

SARAS S.p.A.

**REPORT OF THE BOARD OF DIRECTORS ON THE ITEMS ON THE AGENDA IN
ACCORDANCE WITH ARTICLE 125-TER OF LEGISLATIVE DECREE NO. 58 OF 24
FEBRUARY 1998**

Dear Shareholders,

With notice of call dated 17 April 2020, you have been called to the Ordinary Shareholders' Meeting in Milan, at the practice of Notary Luca Barassi in Viale Bianca Maria no. 24 for **22 May 2020**, at **10:00 a.m.**, on first call, and if necessary, on 23 May 2020, at the same time and place, on second call, to discuss and resolve on the following

AGENDA

1. Financial statements at 31 December 2019.

1.1) Approval of the financial statements at 31 December 2019, presentation of the consolidated financial statements at 31 December 2019 and the consolidated non-financial statement pursuant to Legislative Decree No. 254 of 30/12/2016 - Sustainability Report.

1.2) Allocation of the result for the year.

2. Report on the remuneration policy and fees paid pursuant to Art. 123-ter, paragraphs 3-bis and 6 of Legislative Decree No. 58/98.

2.1) Binding resolution on the first section concerning the remuneration policy prepared pursuant to Art. 123-ter, paragraph 3, of Legislative Decree No. 58/98;

2.2) Non-binding resolution on the second section concerning fees paid prepared pursuant to Art. 123-ter, paragraph 4. of Legislative Decree No. 58/98.

3. Integration of the Board of Statutory Auditors following the resignation of a standing auditor.

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This report is drawn up pursuant to Article 125-*ter* of Legislative Decree No. 58 of 24 February 1998, as subsequently amended ("Consolidated Finance Act - TUF") and is made available to the public at the Company's registered office, on the website (www.saras.it) of Saras S.p.A. (the "Company"), and on the authorised storage mechanism 1Info (www.1info.it), at least thirty days before the date of the Shareholders' Meeting.

As specified below, the reports relating to the matters indicated in the other items on the agenda are published in the manner and within the time limits provided for by current legislation.

First item on the agenda

With regard to the first item on the agenda, the Board of Directors informs you that the draft financial statements of the Company as at 31 December 2019, accompanied by the related report on operations and the certification pursuant to Article 154-*bis*, paragraph 5 of the TUF by the delegated administration bodies and the Designated Manager responsible for drafting company accounting documents, is made available at the Company's registered office, on the Company's website and on the authorised storage mechanism 1Info (www.1info.it).

In addition, a copy of the report of the Board of Statutory Auditors and the independent auditors' report relating to the draft financial statements at 31 December 2019 are filed at the Company's registered office, on the Company's website and on the authorised storage mechanism 1Info (www.1info.it).

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With regard to the presentation of the consolidated financial statements as at 31 December 2019 and the consolidated non-financial statement pursuant to Legislative Decree No. 254 of 30/12/2016 ("Sustainability Report"), which is made available in a manner similar to that mentioned above relating to the draft financial statements, it should be noted that these documents do not require any approval by the Shareholders' Meeting.

Second item on the agenda

With regard to the second item on the agenda, the Board of Directors informs you that the report on the remuneration policy and the fees paid in accordance with Art. 123-*ter*, paragraphs 3-*bis* and 6 of Legislative Decree No. 58/98 and Art. 84-*quater* of the Issuers' Regulations, and to which reference should be made also pursuant to and in accordance with Art. 84-*bis*, paragraph 5, letter a) of the Issuers' Regulations, is available at the Company's registered office, on the Company's website and on the authorised storage mechanism IInfo (www.1info.it).

Third item on the agenda

Dear Shareholders,

With regard to the third item on the agenda, we inform you that the standing auditor Giovanni Luigi Camera, appointed by the Shareholders' Meeting of 27 April 2018 from among the candidates on the list that obtained the highest number of votes, has resigned with effect from the date of the Shareholders' Meeting called to approve the financial statements for the year ended as at 31 December 2019.

Pursuant to Article 2401 of the Italian Civil Code, the Shareholders' Meeting must therefore resolve on the integration of the Board of Statutory Auditors by appointing a standing auditor, who will remain in office until the natural expiry of the current Board, i.e. until the Shareholders' Meeting called to resolve on the approval of the financial statements for the year ending 31 December 2020.

Since, as mentioned above, the resigning auditor was a candidate on the list that obtained the highest number of votes, as already specified in the notice of call of the Shareholders' Meeting, to which reference should be made for further details, it should be noted that, pursuant to Art. 26 of the Articles of Association, the list voting mechanism does not apply to the integration of the Board of Statutory Auditors and the Shareholders' Meeting will resolve with the majorities required by law, without prejudice to compliance with current legislation on gender balance. On this point, it should be noted that, since both standing auditors are female, in order to ensure gender balance, the Shareholders' Meeting shall appoint a standing auditor of the same gender as the resigning auditor.

Together with and at the same time as the filing of the candidature proposals, for which no specific deadlines are set and which may also be carried out directly at the Shareholders' Meeting, the relevant supporting documentation containing the information better indicated in the notice of call, to which reference should be made, must also be filed.

Candidates for the office of auditor must meet the requirements of integrity and professionalism required by current regulations and, pursuant to the Corporate Governance Code prepared by the Committee for the Corporate Governance of Listed Companies of Borsa Italiana S.p.A. (hereinafter the "**Corporate Governance Code**"), to which the Company has adhered, the auditors must be chosen from among persons who can be qualified as independent, also on the basis of the criteria provided for

by law and the recommendations of the Corporate Governance Code with reference to Directors, in the latter case having more regard for substance than form. Considering also that, pursuant to Article 2400, final paragraph, of the Italian Civil Code, at the time of their appointment and before accepting their appointment, the Shareholders' Meeting must be informed of the administration and control positions held by statutory auditors in other companies, the candidates are invited to provide a specific statement in the information on their personal and professional characteristics with a recommendation for updating, up to the date of the Shareholders' Meeting.

For any other details regarding the candidates' requirements, the submission of candidacy proposals and the documentation to be attached to them, please refer to the notice of call, to Art. 26 of the Articles of Association (below) and the relevant regulations.

You are therefore invited to appoint a standing auditor in order to reinstate the Board of Statutory Auditors, voting on the nominations submitted in accordance with the applicable regulations and the Articles of Association.

ARTICLES OF ASSOCIATION

Article 26 - Board of Statutory Auditors

The Board of Statutory Auditors is composed of three standing members and two alternate members, who remain in office for three financial years, expiring on the date of the shareholders' meeting called to approve the financial statements for the third financial year, and may be re-elected.

The Board of Statutory Auditors and the auditors operate in accordance with the law.

The election of the standing and alternate members of the Board of Statutory Auditors shall be carried out, in compliance with the pro tempore regulations in force concerning gender balance, according to the list voting procedure provided for by the regulations in force from time to time, as supplemented below.

Lists may be submitted by shareholders representing at least 2.5% (two point five per cent), or a different measure established according to legislation in force at the time, of the share capital consisting of shares with voting rights at the ordinary shareholders' meeting. Lists that present a number of candidates equal to or greater than three must be composed of candidates belonging to both genders, so that the least represented gender includes a quota of candidates (rounded up) for the office of standing auditor and candidates for the office of alternate auditor equal to that prescribed by the regulations in force at the time concerning the balance between genders for the composition of the Board of Statutory Auditors.

Together with each list, before the submission deadline at the registered office, declarations must be submitted in which the individual candidates accept their nomination and attest, under their own responsibility, that there are no grounds for ineligibility and incompatibility (including not exceeding the regulatory limits regarding the number of offices held), as well as the existence of the requirements laid down by law and the current Articles of Association for the office of company auditor.

The candidates on the lists must meet the following professional requirements:

**the first candidate on the list, both for the position of standing auditor and alternate auditor, must be entered in the Register of Auditors and must have exercised the activity of legal auditing for a period of not less than three years;*

**the other candidates, if they do not meet the requirement set out in the previous paragraph, must have at least three years' uninterrupted overall experience in the exercise of the following positions:*

- administration or control activities or management tasks in companies with share capital of at least two million euros;*
- professional activities or tenured university teaching in legal, economic, financial or technical-scientific subjects strictly related to the field of activity in which the company or the group to which it belongs operates;*
- managerial functions in public bodies or public administrations operating in the credit, financial and insurance sectors or in any case in sectors closely related to the activities of the company or the group to which it belongs.*

Matters and sectors closely related to the activities of the company or the group to which it belongs are those resulting from the corporate purpose.

As a result of the vote, the following will be elected: to the office of standing auditor, the candidates indicated at numbers 1 (one) and 2 (two) on the list that obtained the highest number of votes; to the office of Chairperson of the Board of Statutory Auditors, the auditor candidate indicated at number 1 (one) on the list that obtained the highest number of votes among the lists submitted and voted by shareholders who are not connected, not even indirectly, with the shareholders who submitted or voted for the list that obtained the highest number of votes; to the office of alternate auditors, the candidates indicated as alternate auditors at number 1 (one) on both the list that obtained the highest number of votes and the minority list from which the Chairperson of the Board of Statutory Auditors was drawn.

If the above procedures do not ensure that the composition of the Board of Statutory Auditors is in accordance with the pro tempore regulations in force regarding gender balance, the necessary replacements will be made from the candidates for the position of standing auditor from the list that obtained the highest number of votes, in the progressive order in which the candidates are elected.

If two or more lists have received the same number of votes, a new vote will be taken in order to obtain an unequivocal result. If only one list of candidates is submitted, the standing auditors (including the Chairperson of the Board of Statutory Auditors) and alternates will be elected from that list, subject to compliance with the applicable pro tempore regulations concerning gender balance. If an auditor leaves office, the alternate auditor belonging to the same list as the auditor to be replaced takes over. If the auditor leaving office is also Chairperson of the Board of Statutory Auditors, the incoming alternate auditor will be appointed Chairperson of the Board of Statutory Auditors.

The Shareholders' Meeting called to reinstate the Board of Statutory Auditors in accordance with the law will, if the reinstatement concerns auditors from the minority list, take steps to comply with the aforementioned principle of minority representation, it being understood that at least one standing auditor and at least one alternate auditor must be entered in the register of auditors and have exercised the activity of legal auditing for a period of not less than three years.

It is understood that the above replacement procedures must in any case ensure that the composition of the Board of Statutory Auditors complies with the applicable pro tempore rules concerning gender balance.

For the appointment of auditors for any reason not in accordance with the procedures set out in the preceding paragraphs, the Shareholders' Meeting shall resolve with the majorities required by law, subject to compliance with the pro tempore regulations in force concerning gender balance.

The office of standing auditor is incompatible with the performance of similar offices in more than three other companies listed on Italian regulated markets, with the exclusion of the Company and its subsidiaries.

To this end, each auditor must produce a special declaration to the Board of Directors, containing, where necessary, a mention of the renouncement of incompatible appointments.

Failure to produce the declaration referred to in the previous paragraph within 30 (thirty) days of the appointment or the subsequent assumption of incompatible positions pursuant to the same paragraph shall result in forfeiture of the office of auditor.

The Chairperson and the other members of the Board of Statutory Auditors are remunerated in accordance with applicable regulations.

Meetings of the Board of Statutory Auditors may be held by telecommunication means, provided that all participants can be identified and that they are allowed to take part in the controls, to follow the discussion and intervene in real time in the discussion of the topics discussed and in the deliberation as well as to receive, transmit and view documents. If these requirements are met, the Board of Statutory Auditors shall be deemed to meet at the place where it is convened, where at least one auditor must be present.

Milan, 17 April 2020

for the Board of Directors
The Chairperson
Massimo Moratti