

SARAS S.p.A.

Registered office in S.S. Sulcitana 195 km. 19° - Sarroch (CA)

Share capital EUR 54,629,666.67 fully paid-up

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS'
MEETING

pursuant to Article 2429 of the Italian Civil Code and Article 153 of Legislative
Decree No. 58/1998

Dear Shareholders,

The Board reports on the monitoring activity carried out in the financial year ended 31 December 2019, pursuant to Articles 2429 et seq. of the Italian Civil Code and in compliance with the provisions of Legislative Decree No. 58/1998 (Consolidated Finance Act, TUF), to the recommendations expressed by the Rules of Conduct of the Board of Statutory Auditors of listed companies issued by the National Board of Chartered Accountants and Accounting Experts and taking into account the indications provided by Consob with the communication dated 6 April 2001 - DEM/1025564, amended and supplemented with the communication dated 4 April 2003 - DEM/3021582 and subsequently with the communication dated 7 April 2006 - DEM/6031329.

In this Report, the Board also reports on the monitoring activity carried out regarding the Company's compliance with the provisions set forth in Legislative Decree

No. 254/2016, concerning the communication of non-financial information and information on diversity.

More specifically, as part of the performance of the functions assigned to it by law, as the supervisory body and also as the Internal Control and Audit Committee in public interest entities, pursuant to Article 19 of Legislative Decree No. 39/2010, the Board reports that:

- a) it has monitored that the Company has complied with the law and the main and secondary regulations and the Company's Articles of Association, including the measures regarding safety in the workplace, respect for the environment and the processing of personal data;
- b) it has obtained from the Directors, at the frequency established by Article 150 of Legislative Decree No. 58/1998 and according the procedures established by the Articles of Association in Article 22, information on general operating performance, the business outlook, as well as the activities pursued and regarding the economic, financial and equity transactions of major importance resolved and implemented by the Company and its subsidiaries during the financial year, and it can reasonably affirm, on the basis of the information made available, that the resolutions adopted and the actions undertaken comply with the law and the corporate Articles of Association and are not manifestly imprudent, risky, in potential conflict of interests, in contrast with the resolutions of the Shareholders' Meeting or such as to compromise the integrity of company assets. The aforementioned information is fully represented in the management report to which you are referred;
- c) it has not detected the existence of any atypical or unusual transactions with Group companies, third parties or other related parties, and it has verified that the relations with the same have been settled at arm's length. To this end, we call your attention to the fact that in the Notes to the consolidated financial statements – under section 7.2. of Chapter 7 entitled “Other information” – the Directors analytically highlight and illustrate the existence of relationships involving the exchange of goods and services and/or of a financial nature with subsidiaries and other related parties, explaining the economic effects, specifying that the transactions ensuing from these relationships were settled at arm's length under the terms and conditions that would

have applied to transactions of the same nature between unrelated parties and representing that they corresponded with the interests of the Company. In this regard, it is hereby noted that standing surety for subsidiary Companies does not constitute an atypical or unusual transaction, as this is part of the parent Company's normal course of business. This case is specifically illustrated in the same explanatory note in section 7.6. of the aforementioned Chapter 7;

- d) it has positively evaluated the compliance of the Procedure applicable to transactions with Related Parties adopted by the Company (approved by resolution of 23 January 2007, amended by a subsequent resolution of 19 March 2014 and published on the website) to the principles contained in the “*Regulation on transactions with related parties*”, adopted by Consob by Resolution No. 17221 of 12 March 2010, as amended, in implementation of Article 2391-bis of the Italian Civil Code and those provided by the Corporate Governance Code; as well as the consistency with the indications contained in Consob Communication No. DEM/10078683 of 24 September 2010; so much so that it can be concluded that the procedures adopted by the Board of Directors appropriately guarantee a correct and transparent regulation of transactions with related parties. In this regard, the Board monitored compliance with the adopted Procedure, obtaining adequate information from the relevant departments in this regard. Furthermore, the Board underlines that the main functions of the Related Parties Committee are assigned to the Control and Risk Committee that has been established within the Board of Directors, while complying with independence requirements set forth in the Corporate Governance Code; The Committee did not hold any meetings during 2019 as there were no transactions with related parties and therefore no need to convoke a meeting, in accordance with the Procedure adopted by the Company;
- e) it has verified that, during the 2019 financial year, the Company did not purchase or sell treasury shares on the Italian Telematic Stock Market (MTA), although on 16 April 2019, the Shareholders’ Meeting authorised a programme to purchase Saras S.p.A. ordinary shares pursuant to Articles 2357 of the Italian Civil Code and 132 of Legislative Decree No. 58/1998, to be implemented within 12 months starting from the authorisation resolution, i.e., by 16 April 2020;

- f) it has been informed of and has monitored, to the extent of its authority, the adequacy of the organisational structure, in terms of structure, procedures, competences and responsibilities, the size of the Company, and the nature and methods of pursuing the corporate purpose;
- g) it has monitored compliance with the principles of correct administration, through consistent participation in the meetings of the Board of Directors and the Board Committees, established in compliance with the Corporate Governance Code, and on the basis of the information acquired during these meetings, acknowledging that management decisions are inspired by the principle of correct information and reasonableness and that the Directors are aware of the risk and effects of the transactions carried out;
- h) it has been informed and has monitored, pursuant to Article 149, paragraph 1, letter d) of Legislative Decree No. 58/1998, for the main companies subject to control, the adequacy of the instructions given by the Company to the subsidiaries pursuant to Article 114, paragraph 2 of the same Legislative Decree No. 58/1998, through:
- ✓ the acquisition of information from the managers of the relevant corporate departments;
 - ✓ meetings and exchanges of information with the Chairpersons of the Boards of Statutory Auditors and with the Sole Auditor where provided;
 - ✓ meetings with the Company that is also in charge of the statutory audit of the subsidiaries;

and to have no particular comments to raise in this regard;

- i) it has assessed and monitored the adequacy of the internal control system and the administrative-accounting system, as well as the latter's reliability insofar as correctly representing the management facts, by means of:
- ✓ examining the report of the Financial Reporting Manager regarding the internal audit covering the Company's internal Control system;

- ✓ examining the reports of the Internal Audit department and its information on the results of the monitoring activity concerning the implementation of the corrective actions identified from time to time;
- ✓ acquiring information from the managers of the respective departments;
- ✓ examining company documents;
- ✓ analysing the results of the work carried out by the Audit firm;
- ✓ exchanging information with the supervisory bodies of the subsidiaries pursuant to Article 151, paragraphs 1 and 2 of Legislative Decree No. 58/1958;

and to have no particular comments to raise in this regard;

- j) it has monitored the process of certifying the reliability of the financial information and the ability of the process of preparing the financial statements to produce financial information that is consistent with accounting standards;
- k) it has monitored the adequacy of the risk management policy in relation to the strategic, operational and financial areas;
- l) it has read and obtained information on the procedural and organisational activities put in place, in implementation of the legislation relating to the “*Rules of the administrative responsibility of entities*” referred to in Legislative Decree No. 231/2001, as amended; it has received from the Supervisory Body the minutes of the relative meetings held during the 2019 financial year, acquired the periodic Reports presented to the Board of Directors and received from the same body assurance regarding the absence of facts or situations to be reported herein;
- m) it has monitored, pursuant to Article 149, paragraph 1, letter c-bis of Legislative Decree No. 58/1998, this Board has monitored the actual implementation of the Corporate Governance Code for listed companies prepared by the Corporate Governance Committee, which the Company has resolved to uphold pursuant to the resolution of the Board of Directors of 11 November 2006; it has verified the correct application of the assessment criteria adopted by the Board of Directors regarding

the independence of the Directors and has verified the adoption of a self-assessment procedure on the composition and functioning of the Board and the Committees established within it;

- n) it has verified, more specifically, the correct application of the criteria and assessment procedures adopted by the Board of Directors, pursuant to the application criterion 1.C.1. letter g) of the Corporate Governance Code, to assess the independence of its members, in accordance with the application criterion 3.C.5. at the end of Article 3 of the same Code;
- o) it has assessed the adequacy of the criteria for defining the remuneration policy adopted by the Board and the Remuneration Committee established within it, including in the light of the recommendations of the Corporate Governance Committee. In this regard, it should be noted that after the closing of the 2019 financial year, at the meeting of the Board of Directors held on 2 March 2020, the Remuneration Policy was amended to take into account the changes introduced by the new Article 123-ter of the TUF, as amended by Legislative Decree No. 49 of 10 May 2019 in implementation of EU Directive 2017/828 (Shareholder Rights Directive II), identifying, in particular, specific sustainability objectives in the variable component of managers' remuneration;
- p) it has verified the evolution of governance, including in the light of the considerations set forth in the corporate governance report on the recommendations contained in the letter of the Chair of the Corporate Governance Committee of 19 December 2019 and, in that scope, to have positively evaluated the attention given by the Company to sustainability issues. In this regard, it should be noted that, at the meeting held on 6 February 2020, the Board of Directors assigned to the Control and Risk Committee the task of supervising, assessing and monitoring the sustainability profiles related to the company's activities, without prejudice to the powers already assigned to the Steering and Strategies Committee;
- q) it has conducted the periodic verification of the adequacy of the Board in terms of powers, operation and composition, taking into account the size, complexity and activities carried out by the Company, verifying the suitability of its members to perform the functions assigned in terms of the existence of the requisites of

professionalism and respectability, availability of time and independence and also verifying compliance with the limits on the accumulation of positions held, also on the basis of the certifications and information provided by each statutory auditor;

r) it has received confirmation from the Audit firm regarding its independence pursuant to Article 6, par. 2) of EU Regulation No. 537/2014 and pursuant to paragraph 17 a) of International Auditing Standard (ISA Italy) 260;

s) it has issued the following favourable opinions during the 2019 financial year:

- ✓ on the supplement to the Audit Firm's fee;
- ✓ on the assignment to Ernst & Young to provide services other than auditing, including support in identifying areas of intervention to improve environmental and safety data to be monitored, with regard to Sarlux S.r.l., a subsidiary of Saras S.p.A.;
- ✓ on the assessment of compliance with the independence requirements applicable to independent directors, as per the Corporate Governance Code and Legislative Decree No. 58/1998;
- ✓ on the approval of the annual activity plan prepared by the Internal Audit department's manager, pursuant to Article 7, paragraph 7.C.1.c) of the Corporate Governance Code;
- ✓ on the assessment of the correct use of accounting principles and their consistency for the purposes of preparing the consolidated financial statements, carried out by the Control and Risk Committee, pursuant to Article 7, paragraph 7.C.2. a) of the Corporate Governance Code, in agreement with the Financial Reporting Manager;

t) it has not received complaints pursuant to Article 2408 of the Italian Civil Code;

u) it has received detailed information on the impairment tests carried out pursuant to IAS 36 in 2019 confirming the values of assets recorded in the financial statements of the Company and those of the subsidiaries;

v) it has received analytical information regarding the most significant economic, financial and equity transactions carried out, including through subsidiaries. Of these transactions, examined and approved by the Board of Directors, the following are mentioned:

- ✓ the implementation, in the first quarter of the year, of an important multi-year maintenance cycle scheduled for the plants at the Sarroch refinery;
- ✓ the change in the company structure due to the full non-proportional demerger of MOBRO S.p.A. in favour of Angel Capital Management S.p.A. (ACM) and Stella Holding S.p.A. (Stella). Following the demerger, i.e., since 24 June 2019, Saras S.p.A. has been controlled by Massimo Moratti S.a.p.A. with 20.01%, Angel Capital Management S.p.A. with 10.005%, and Stella Holding S.p.A. with 10.005% of the share capital;
- ✓ the start of the direct marketing activity of naval fuels in specific dedicated areas in the ports of Sarroch and Cagliari;
- ✓ the expansion of the Ulassai wind farm, with the installation of 9 new turbines for an additional capacity of 30 MW, bringing the total installed capacity to 126 MW;
- ✓ the subscription, which took place on 5 February 2020, (i.e., after the end of the 2019 financial year), of a five-year revolving credit line totalling EUR 305 million, refinancing in advance the previous revolving credit line of EUR 255 million expiring in December 2020;
- ✓ the conclusion of a EUR 50 million financing contract that was signed on 12 February 2020, i.e., after the end of the 2019 financial year;

w) it has held five meetings during the financial year, pursuant to Article 150, paragraph 3 of Legislative Decree No. 58/1998, with representatives of the Company appointed to perform the statutory audit, following which no facts or critical issues emerged that require mention in this report;

x) it has received the draft consolidated financial statements of the Group and the separate financial statements as at 31 December 2019 prepared in accordance with

international accounting standards, as well as the management report, within the deadline set out in Article 2429 of the Italian Civil Code, as well as the Sustainability Report containing the Consolidated Non-Financial Statement and diversity information, within the terms set out in Article 5 of Legislative Decree No. 254/16;

y) it has received, following the approval of the draft financial statements, a new version of the Management Report supplemented with the necessary information as a result of the spread, on a global scale, of the epidemiological emergency from COVID -19 (“coronavirus”) and was informed that the Group, regarding the developments linked to the evolution of the pandemic - despite being aware of a slowdown in business activity and the contraction in margins - did not proceed to quantify the effects due to the objective uncertainties regarding the extent of the event's impact on the macroeconomic scenario. However, the Board of Statutory Auditors has verified that the Group took all necessary precautions to protect its employees, customers and the community, obtaining assurances in this regard also from the Supervisory Body. It also verified that the measures adopted by the Group in the continuation of its activities complied with the legislation;

z) it has received from the Audit firm the reports pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010 and Article 10 of EU Regulation No. 537/2014 respectively for the separate and consolidated financial statements for the year ended 31 December 2019. These reports, dated 18 March 2020, show that the Company’s financial statements and consolidated financial statements provide a true and fair view of the statement of financial position, income statement and cash flows for the year ended 31 December 2019, in accordance with International Financial Reporting Standards adopted by the European Union as well as the provisions issued in implementation of Article 9 of Legislative Decree No. 38/2005; and that the management report and the information in the report on corporate governance and ownership structure indicated in paragraph 4 of Article 123-bis of Legislative Decree No. 58/1998 are consistent with the separate and consolidated financial statements;

aa) it has received, from the Audit firm EY S.p.A., the report required by Article 11 of Regulation (EU) No. 537/2014, dated 18 March 2020;

bb) it has received, from the Independent Auditors EY S.p.A., the limited audit report on the compliance of the non-financial information provided with regard to the rules contained in Legislative Decree No. 254 of 30 December 2016. From this report, dated 18 March 2020, it appears that there is no evidence to suggest that the Consolidated Non-Financial Statement has not been drafted, in all significant aspects, in accordance with the requirements of Articles 3 and 4 of the aforementioned Decree and the GRI Standards.

Consolidated Non-Financial Statement

The Board, in the context of the ordinary activity carried out in implementation of the current legislation, has monitored the Company's compliance with the provisions established by Legislative Decree No. 254/2016 on the disclosure of non-financial information and information on diversity.

The Company has prepared the Consolidated Non-Financial Statement in the broader form of the "*Sustainability Report*", including it in a separate document rather than in a section of the management report.

The above statement, prepared in accordance with the reporting principles identified in the "Global Reporting Initiative Sustainability Reporting Standards" (GRI Standard for short), presents the strategies adopted to ensure the economic growth of the Company and the development of its business in a sustainable manner. This statement covers environmental, social and personnel issues, respect for human rights, and the fight against active and passive corruption, which are relevant given the activity and characteristics of the Company, to an adequate extent in order to enable an understanding of the activity carried out by the Saras Group, its performance, its results and the related impact, in a manner consistent with the provisions contained in Article 3 of Legislative Decree No. 254/2016.

Based on the aforementioned statement, approved by the Board of Directors in the meeting of 2 March 2020 and made available to the Statutory Auditors on the same date, the Board carried out a brief audit on the systems and processes to ascertain compliance

with the law and proper administration. In actual terms, the audit covered the risk assessment matrix, the reporting methods for the information provided by the Group companies and the extent to which they correspond with the true facts, as well as the report's compliance with the provisions of the decree.

Upon completion of the activity carried out and in the light of the conclusions reached by the Audit firm in the specific report, the Board can attest to the adequacy of the organisational structures according to the strategic objectives in the social/environmental area that the Company has set itself, as well as the consistency of the statement produced with the provisions contained in Legislative Decree No. 254/2016.

Conclusions

To pursue the monitoring activities described above, the Board met fourteen times during the 2019 financial year; it attended a Shareholders' Meeting, five meetings of the Board of Directors; three meetings of the Remuneration and Appointments Committee and four meetings of the Control and Risk Committee.

The elements of knowledge necessary for the performance of the Board's responsibilities were acquired, apart from participation in the aforementioned meetings, also by means of direct investigations, as well as the collection of information from the heads of the relevant departments. The verifications and participation in the meetings indicated that the choices made by the Directors comply with the law, the Articles of Association, and the principles of proper administration, and are consistent and compatible with the company size and corporate assets.

In the course of the monitoring activities and on the basis of information obtained by the Audit firm, no omissions and/or reprehensible facts and/or irregularities were observed, or any significant facts that would require reporting to the supervisory bodies or mentioning in this report.

On the basis of the monitoring activity conducted during the year, and from the analysis of the draft financial statements presented, considering that on 18 March 2020 the Audit firm has issued its reports without comments, the Board does not find any impediment to approval of the financial statements for the year ended 31 December 2019.

Moreover, considering that, on 24 February 2020, Mr Giovanni Luigi Camera resigned from his position as Statutory Auditor of the Company, effective from the date of the Shareholders' Meeting held to approve the Financial Statements as of 31 December 2019, shareholders are invited to resolve also regarding supplementing the Board of Statutory Auditors. On this occasion, the Chairman of the Board, Ms Giancarla Branda, Attorney at Law, and the other Standing Auditor, Ms Paola Simonelli, express their personal thanks to Mr Camera for the work done, always with great professionalism and sensitivity, and for the scrupulous attention paid in carrying out the office.

24 March 2020

The Board of Statutory Auditors

Giancarla Branda – Chairperson

Giovanni Luigi Camera – Standing Auditor

Paola Simonelli – Standing Auditor