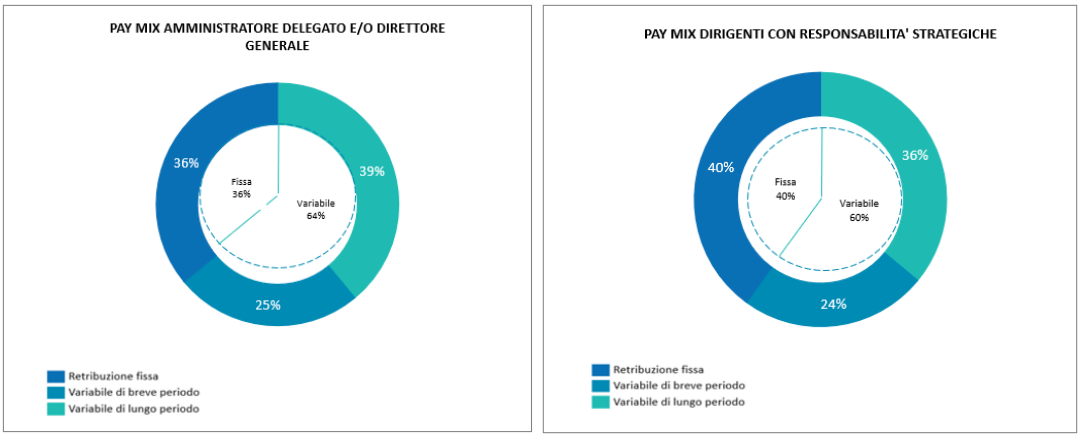
The variable component is divided into a short-term component and a medium-long term component.

The Company periodically sets the reference "objective" amounts of the short and medium-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, 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 (one related to the figure of the Chief Executive Officer and/or General Manager[11], the other related to the remaining KMs).

This pay mix is specifically related to the short-term incentive system (i.e., the MBO) and the medium-long term incentive system (i.e., the PCP) provided for in this Remuneration Policy.



The "pay-mixes" shown in the above graphs indicate the potential maximum effect (always at

[11] This is particularly the pay mix that can be applied to the figure of the General Manager, whether or not he or she holds the position of the Chief Executive Officer at the same time (and is remunerated in full as General Manager or partly as General Manager, partly as Chief Executive Officer). Similarly, should the position of Chief Executive Officer be held by a person other than the General Manager, the same incentive systems (with the same ratios and proportions) could also be applied to this separate position of Chief Executive Officer.

the "target" level) of variable remuneration (in the two components of MBO and CFP) on fixed remuneration, with the understanding that within this limit, as the case may be, a remuneration package may also be given with a lower percentage of variable remuneration as a percentage of fixed remuneration and/or a different weight (within the overall variable remuneration) of the short-term and long-term component, respectively.

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 2023 provides for a short-term incentive system called “Management by Objectives” (“**MBO 2023**”), 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.

In line with the company's strategy, the proposed indicators for MBO 2023 are:

a1. predefined and unchanged representatives of the company’s strategic objectives through the use of a new investment logic;

b1. measurable in the period in question (2023);

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 2023 MBO plan are illustrated below.

Financial performance objectives	Non-financial performance objectives
Group's comparable EBITDA (weight 30%)[12] Self-financing development investment (30% weight)[13]	Expansion of renewable energy source pipeline (weight 20%)[14] Sustainability (weight 20%)[15]

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

[13] Includes Comparable EBITDA net of Industrial and Marketing maintenance investments and net interest (liabilities less assets)

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

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

In the final assessment of the financial performance 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 unrealized 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*).

More specifically, a set of different performance indicators (KPIs) covering the ESG dimensions was introduced starting from 2020 and confirmed for 2023. They are expressed on an annual basis, with the purpose of giving the Groups improvement objectives, quantitatively measure the progress in each of the areas identified, and guide the implementation of the Company's Sustainability strategy. For the specific purpose of the MBO plan, management is assessed on 7 specific KPIs, which are:

1. Direct CO2 emissions (per kton of crude + compl. charges processed)
2. Consumption of raw water from regional consortium vs. total water consumption
3. Accident frequency rate of Sarlux's personnel + third-party firms for Sarlux
4. Direct impact in Sardinia (Group employee salaries + Goods & Services from local suppliers + taxes paid locally)
5. Gender diversity among the Group's graduates
6. Top Management Incentive linked to ESG objectives.
7. "ESG Ratings" assigned to the Saras Group by Moody's V.E., Sustainalytics, MSCI, S&P Global

An expected, objective and measurable target is specified for each KPI.

The analysis of the KPIs and the final assessment of performance compared to the set annual targets is then performed at the end of each year, and reported in the Sustainability Report[16].

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 2023 MBO plan up to 70% for the General Manager (and/or Chief Executive Officer)[17] of the total fixed component and, for the remaining KMs, up to 60% of the total fixed component. The actual premium may then vary from a minimum of 0% to a maximum of 120% of the Baseline[18]. The maximum

[16] By way of example, refer to the 2020 Sustainability Report (pages 18 and 19) available at the link: https://www.saras.it/it/sostenibilita/bilancio-di-sostenibilita .

[17] See what is reported on this in note 11.

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

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 case of good leavers (i.e., by way of example, in the case of dismissal or revocation/non-renewal of office without just cause, dismissal for objective reasons, dismissal without subjective "reasons," termination of office following a substantial reduction in delegated powers as Chief Executive Officer or General Manager incompatible with his role in the corporate organization, death or permanent disability incompatible with continuation of employment and office, retirement[19]), a *pro rata temporis* amount may be disbursed to the beneficiaries based on the Company's assessment of the actual degree of achievement of the Performance Objectives [20];

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.

In particular, a three-year monetary plan is in place, the **"Performance Cash Plan 2021-2023"** (also the "**PCP** ") approved by the Shareholders' Meeting on 12 May 2021 - and launched in 2021, as explained in the 2021 Remuneration Policy (and the related disclosure document, to which reference is made for more details about the plan's regulations[21]) and the 2022 Remuneration Policy approved by the Shareholders' Meeting on 12 May 2021 and 27 April 2022, respectively.

The start-up in 2021 of this new plan (replacing the previous one) was decided in view of the need to have a tool:

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

[19] 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.

[20] 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).
Similar rules also apply to other forms of variable remuneration (for example, to the PCP).

[21] Available at the link: https://www.saras.it/sites/default/files/meetings/saras_pcp-2021-2023_documento-informativo-02.04.2021.pdf

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 are identified among the managers and/or Directors of the Company and of other Group Companies by the Board of Directors based on the mandates awarded by the Shareholders' Meeting.

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 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 vs. EMC Reference Margin[22]	40%
b. Total Shareholder Return (TSR)[23]	20%
c. "Debt reduction (NFP improvement)"[24]	40%

Any incentive disbursed to each beneficiary corresponds to a certain percentage of the overall fixed remuneration component[25], equal in particular, with reference to the entire three-year period - and in the event of achievement of the objectives at the corresponding "target" level - to 320% for the General Manager (and/or Chief Executive Officer[26]) and 270% for the other KMs (although a lower baseline may also be envisaged)[27] (known as ("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%).

The amount of the bonus that may have 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.[28]), a reproportioned *pro rata temporis* amount may be disbursed to the beneficiaries

[22] Margin on non-renewables business activities. It should be noted that, as disclosed to the market, since March 2022, the Company has updated the benchmark for measuring its performance in the refining segment, using the EMC Reference Margin (instead of the EMC Margin), which is now used to report periodic results to investors. This resulted in the need to adopt the same benchmark for PCP purposes (since the EMC Margin is no longer being measured).

[23] Indicator measuring the overall return of the equity investment in a given period of time, calculated as the change in the value of the share taking into account the net dividends paid in the same period and considering that these are immediately reinvested in shares.

[24] Net Financial Position

[25] Including Gross Annual Salary and benefits (calculated at the relative full value, and not only for the portion of any taxable amount).

[26] See what is reported on this in note 11.

[27] Lower, on average, than 180% for the other Beneficiaries (other than the General Manager and the Key Managers).

[28] 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.

based on the assessment by the Company of the actual degree of achievement of the Performance Objectives[29];

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 remuneration

Always in order to attract, retain or motivate key figures, specific tools can be used, in addition to other ordinary salaries envisaged by the policy, including, for example:

a. *entry bonuses*, which can be recognized 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 payments (i.e. amounts that accrue 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 possible penalties in the event of withdrawal);

c. any forms of variable remuneration (other than the ordinary short- and long-term incentive systems) as 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 incentive systems, determined to an extent that takes into account the significance of the operation and the overall remuneration already enjoyed by the beneficiary.

All such disbursements are 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 Key Managers include malus and 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, 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.

[29] Without prejudice to the more detailed rules provided in the contractual documentation governing the plan.

KMs can be allocated non-monetary benefits, consisting mainly of company cars, including for personal use, accommodation, supplementary healthcare and health check-ups[30].

KMs 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

It is possible to enter into "parachute" agreements with Directors and/or KMs, i.e., agreements that provide ex ante for the termination of office or employment.

In this regard, for what concerns the Chief Executive Officer and General Manager, Codazzi, who resigned on 15 March 2023, the relevant contract included a traditional regulation of the termination of the relationship, defined in line with the principles and limits set forth in the remuneration policy already in force, providing the right, upon the occurrence of certain specifications for the case of termination of the relationship, to an indemnity (which, however, in the face of his voluntary resignation, in application of the provisions of the aforementioned contract and the principles of the remuneration policy in force, was not paid).

Any agreements (relating to Directors, General Manager, other KMs) - which may be reached *ex ante* 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[31] - 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) operate under the 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 KMs, on the other hand, usually operate within the scope of a permanent contract of employment as an executive[32]; the relevant notice period is calculated on the basis of the provisions of the collective agreement currently applied by the Company (CCNL for Managers of Manufacturers of Goods and Services) 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 the length of service with the company) to which a supplementary allowance can be added[33], in a range between 4 and 24 months (also in this case depending on seniority).

With regard to the Directors[34], in the event of termination of office in the absence of a just cause for dismissal, an amount may be recognized 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 KMs, in the event of termination of the employment relationship, an amount may be recognized, in addition to the notice (or the relative substitute indemnity), on the basis of a weighted set of criteria linked, in particular, to seniority, age, individual performance achieved, reasons underlying the termination of the relationship, the so-called

[30] 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 KMs also benefit from a company welfare system that complies with the regulations.
[31] In accordance with Annex 3A, Scheme 7 bis no. 1, lett. m.
[32] To date, there are no managers with fixed-term contracts among the Key Managers.
[33] In particular, in the event of "unjustified" dismissal.
[34] Provided they are not at the same time managers of the Company.

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 Managers of Manufacturers of Goods and Services as so-called supplementary indemnity), 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 KMs - in the presence, among other things, of a just cause for revocation or dismissal. Without prejudice to this principle, specific good/bad leaver scenarios may be provided for in any agreement governing *ex ante* the termination of office or employment, upon the occurrence of which a severance payment is due or is not due, respectively.[35]

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), who have been beneficiaries of a loan granted by the Company[36], it is envisaged that in eventuality of termination of the employment relationship (in the absence of an ascertained just cause) before the expiry of the loan[37] (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.[38]

Non-competition agreements 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

[35] For example, in certain (even conventional) cases of resignation for just cause.

[36] 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).

[37] In 2026.

[38] 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.

the relationship, for the performance of specific and predetermined activities (against a fee appropriately parameterised 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 KMs, 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 exceptional circumstances, specific elements of the Policy may be temporarily waived, subject to the RPT Procedure, and in particular with regard to:

a. ratio between fixed and variable remuneration (i.e. minimum and maximum pay mix) and relative distribution between short-term and long-term variable remuneration;
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.

Merely by way of example, an exceptional circumstance can include the need to make new top management appointments during the financial year and thus negotiate the related remuneration package, possibly also in derogation of the limits and constraints contained in the remuneration policy in order to be able to effectively attract and retain managers with adequate professionalism and characteristics, or any other circumstance that may occur during the financial year and that may qualify as exceptional pursuant to Article 123-ter TUF (i.e., in cases where the exception is necessary to pursue the long-term interests and the sustainability of the company as a whole or to ensure the ability to remain on the market).

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 - submitted to an advisory vote of the Shareholders' Meeting - sets out each of the items that make up the remuneration of the Directors, Statutory Auditors and KMs 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.

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

The Shareholders' Meeting of 27 April 2022 expressed a largely positive "advisory" vote on the Second Section of the 2022 Report, on 2021 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 2022, without derogations or disbursing amounts or benefits not envisaged in the policy.

In particular, the amounts recognized 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 and sustainability - made a functional contribution to the achievement of long-term results and to the sustainability of the Company over time.

2. Description of the items making up the remuneration

A. Non-executive directors not invested with particular offices

On 27 April 2022, the Shareholders' Meeting appointed the current Board of Directors, consisting of Massimo Moratti, Angelo Moratti, Angelomario Moratti, Gabriele Moratti, Giovanni Moratti, Dario Scaffardi[39], Giovanni Mancini, Adriana Cerretelli, Isabelle Harvie Watt, Laura Fidanza, Francesca Stefania Luchi and Patrizia Radice and also approved, pursuant to Article 2389, paragraph 1, of the Italian Civil Code, the annual gross remuneration of the directors of EUR 45,000.

Also in accordance with the recommendations of the Corporate Governance Code, no forms of remuneration linked to the Company's achievement of its economic objectives, or remuneration plans based on the Company's financial instruments were assigned to directors in relation to their office of directors.

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, in the person of Dario Scaffardi from the date of his appointment by Board resolution of 2 May 2022 until 30 October 2022, and in the person of Pier Matteo Codazzi (co-opted upon the termination of Scaffardi) from 31 October 2022 until his resignation, with immediate effect, on 15 March 2023.

In 2022, the Board of Directors decided to grant an annual compensation (pursuant to Article 2389, paragraph 3 of the Italian Civil Code) to the Chair, in addition to the compensation determined by the Shareholders' Meeting referred to in paragraph 2. on account of the powers

[39] See note 2.

delegated to him, in the amount of EUR 1,500,000.00 gross.

On the other hand, during this financial year (as indicated above), each of the Chief Executive Officers (Scaffardi replaced by Codazzi) received only the basic remuneration for the office of director on a *pro rata temporis* basis for the period the office was held during the financial year (referred to in paragraph A above) since they were remunerated under the parallel relationship as General Manager (see paragraph E, i.).

Instead, they were not beneficiaries of any form of variable remuneration in relation to the directorship (in line with the 2022 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, EUR 40,000.00 for the Chair and EUR 35,000.00 for the remaining members;
b. as regards the Control, Risk and Sustainability Committee, EUR 40,000.00 for the Chair and EUR 35,000.00 for the remaining members;
c. as for the Steering and Strategy Committee, EUR 80,000.00 for the Chair (and no remuneration for the other members).

D. Members of the Board of Statutory Auditors

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 12 May 2021 and is expected to remain in office until the Shareholders' Meeting called to approve the financial statements as at 31 December 2023. The current members of the Board of Statutory Auditors are: Giancarla Branda, Paola Simonelli[40], Fabrizio Colombo, Pinuccia Mazza[41] and Andrea Perrone[41].

The remuneration of the standing auditors for the year 2021 was set by the Shareholders' Meeting of 12 May 2021 at EUR 70,000.00 per year for the Chair and EUR 50,000.00 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.

E. Key Managers

i. Previous General Manager (Dario Scaffardi)

As previously announced in a separate press release, Dario Scaffardi resigned from his positions effective 30 October 2022, including that of General Manager, following a consensual termination agreement, but remained in his position as manager for an additional five months (until 31 March 2023).

In 2022, he has, as part of the management relationship with the Company[42]:

a. received the relative fixed annual remuneration of EUR 948,644,00[43];
b. benefited from the benefits provided for in their individual contract, the value of which is shown in Table 1;
c. accrued (pursuant to the provisions of the relevant consensual termination agreement referred to below) the variable remuneration with reference to 2022 under the MBO

[40] 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.

[41] Alternate auditors.

[42] As already illustrated, the General Manager simultaneously held the role of Chief Executive Officer and received a fixed remuneration for the office of director of EUR 45,000 as indicated above in paragraph 2 B.

[43]*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).*

system and the variable remuneration under the long-term plan "PCP" with reference to 2021 and 2022.

ii. The termination agreement[44] concluded with Scaffardi envisages:

a. the disbursement - against the consensual termination of employment at 31 March 2023, of a redundancy incentive of EUR 4,899,000.00 (quantified in compliance with the limits envisaged in the current remuneration policy and in application of the relevant criteria, including taking into account, among other things, the positive performance achieved) and disbursed upon termination of employment (subject to ratification of the agreement in a "protected venue" after the termination date);
b. the disbursement of an amount of EUR 1,168,000.00 as consideration for the waivers provided under the agreement, disbursed upon termination (subject to ratification of the agreement in a "protected venue" after the date of termination);
c. non-competition and non-solicitation commitments with a duration of 12 months, for a total consideration of EUR 465,000.00, to be disbursed in two equal tranches, the first within 30 days from the date of termination (already disbursed) and the second at the end of 6 months following the date of termination;
d. the retention of the right to payment of the MBO bonus related to 2022, to be quantified on the basis of the actual performance achieved (see below) as reported at 31 December 2022;
e. the retention, in application of the relevant regulations, of the right to the payment of two-thirds of the PCP bonus, to be quantified on the basis of the actual performance achieved in 2021 and 2022 as reported at 31 December 2022 (see appropriate table below);
f. the disbursement of the 2020 bonus, which had already been accrued at the time in relation to the results achieved, but the disbursement of which had been deferred at the request of Scaffardi himself (as indicated in the 2021 remuneration report and already included in the relevant Table 1 of the Second Section);
g. confirmation of the obligation, upon termination of the relationship, to repay the residual amount of the loan received[45] (as explained in the First Section, paragraph 7), with the right to receive from the Company a gross indemnity of EUR 2,257,625.80, in an amount corresponding - net of legal fees - to the residual amount of the loan).

As for the 2022 MBO bonus, the former General Manager accrued an amount of EUR 768,180.00, quantified on the basis of the results achieved, as shown in the following table:

[44] For further details, please refer to the press release published on the website at the following link: https://www.saras.it/sites/default/files/uploads/pressreleases/cs_-28_10_2022_clean.pdf
[45] Equal to EUR 1,106,599.04

2022 MBO bonus			
Goal	% weig ht	% achievement compared to target	total weighted % of achievement of targets
Expansion of renewable energy sources	20%	100%	118%
Group's comparable EBITDA	25%	150%	
Sustainability	20%	101%[46]	
2022 "Industrial & Marketing with net essentiality" Fixed Costs	20%	90%	
Industrial investments	15%	150%	

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, so that the reference numbers of the targets actually reached are not provided.

With reference to the 2022 financial year, the proportion between the fixed gross annual remuneration[47] and the variable remuneration was 82.6%.

As for the 2021-2022 PCP bonus, the former General Manager accrued an amount of EUR 2,588,000.00, quantified on the basis of the results achieved, as shown in the following table:

Performance Cash Plan – 2021-2022 final balance			
Goal	% weight	% achievement compared to target	total weighted % of achievement of targets
Saras margin vs. EMC Benchmark	40%	150%	120%
Total shareholder return (TSR)	20%	150%	
Debt reduction	40%	137%	

[46] Equal to the average of the results achieved in relation to the following indicators:
-CO_2 emissions avoided (thanks to Energy Efficiency and Renewable Energy Sources)
-Consumption of raw water from regional consortium vs. total water consumption
-Waste leaving Ecotec vs. total waste produced by Sarlux
-Accident Frequency Rate of Sarlux's personnel
-Participating in the "Climate Change" and "Water Security" questionnaires organized by the CDP each year and improvement of the Score
-Welfare (work life balance) – introducing "agile" work in the appropriate group offices
-% Group employees with Energy and Oil National Collective labor Agreements with productivity bonus tied to ESG objectives

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

ii. Subsequent General Manager (Pier Matteo Codazzi)

The new General Manager, Pier Matteo Codazzi, took office with effect from the date of his appointment on 31 October 2022 and remained in office until 15 March 2023 (the date on which he resigned with immediate effect). In 2022, he has, as part of their management relationship with the Company[48]:

a. received the relative fixed annual remuneration of EUR 160,435.00[49] *pro rata temporis*;
b. received a gross entry bonus of EUR 500,000.00;
c. used the benefits provided for in his individual contract.

As a result of his resignation, Codazzi has not accrued, nor will he receive, any variable remuneration with reference to the 2022 financial year.

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As indicated in the First Section of this Report, following the resignation of Codazzi, the office of General Manager was held, starting from 15 March 2023, by Franco Balsamo (who also held on an interim basis the office of CFO previously held).

The remuneration associated with this new role as General Manager will be defined in line with the provisions of the Company's remuneration policy (and will therefore be explained in the Second Section of next year's Report on remuneration and compensation paid).

Other Key Managers

During 2022, in addition to the General Manager, there is only one key manager who was on the Company's payroll, who - as already indicated in specific press releases - had signed an agreement in the same financial year regarding the assumed future termination of his relationship with the Company (with the approval of the financial statements for 2022).

As mentioned above, following the resignation from the position by the previous General Manager, Pier Matteo Codazzi, this role was assigned to the manager in question, and in view of this, the parties mutually terminated the agreement previously reached.

In 2022, the KM in question has, as part of the management relationship with the Company (and the office previously held):

a. received the relative fixed annual remuneration of EUR 506,566.00[50];
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 2022 as part of the MBO system.

As for the 2022 MBO bonus, it was linked to the achievement of the same results set for the previous General Manager. Based on the results achieved (as indicated above in the table relating to the previous General Manager), the KM therefore accrued an MBO bonus of EUR 354,000.00.

With reference to the 2022 financial year, the fixed gross annual remuneration[51] accounted for 70.8% of the total (fixed and variable).

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[48] 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 EUR 45,000 as indicated above in paragraph 2 B.

[49] *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).*

[50] *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).*

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

3. **Termination of office or termination of the employment relationship**

During the 2022 financial year, no indemnities or non-monetary benefits were paid for early termination of the relationship with Directors or with KMs.

With reference to the former General Manager, Dario Scaffardi, the amounts accrued as a result of the termination of employment that, the relevant conditions having been met, are disbursed at the date of publication of this report, (and of which information has already been given in the appropriate press release in addition to being reported above in paragraph 2.E.i of this Part One of Section II), are, even if disbursed and accrued in 2023, also reported in Table 1 in Part Two of Section II)).

There are no indemnities or other benefits provided to Codazzi as a result of the termination of relations except for what is accrued by law and collective agreement in relation to the position of General Manager.

4. **Exceptions made**

During the 2022 financial year, no exceptions were made to the 2022 Policy.

5. **Application of ex post correction mechanisms**

During the year 2022, 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	CHANGE 2020-2021	CHANGE 2021-2022[52]	2022 (EURO)
	TOTAL REMUNERATION OF THE INDIVIDUALS WHOSE INFORMATION IS INDICATED BY NAME[53]			
Massimo Moratti	0%	na [54]	na[55]	1,545,000.00
Dario Scaffardi	+6%[56]	-2%	307%[57]	6,624,917.80
Pier Matteo Codazzi	-	-	na[58]	677,310.00
Angelo Moratti	0%	0%	na[59]	45,000.00
Angelomario Moratti	0%	0%	0%	249,164.00

52 The decimals were rounded to +/- 0.5.

53 The amounts accrued on an accrual basis in 2022 are shown.

54 As specified under paragraph B of the first part of the Second Section of the 2021 Remuneration Report, the Chair received no remuneration pursuant to Article 2389, paragraph 3 of the Italian Civil Code in consideration of the Chair's desire to give an equivalent sum to the initiatives to undertake for the benefit of the Group employees laid off (thereby making the 2021 figure zero compared to that of 2020, net of only the base remuneration of all directors - incomparable with that of the previous year).

55 The 2022 Remuneration of the Chair is composed of the basic remuneration provided for all directors as well as the fee referred to in paragraph B.; the figure for 2022 is not comparable with that of the previous year for the reasons given in Note 54.

56 The percentages indicated in the table are calculated on the basis of an accrual principle (consistent with the criterion established by Consob's Issuers' Regulation for filling in the following tables).

57 See what is reported in paragraph E. i.

58 Chief Executive Officer and General Manager from 31/10/2022 to 15/03/2023.

59 The 2022 figure is not comparable with that of the previous year. Angelo Moratti has already received in full during 2021 the remuneration due to him with reference to his position as Chair of the Steering and Strategy Committee, which he ceased to hold on 2 May 2022.

Gabriele Moratti	0%	0%	0%	135,310.00
Giovanni Emanuele Moratti	0%	0%	0%	125,178.00
Adriana Cerretelli	0%	0%	150%[60]	120,000.00
Laura Fidanza	0%	0%	0%	115,000.00
Isabelle Harvie-Watt	0%	0%	0%	80,000.00
Francesca Stefania Luchi	0%	0%	4%[61]	83,333.00
Giovanni Mancini	-	-	na[62]	125,000.00
Patrizia Radice	-	-	na[63]	45,000.00
Gilberto Callera	0%	0%	na[64]	
Monica De Virgiliis	-	-	na[65]	
Giancarla Branda	+7%	3%	5%	70,000.00
Paola Simonelli	+22%[66]	2%	3%	110,000.00
Fabrizio Colombo	-	6%	3%	118,000.00
Pinuccia Mazza[67]	-	-	-	-
Andrea Perrone[75]	-	-	-	-
	Company results			
Reported EBITDA (consolidated result)	-134.45%	418%	422.3%	1,170.3ML
Comparable EBITDA (consolidated result)	-106.63%	360%	2,099.8%	1,136.7ML
	Average gross annual remuneration as at 31 December of employees other than individuals whose information is indicated by name[68]			
Saras employees	1%	1%	2%	50,615.00

[60] Member of the Remuneration and Nomination Committee since 02/05/2022 and Chair of the Control, Risk and Sustainability Committee since 12/5/2022.
[61] Chair of the Remuneration and Nomination Committee since 11/05/2022
[62] Director since 27/04/2022 and Chair of the Steering and Strategy Committee since 16/05/2022
[63] Director since 27/04/2022
[64] Director since 27/04/2022
[65] Director since 27/04/2022
[66] 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.
[67] Alternate auditors.
[68] The average gross annual remuneration of the employees of the Italian Saras Group Companies is shown, considering the most significant figure in consideration of the fact that the largest number of employees is concentrated in the Italian Subsidiaries.

PART TWO

Tables

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 fees[2]	Non-monetary benefits	Other remuneration	Total	Fair value of equity remuneration	Allowance for end of office or termination of employment
Massimo Moratti	Chair	Full term	Shareholders' Meeting for approval of 2022 FS	1,545,000.00[3]					1,545,000.00		
Dario Scaffardi	Chief Executive Officer	until 30/10/2022	30/10/2022-[4]	37,500.00[5]					6,624,917.80		6,590,016.04[8]
	General Manager			948,644.00		3,356,180.00[6]	24,968.00	2,257,625.80[7]			
Pier Matteo Codazzi	Chief Executive Officer	From 31/10/2022 to 31/12/2022	15/03/2023-	16,875.00[9]					677,310.00		0
	General Manager			160,435.00		500,000.00[6]					
Angelo Moratti	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00					45,000.00		
Angelomario Moratti	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00				204,164.00	249,164.00		102,458.75
Gabriele Moratti	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00				90,310.00	135,310.00		51,078.18

Giovanni Emanuele Moratti	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00				80,178.00	125,178.00		55,482.96
Adriana Cerretelli	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00	75,000.00				120,000.00		
Laura Fidanza	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00	70,000.00				115,000.00		
Isabelle Harvie-Watt	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00	35,000.00				80,000.00		
Francesca Stefania Luchi	Director	Full term	Shareholders' Meeting for approval of 2022 FS	45,000.00	38,333.00				83,333.00		
Giovanni Mancini	Director	Since 27/4/2022	Shareholders' Meeting for approval of 2022 FS	45,000.00	80,000.00				125,000.00		
Patrizia Radice	Director	Since 27/4/2022	Shareholders' Meeting	45,000.00					45,000.00		

			for approval of 2022 FS								
Gilberto Callera	Director	Until 27/4/2022									
Monica De Virgiliis	Director	Until 27/4/2022									
Giancarla Branda	Chair of the Board of Statutory Auditors	Full term	Shareholders’ Meeting for approval of 2022 FS	70,000.0[10]					70,000.00		
Paola Simonelli	Statutory auditor of Saras	Full term	Shareholders’ Meeting for approval of 2022 FS	50,000.00				25,000.00[11]	75,000.00		
	Statutory auditor of Sarlux	Full term	Shareholders’ Meeting for approval of 2022 FS	20,000.00				15,000.00[11]	35,000.00		
Fabrizio Colombo	Statutory auditor of Saras	Full term	Shareholders’ Meeting for approval of 2022 FS	50,000.00					50,000.00		
	Statutory auditor of Sarlux	Full term	Shareholders’ Meeting for approval of 2022 FS	30,000.00					30,000.00		
	Sole statutory	Full term	Shareholders’	20,000.00				6,500.00[12]	26,500.00		

	auditor of Sartec		Meeting for approval of 2022 FS								
	Sole statutory auditor of Deposito di Arcola	Full term	Shareholders’ Meeting for approval of 2022 FS	5,000.00				6,500.00[12]	11,500.00		
Pinuccia Mazza	Alternate auditor	Full term	Shareholders’ Meeting for approval of 2022 FS								
Andrea Perrone	Alternate auditor	Full term	Shareholders’ Meeting for approval of 2022 FS								
Key Managers				506,566.00[13]		354,000.00[5]	11,524.00		872,090.00		180,776.13
TOTAL				3,910,020.00	298,333.00	4,210,180.00	36,492.00	427,652.00	8,882,677.00		447,812.06

[1] See also table 1 (a) below.
[2] Bonuses and other incentives are specified in the column. No profit sharing is contemplated
[3] Including 45,000.00 fixed remuneration determined by the shareholders’ meeting.
[4] Date on which the offices terminated, it being understood that the employment relationship continued until 31 March 2023, the date of consensual termination of the relationship.
[5] Fixed remuneration determined by the shareholders' meeting, including 15,000.00 as the balance for the period January to April 2022 and 22,500.00 as the pro rata amount for the period May to October 2022.
[6] Bonuses and other incentives. No profit sharing is recognized. Please note that the amount is indicated on an accrual basis and please refer to the Second Section for further details.
[7] Amount accrued (and disbursed) in 2023, upon termination of the relationship. See paragraphs 2. E. ii. f) and 3. of Part One of the Second Section.
[8] Amounts accrued (and disbursed) in 2023, upon termination of the relationship. As indicated in Paragraph 2. E. ii of part one of the Second Section, of this total amount, the portion corresponding to the redundancy incentives paid as severance indemnity is EUR 4,899,000.00. The total amount also included the consideration for the non-competition agreement, amounting to EUR 465,000.00 (half of which, moreover, will be paid only at the end of the non-competition period). Moreover, for the sake of completeness, the amount of EUR 1,168,000.00 that was not paid as a compensation for loss of office but as a consideration for the waivers rendered by the General Manager under the settlement agreement, as well as the amount of EUR 58,016.06 equivalent to the severance pay set aside in the company, were also indicated in this column.
[9] Fixed remuneration determined by the shareholders' meeting - pro-rata from November 2022 to 15 March 2023 (until the date of resignation).
[10] Remuneration as Chair of the Board of Statutory Auditors of Saras S.p.A.
[11] Remuneration as member of the Supervisory Body of Saras S.p.A. and of the subsidiary Sarlux S.r.l.
[12] Remuneration as member of the supervisory body of the subsidiaries Sartec S.r.l. and Deposito di Arcola S.r.l.
[13] Employment responsibilities.

TABLE 1(a)		
Remuneration for attendance at committees		
Remuneration and Nomination Committee	Francesca Stefania Luchi Laura Fidanza Adriana Cerretelli (from 2 May 2022) Gilberto Callera (until 27 April 2022)	40,000.00 35,000.00 35,000.00 -
Control, risk and sustainability committee	Adriana Cerretelli Isabelle Harvie-Watt Laura Fidanza Gilberto Callera (until 27 April 2022) Monica de Virgiliis (until 27 April 2022)	40,000.00 35,000.00 35,000.00 - -
Steering and Strategies Committee	Giovanni Mancini (from 2 May 2022) Angelo Moratti Massimo Moratti Dario Scaffardi (until 30 October 2022) Codazzi Matteo (from 31 October 2022 to 15 March 2023) Angelomario Moratti Gabriele Moratti Giovanni Emanuele Moratti	80,000.00 -

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 until 30/10/2022	Saras S.p.A.	1,563,302	-	-	1,563,302
Pier Matteo Codazzi	Chief Executive Officer and General Manager since 31/10/2022	Saras S.p.A.	-	-	-	-
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[69]	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 Stefania Luchi	Independent Director	Saras S.p.A.	-	-	-	-
Monica de Virgiliis[(61)]	Independent Director	Saras S.p.A.	-	-	-	-
Giovanni (known as Gianfilippo) Mancini[70]	Independent Director	Saras S.p.A.	-	-	-	-
Patrizia Radice	Independent Director	Saras S.p.A.	34,298	-	-	34,298
Giancarla Branda	Chair of the Board of Statutory Auditors	Saras S.p.A.	-	-	-	-
Paola Simonelli	Statutory Auditor	Saras S.p.A.	-	-	-	-
Fabrizio Colombo	Statutory Auditor	Saras S.p.A.	3,000[71]	-	-	3,000
Pinuccia Mazza	Alternate Auditor	Saras S.p.A.	-	-	-	-
Andrea Perrone	Alternate Auditor	Saras S.p.A.	-	-	-	-

[69] In office until 27 April 2022
[70] In office since 27 April 2022
[71] Shares purchased on the market

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

NUMBER OF KEY MANAGERS	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.	684,814	0	400,000	284,814