ORGANIZATION, MANAGEMENT AND CONTROL MODEL AS PER "*DECRETO LEGISLATIVO*" No. 231/2001

GENERAL PART

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ASTALDI

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1. THE ITALIAN DECRETO LEGISLATIVO NO. 231/2001

1.1 The body of laws and rules governing the administrative liability of legal persons, corporations and associations

The Italian "*Decreto Legislativo*"[1] (hereinafter also referred to as "*Decreto Legislativo*", or "the Decree", or "*Decreto*") was enacted on 8 June 2001 and then came into force on 4 July 2001 in accordance with Art. 11 of Law No. 300 of 29 September 2000, as a result of the Lawmaker's intention to harmonize Italy's internal regulations with international conventions concerning the liability of legal persons already shared by Italy.

The Decree, the title of which reads "Body of laws and regulations governing the administrative responsibility of legal persons, corporations and associations, including those having no legal-entity status", introduced in the Italian legal system a set of rules governing the administrative liability (essentially equivalent to the criminal liability) attributable to legal entities (such as corporations, associations, consortia, and so forth, hereinafter referred to as "entities") in addition to the responsibilities which, under the criminal law, are attributable to the natural person having committed the offence. The provisions of the *Decreto* apply to all companies and associations, whether provided with legal personality or not, economic public bodies and private entities acting as concessionaires of a public service. On the contrary, the provisions of the *Decreto* do not apply to territorial public entities, to non-economic public entities and to entities fulfilling constitutional functions (by way of example, political parties and trade unions).

The entities are answerable for the administrative offence deriving from the commission or attempted commission of some administrative torts and offences committed by entities functionally connected therewith, with the consequent possibility of being imposed fines and qualifying measures which may heavily affect their business activity.

1.2 Predicate offences

The entity may be deemed liable only in connection with some specific offences (the so-called predicate offences), as provided for by the *Decreto*, as well as by the laws which make express reference to the provisions of the *Decreto* (see Annex 1 – Predicate Offences).

1.3 Criteria for attributing responsibility to the entity

The administrative offences resulting from predicate offences is attributed to the entity on the basis of both an objective and subjective criterion of attribution of responsibility.

More particularly, from the objective point of view, the entity is deemed liable in the event the predicate offence underlying the administrative offence was committed:

[1] *Translator's note: the Italian Decreto Legislativo is a law enacted by the Executive on the basis of a Statute passed by the Parliament*

- by an individual functionally connected with the entity;
- in the interests or to the advantage of the entity itself.

The individuals whose behavior may entail the entity's responsibility are the following:

- individuals acting as representatives, directors or managers of the entity or of one of its Organizational Units having financial and operational autonomy, as well as by individuals who manage and control, even *de facto*, the same, the entity (the so-called "top managers");
- individuals subject to top managers' direction (the so-called "subordinates").

In particular, the category of top managers includes, by way of example, directors, General Managers, legal representatives, the managers of secondary seats or Project Managers having financial and functional autonomy.

The category of subordinates includes all those who operate under top managers' direction and supervision.

Moreover, in order for the entity to be held liable, the offence must have been committed in the interest or to the advantage of the same. Therefore, the entity is not accountable if the offence was committed in the exclusive interest of the offender or of third parties.

More particularly, the offence is considered as committed in the entity's interest in the event that, on the basis of assessment made *ex ante*, it is deemed that the offender acted with the intention to provide the entity with any utility whatsoever, irrespective of its actual achievement; instead, the offence is considered as committed to the entity's advantage in the event that, evaluating *ex post* the consequences of the offender's acts and, therefore, independently of his or her initial intention, it may be asserted that the entity has drawn any advantage whatsoever from the offence committed. As far as culpable offences are concerned, the offence is considered as committed to the entity's advantage in the event that the behavior was taken on with the intention of making the entity save money, time or other resources.

Instead, the criteria of subjective attribution of responsibility refer to the entity's culpability. In the event the offence is committed in its interest or to its advantage, in fact, the entity may be released from any sanction if it is shown that, prior to the commission of the fact, a model of organization and management suitable to prevent the commission of offences of the same kind of the offence actually committed (hereinafter referred to as the "Model").

1.4 The Organization, Management and Control Model

The Model, i.e. the set of procedural, organizational and control instruments arranged in order to prevent the offences provided for by the *Decreto* from being committed, causes the entity to be released from any responsibility if suitable to prevent predicate offences from being committed and if effectively implemented.

Pursuant to the *Decreto*, the Model must sets forth, in relation to the organization's nature and size, and with reference to the activity carried out, measures appropriate to ensure that the business may be carried out in compliance with the law and to promptly eliminate the situations of risk of commission of some

specific offences. More particularly, pursuant to art. 6, paragraphs 2 and 3 of the Decree, the Model must meet the following requirements:

- identify the activities within which the offences provided for by the Decree may be committed (the so-called "risk-related activities");
- provide for specific protocols designed to plan the making and implementation of the entity's decisions in respect of the offences to be prevented;
- identify suitable ways to manage financial resources so as to prevent the commission of such offences;
- provide for obligations to supply information to the body whose function is to supervise the operation of and compliance with the Model;
- introduce a suitable disciplinary system providing for sanctions in the event of any failure to comply with the provisions of the Model.

With reference to the effective implementation of the Model, the Decreto further requires a periodical verification and amendment of the same, to be timely implemented, in the event that:

- the provisions thereof are found to have been significantly infringed;
- the entity's organization or activity undergo any changes;
- laws and regulations are amended.

In fact, art. 6 of the Decree provides that organization and management models can be adopted on the basis of codes of conduct drawn up by representative trade associations, communicated to the Ministry of Justice.

1.5 Offences committed in foreign countries

By virtue of art. 4 of the *Decreto*, the entity may be held liable in Italy also in relation to predicate offences committed in foreign countries, provided that the objective and subjective criteria of attribution of liability provided for by the *Decreto* are met.

However, the *Decreto* provides that the entity may be prosecuted for offences committed in foreign countries only if the following additional conditions are met:

- the entity is not already prosecuted by the Authorities of the Country where the offence was committed;
- the entity has its head office in the territory of the Republic of Italy;
- the conditions for bringing legal proceedings as per arts. 7, 8, 9 and 10 of the Italian Criminal Code are met.

To suhc respect, it is underlined that Astaldi has adopted its own "Guidelines for the application of the provisions of D.Lgs. 231/01 within its most important subsidiaries, affiliates and other equity investments organized under the laws of Italy and/or foreign countries" in order to provide also the entities organized and existing under the laws of foreign countries with the necessary instructions for complying with the

provisions of the Decreto, also in foreign countries. To such respect, reference is also made to chapter 8 "Groups of companies and forms of association".

1.6 Sanctions

The sanctions which may be imposed for administrative offences resulting from predicate offences may be:

- monetary sanctions;
- sanctions of disqualification;
- confiscation;
- the publication of the ruling.

In the event the entity is convicted, a monetary sanction is always imposed, the amount of which is determined by the judge according to a "quota-based" system. The number of quotas depends upon the seriousness of the offence, the extent to which the entity is liable, the activity carried out to eliminate the consequences of the offence or to prevent additional offences from being committed. When determining the amount of each quota, the judge takes into account the economic and financial conditions of the entity in order to ensure the sanction's effectiveness.

Disqualification sanctions apply in addition to the monetary sanction only if expressly provided for in relation to the offence being prosecuted[2] and provided that at least one of the following conditions is met:

- the entity has obtained a significant gain from the offence and the offence was committed by a top manager, or by a subordinate, but only in the event that the commission of the offence was favored by serious organizational deficiencies;
- in the event of reiteration of offences.

The disqualification sanctions provided for by the Decreto are the following:

- prohibition to exercise the company's activity;
- suspension or revocation of authorizations, permissions or allowances exploited for the commission of the offence;

[2] The lawmaker deemed that disqualification sanctions are applicable only to some kinds of offence included in the following categories: offences committed within the framework of relationships with Public Authorities (arts. 24 and 25 of the *Decreto*); cybercrime offences and unauthorized processing of data (art. 24-bis of the *Decreto*); offences of organized crime (art. 24-ter of the *Decreto*); counterfeiting money, public credit instruments, stamps and distinguishing signs and instruments (art. 25-bis of the *Decreto*); offences against industry and commerce (art.25-bis.1 of the *Decreto*), offences committed for purposes of terrorism or subversion of the democratic order (art. 25-quater of the *Decreto*); female genital mutilation practices (art. 25-quater.1 of the *Decreto*); offences against the individual (art. 25-quinquies of the *Decreto*); offences of culpable homicide and serious or very serious injuries due to the infringement of occupational health and safety laws and regulations (art. 25-septies of the *Decreto*); handling stolen goods and money laundering and using money, goods or assets of an illegal origin (art. 25-octies of the *Decreto*); offences of infringement of copyright laws (art. 25-novies of the *Decreto*); offences of infringement of environment protection laws (art. 25-undecies of the *Decreto*).

- prohibition to enter into contracts with Public Authorities, not including the contracts for obtaining a public service;
- exclusion from facilitations, financings, grants or subsidies and possible revocation of those already granted;
- prohibition to advertise goods and services.

Generally, disqualification sanctions are of a temporary nature but, in the most serious cases, may be applied permanently.

Such sanctions may be imposed also as interim measures, or prior to conviction, in the event of existence of serious evidence of the entity's liability and in case there are well-grounded and specific elements leading to deem that there is an actual risk that offences of the same kind of the offences being prosecuted may be committed.

However, disqualification sanctions are not imposed in the event that the entity, prior to opening the first instance proceedings:

- has paid the damages and remedied the harmful and dangerous consequences of the offence (or, at least, effectively took action to do so);
- made the proceeds of the offence available to the judicial authority;
- has eliminated the organizational deficiencies which led to the commission of the offence, by adopting and implementing model of organizations suitable to prevent the commission of same offences as those committed.

Moreover, the *Decreto* provides for two additional sanctions: the confiscation, which is always ordered upon issue of the judgment of conviction and which consists in the seizure of the price or proceeds of the offence, or amounts of money, assets or other utilities the value of which is equivalent to the price or proceeds of the offence by the State, and in the publication of the judgment of conviction in one or a plurality of newspapers as ordered by the Judge issuing the judgment itself, as well as by posting the judgment in the Municipality where the entity's registered office is located.

The *Decreto* further provides that additional interim measures may be imposed on the entity. In particular, the Judge may order:

- by virtue of art. 53 of the *Decreto*, the preventive seizure of the goods which may be confiscated pursuant to art. 19 of the *Decreto* itself;
- by virtue of art. 54 of the *Decreto*, at any stage of proceedings, the preventive seizure of entity's movable assets and real-estate and of the amounts and goods due to the same, in the event of a well-grounded reason leading to deem that the guarantees for the payment of the monetary sanction, of legal costs and of any other amount due to Tax Authorities are missing or may be dissipated.

2. THE FOUNDING PRINCIPLES OF THE MODEL

2.1 Confindustria's[3] guidelines

When preparing this Model, the Company took inspiration from Confindustria's guidelines (hereinafter referred to as "Guidelines") for drawing up the models of organization, management and control as per D.Lgs. 231/01, in its latest addition updated in March 2014 and declared by Ministry of Justice, on July 21, 2014, as appropriate to achieve the purposes as per art. 6, paragraph 3 of the *Decreto*.

The main issues which the Guidelines focus on may be summarized as follows:

- identification of the risk-related areas of activity, in order to highlight the corporate functions within which the prejudicial events provided for by the Decree may occur;
- arrangement of an Internal Control and Risk Management System able to prevent risks through the adoption of proper protocols. The most significant elements of the Internal Control and Risk Management System conceived by Confindustria are:
  - the Code of Ethics;
  - the organizational system;
  - manual and IT procedures;
  - powers of authorization and signature;
  - integrated control systems;
  - communication to and training of personnel.

The elements described above must integrate organically with the system's architecture, which must comply with a series of control principles, including:

- each action and transaction must be verifiable, supported by evidence, consistent and appropriate;
- application of the principle of separation of functions (one person alone cannot manage an entire process autonomously);
- controls must be duly supported by evidence;
- arrangement of an adequate system of sanctions in case of breach of the Code of Ethics and of the procedures envisaged by the Model;
- definition of the Supervisory Body's requirements, which can be summed up as:
  - autonomy and independence;
  - professionalism;
  - continuity of action:

[3] *Translator's note: the leading organization representing manufacturing and service industries in Italy.*

2.2 ANCE's[4] code of conduct

Moreover, this Model has taken into consideration the code of conduct of construction companies and the Model drawn up by the National Association of Construction Companies (ANCE), the trade association of which Astaldi is one of the members, approved on March 31, 2003 and revised in October 2014.

ANCE's Code of Conduct, in the first part, defines and recommends some general Principles to be dealt with by the Code of Ethics, while in the second part it deals more specifically with the organization, management and control models.

In particular, ANCE identifies three risk-related areas of activity within the construction sector:

- real estate promotion: the risk factors primarily refer to those activities which presuppose the granting of authorizations for residential building activities, and to authorizations in general, and to activities connected with the formation of town-planning instruments and variations thereto;
- public residential buildings: the risk factors mainly refer to those activities which imply the granting of state concessions;
- public works: the risk factors identified relate to the following phases:
  - selection procedures in public tenders or negotiations for the award of public works;
  - authorization to sub-contract;
  - management of litigation, if any, with the employer;
  - testing of executed works.

ANCE specifies, furthermore, that risk factors must be looked for in all the activities which imply a direct relationship with public officials, inspection bodies, public bodies granting contributions or holding powers of authorization, concession or certification.

ANCE's code of conduct recommends the adoption of organization models which are able to:

- arrange the implementation of systems encouraging the supply of information and enabling, among other things, the recipients of such information or the personnel hierarchically higher in rank, to protect and safeguard the anonymity of the subjects within the organization;
- ensure that the allocation of powers, functions and responsibilities and the attribution of the same within the corporate organization is in agreement with the principles of transparency, clarity, verifiability and consistent with the activity actually carried out;
- provide for employee reward schemes, if applicable, to be based on targets and results that comply with principles of consistency and appropriateness;
- ensure that the description and identification of the activities carried out by the entity, its functional and corporate structure be supported by up-to-date evidence, with a punctual description of powers, functions and responsibilities attributed to the various individuals in respect of the carrying out of each single activity;
- provide for personnel training programs specifically designed to ensure that all the employees and collaborators of the company are actually acquainted with the Model.

[4] *Translator's note: Italy's national association of building contractors*

Any possible difference from the specific issues which the Guidelines and ANCE's recommendations focus on are due to the need of adjusting the organizational and management measures to the activity actually carried out by the Company and to the context it operates within. In fact, this may require some difference with respect to the contents of Guidelines worked out by Confindustria and trade associations which, because of their nature, have a general character and are not binding. When fulfilling its constant activity of update and verification of the Model, the Company takes into account also the evolution of the reference "best practices" and of the most significant experience accrued at international level.

3. ADOPTION OF THE ORGANIZATION, MANAGEMENT AND CONTROL MODEL

3.1 Preamble

Astaldi S.p.A. (hereinafter also referred to as "Astaldi" or the "Company") is one of the first 100 leading operators in the construction sector at world level, further acting as sponsor of project finance and concession initiatives.

The Company, which has been carrying out its activity for more than 90 years, executed works in more than 40 Countries of the world and operates in the market with the development of complex and integrated initiatives (design, construction, operation), relying on a strong expertise and highly specialized human resources.

The main sectors Astaldi operates in are the transportation infrastructure, hydroelectric power plants, civil and industrial constructions, as well as plants and installations, facility management, and the operation of complex systems.

At present, Astaldi operates in Italy and in foreign countries in the main macro areas of the world, also with the purpose of contributing to the development of the same.

In particular, Astaldi has, for time time now, taken actions aimed at ensuring the sustainability of its own business which have been embodied within the principles of its own corporate policy. Such commitment is attuned to each Astaldi's project through the adoption of a quality, environment and safety system aimed at continually improving the performance and based on ISO 9000, ISO 14000 and OHSAS 18001 standards, which presently represent the best practices on the matter. The adoption of such systems, mainly carried out on a voluntary basis, results from the intent to proactively meet stakeholders' demands, drawing a great deal of attention to environment-, health- and safety-related issues.

3.2 Adoption of the Model

Astaldi S.p.A. feels the need to ensure conditions of fairness and transparency in the conduct of its business and corporate activities, for the protection of its position and image, of the expectations of its shareholders and of the work of its own employees, and is aware of the importance of setting up an appropriate Internal Control and Risk Management System for the prevention of unlawful behavior on the part of its directors, employees, representatives and business partners.

For this purpose, although the adoption of the Model is regarded by Law as discretionary and not compulsory, Astaldi, in July 2003, following to the coming into force of the *Decreto*, deemed advisable to adopt a Model in accordance with the provisions of the *Decreto* and on the basis of the Guidelines issued by Confindustria, making the most of and implementing, if so required, its own organization, management and control instruments so as to ensure their consistency with the provisions of the *Decreto*.

Such an initiative has been taken in the conviction that the adoption of this Model can be an effective prevention instrument making all those who act in the name and on behalf of Astaldi adopt proper behaviors while fulfilling their duties, so as to prevent the risk of committing any of the offences envisaged by the Decree itself.

In particular, through the adoption of the Model, Astaldi pursues the following main targets:

- reasserting that such forms of unlawful and unfair behavior are strongly condemned by Astaldi, since (even in case the Company appears to be in a position to take any advantage of them) these are anyhow contrary, not only to the provisions of Law, but also to the ethical principles which Astaldi intends to observe in carrying out its corporate activity;
- reaffirming that committing an offence in the misconstrued interest of the Company may give rise not only to the imposition of criminal-law sanctions against the offender, but also to the imposition of administrative sanctions against the Company;
- enabling the Company, thanks to the monitoring of risk-related activities, to promptly take proper measures in order to prevent or oppose the commission of the offences, also through the application of disciplinary measures in the event of infringement of the Model or of the Code of Ethics, irrespective of whether any such infringement embodies an offence.

Consistently with the evolution of the matter during the last few years and with the organizational and operational changes occurred within the Company, the latter deemed advisable, in compliance with the provisions of the *Decreto* and according to the Guidelines of Confindustria and the recommendations of ANCE, to keep its Model constantly updated. Therefore, with the purpose of implementing a program of systematic and rational intervention for the adjustment of its own Model, Astaldi has mapped its corporate activities and has identified within the same the so-called risk-related activities, or, in other words, those which, because of their very nature, fall within the activities to be analyzed and monitored in consideration of the provisions of the Decree.

The analysis focused on the predicate offences belonging to the following categories:

I. Offences committed within the framework of the relations with Public Authorities (articles 24 and 25).
II. Counterfeiting currency, public credit instruments or stamps and distinguishing signs or instruments (art. 25-*bis*).
III. Corporate offences (art. 25-*ter*), extended by Law No. 190 of November 6, 2012 by the introduction of the offence of "Corruption between private entities" (Art. 25-*ter letter s-bis*), as per Section 2635 of the Italian Civil Code.
IV. Offences committed for purposes of terrorism or subversion of the democratic order (art. 25-*quater*).
V. Offences against the physical integrity, with particular reference to females' genitals (art. 25-*quater* 1).
VI. Offences against the individual (art. 25-*quinquies*).
VII. Administrative torts and offences in matter of market abuse (art. 25-sexies and, within the framework of TUF, art. 187-quinquies "Entity's responsibility").
VIII. Culpable homicide and culpable serious or very serious injuries due to infringement of occupational health and safety laws and rules (art. 25-*septies*).
IX. Transnational offences introduced by Law No. 146 of March 16, 2006, "Law of ratification and implementation of the United Nations Convention and Protocols against transnational organized crime".

X. Handling of stolen goods, money laundering and use of money, assets or benefits of an illegal origin (art. 25-*octies*).

XI. Cybercrime offences and unauthorized processing of data (art. 24-*bis*).

XII. Organized criminality offences (art. 24-*ter*).

XIII. Offences against industry and commerce (art. 25-*bis 1*).

XIV. Offences of infringement of copyright law (art. 25-*novies*).

XV. Inducing not to give testimony or to give false testimony to judicial authorities (art. 25-*decies*).

XVI. Offences against the environment (art. 25-*undecies*).

XVII. Employment of illegally staying third-country nationals (art. 25-*duodecies*).

It is deemed that Astaldi may be potentially affected by the commission of any of the offences described in the above list, exclusive of the offences listed in V. Offences against physical integrity, with particular reference to females' genitals (art. 25-quater 1), against the commission of which the Company has anyway adopted general control principles aimed at ensuring the correct execution of corporate activities and abstractedly appropriate to eliminate or mitigate, to any possible extent, the risk of commission of such offences by firstly making reference to the principles set forth in the Group's Code of Ethics and to the detailed provisions of the procedures.

3.3 Fundamental elements of the Model

Consistently with the provisions of the *Decreto* and the recommendation of trade associations (Confindustria, ANCE), Astaldi's Model was drawn up by taking into account the fundamental elements described below:

- map of "risk-related" activities, or, in other words, those within which, due to their very nature, the offences specified by the Decree are likely to be committed and, therefore, requiring analysis and monitoring;
- analysis of existing procedures and definition of their implementation, if any, with the purpose of guaranteeing, in respect of “risk-related” activities, the control principles as set out in the Special Part of this Model; in particular, the organizational system consists of the following:
  - integrated quality, safety and environment management system including organization chart and job description manual;
  - guidelines / policy;
  - management procedures,
  - operative procedures further including the administrative-accounting and financial system;
- definition of the ethical principles aimed at underlining the need of:
  - complying with the laws and regulations in force;
  - establish relations with Public Authorities based upon the principles of fairness and transparency;
  - demand that all subsidiaries, main suppliers, contractors and sub-contractors adopt a policy which is in agreement with the general Principles of the Code of Ethics;

- appropriate management of financial resources so as to prevent the offences from being committed;
- conferral, to the individuals involved in the training and implementation of corporate policy, of powers consistent with the organizational responsibilities attributed;
- transparency and traceability of any significant transactions within the framework of risk-related activities and consequent possibility of verifying *ex post* the behaviors of Company's personnel;
- definition of the Supervisory Body (hereinafter also referred to as the “Body” or "OdV") and attribution of some specific tasks of supervision on the effectiveness and correct implementation of the Models to the same;
- definition of the information flows toward the Body;
- activities of information and training, sensitization and diffusion, at all company levels, concerning the established rules of conduct and procedures complying with the principles stated in the Model;
- definition of the responsibilities for the approval, adaptation, integration and implementation of the Model, as well as for ensuring the proper operation of the same and re-adjustment of corporate behavior with the regular updates thereof (*ex post* control).

3.4 Corporate Governance and Organization System

3.4.1 Corporate Governance System

This Model is in agreement with the organizational decisions made by the Company in matter of Corporate Governance. In fact, such a structure is based on the principle according to which the adoption of a system of corporate governance rules ensures high levels of transparency and reliability and improves at the same time, the standards of effectiveness.

In such a perspective, Astaldi adopted a Corporate Governance system based on the principles and Guidelines embodied in the Self-Governance Code representing, since it first edition dating back to 1998, the Italian "best practice" in matter of Corporate Governance.

Astaldi's Corporate Governance is based on the traditional model and is organized as follows:

- Shareholders' Assembly, competent for resolving, at ordinary and extraordinary sessions, on the matters which, in accordance with the Law and the Company's By-laws, are reserved to the same;
- The Board of Directors, vested with full powers for managing the Company having the authority, therefore, to carry out all the acts and deeds which are deemed advisable to achieve the company's purpose, exclusive of those which are reserved to the Shareholders' Assembly in accordance with the Laws and the Company's By-laws;
- Honorary Chairman, entrusted with the task of promoting the Company's image;
- Chairman of the Board of Directors, having the power of legal representation of the Company, to be exercised separately from the Deputy Chairmen and the Chief Executive Office, in accordance with the provisions of the Company's By-laws; Moreover, the latter have been conferred powers by the Board of Directors;

- Two Deputy Chairmen of the Board of Directors, each having the power of legal representation of the Company, to be exercised separately from the Chairmen and the Chief Executive Office, in accordance with the provisions of the Company's By-laws; moreover, one of the Deputy Chairmen has been conferred powers by the Board of Directors;
- the Chief Executive Officer, vested with the power of legal representation of the Company to be exercised separately from the Chairman and the Deputy Chairmen. Moreover, the latter have been conferred powers by the Board of Directors;
- The Board of Auditors, entrusted with the task of supervising:
  - compliance with the Laws and the Company's By-laws, as well as with the principles of correct management;
  - the adequacy of the Company's organizational structure, Internal Control and Risk Management System and the administrative-accounting structure, also with particular reference to the reliability of the latter in correctly representing management matters;
  - the adequacy of the directions and instructions given to subsidiaries in connection with the information to be disclosed in order to fulfil disclosure obligations;
- Risks and Audit Committee: The Committee provides the Board of Directors with assistance in connection with the activities of direction and evaluation of the internal control and risk management system, as set forth in closer detail in Implementation Criterion 7.C.1 of the Corporate Governance Code, expressing to such respect its prior opinion on the functions of evaluation, proposal and information attributed to the Committee itself (7.C.2)
- Appointments and Remuneration Committee: the Committee, in compliance with Implementation Criteria 6.C.5 of the Corporate Governance Code**,** is essentially entrusted with the following tasks:
  - providing the Board of Directors with opinions on the number of its members and its composition and expressing recommendations on the professionals the presence of whom within the Board of Directors is deemed advisable;
  - Proposing, to the Board of Directors, candidates for director in the cases of co-optation, in the event independent directors have to be replaced;
  - periodically assessing the adequacy, the global consistency and the actual application of the policy adopted in matter of remuneration of directors and executives having strategic responsibilities, and submitting proposals to the Board of Directors to such respect;
  - submitting proposals and expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors performing specific functions, as well as on the determination of performance objectives linked to the variable components of such remuneration;
  - monitoring the application of the decisions adopted by the Board of Directors itself by checking, in particular, the actual achievement of performance objectives;
- Related Parties Committee: expresses opinion on the Company's interests in carrying out transactions with related-parties, as well as on the advisability and substantial fairness of the relevant conditions;
- Auditing firm (independent auditor): the official audit of accounts is carried out, in accordance with the provisions of laws and regulations in force, by an Auditing Company (independent auditor) registered with the special register, entrusted with such task by the Shareholders' Assembly.

In addition to the foregoing in relation to the Corporate Governance, it is reminded that a Supervisory Body, formed of a plurality of members, has been set up pursuant to the Decree.

3.4.2 Corporate Organization

The Company's organization is of fundamental importance for the purpose of the implementation of this Model.

The role played by the Department / Office / Service is defined in the Corporate Job Description setting forth the tasks, responsibilities and hierarchical and functional reporting relationships of any Department / Office / Service, thus defining the macro-processes falling within the sphere of competence of each of them.

The Company's organizational structure is based on the principle of the segregation of tasks, roles ad responsibilities between operative and controlling offices and is set forth in the General Organization Chart showing that the Company's employees are organized according to a matrix-based pattern headed by the Chief Executive Officer.

The vertical element of the Organization Model is implemented by two different types of organizational entities: Head Office Services/ Departments and General Manager's /Country Manager's Offices

Astaldi General Manager's Offices are the following:

- General Manager Administration and Finance;
- Group Industrial Operations Manager;
- General Manager for Europe, Russia, Africa, Georgia and the Middle East;
- General Manager Italy and Maghreb;
- General Manager for North, Central and South America;
- General Manager for Turkey, Iran and the Far East.

Moreover, the Company, as its corporate organization evolved, has adopted the following as its reference technical standards:

- UNI EN ISO 9001:2008, applicable to the quality management system;
- BS OHSAS 18001:2007**,** applicable to occupational health and safety;
- ISO 14001:2004, applicable to the environmental management.

In support of Corporate Liability, the Company started a process aimed at obtaining ISO 26000 compliance certification.

3.5 Anti-Fraud and Anti-Corruption Policy

The Company has adopted a management procedure governing "Organization's Policy for prevention of frauds and corruption", aimed at establishing the general principles of anti-fraud and anti-corruption behaviours and laying the basis for the prevention and detection of unlawful acts.

Within the framework of the management of the risk of fraud, the Company adopted an internal control system including also a model for the management of the risk of fraud and corruption which provides for the involvement of the entire organization in the execution of control activities in accordance with the International Standards and best practices for the Internal Audit Professional Practice.

Within the framework of such policy, the company further regulated the method to report potential frauds, acts of corruption, unlawful acts and deceitful behaviours, as well as the sanctions to be imposed as a result of behaviours, if any, which are not in compliance with the management procedure adopted, the Group's Code of Ethics, this Model and other national and international laws and regulations (Foreign Corrupt Practice Act, Bribery Act, etc.), if applicable.

3.6 Intended addressees of the Model

The rules set forth in the Model apply, firstly, to those individuals acting as representatives, directors or managers of the Company or of one of its Organizational Units having financial and operational autonomy, as well as to individuals who manage and control, even *de facto*, the Company. In fact, Astaldi is convinced that a special responsibility for complying with and promoting the compliance with the provisions of the Model by all Company's members of personnel, has to be attributed top managers.

Moreover, the Model applies to the Company's employees, including those who operate in foreign countries and top managers or employees of Company's branch-offices in foreign countries, who have the obligation to comply, with utmost fairness and diligence, all the provisions and protocols of the same, as well as the relevant procedures for the implementation thereof.

Failure to comply with the provisions of the Model, of its protocols and of the procedures are well-grounded reasons for taking disciplinary measures under this Model.

The Model further applies, within the limits of the existing relationship, to all those who, although not belonging to the Company's personnel, operate in the name and on behalf of the Company or are anyway connected with the latter of the basis of juridical relationships which are significant for the prevention of offences. To such purpose, the existing contracts or relationships with said entities, contains an express reference to the Code of Ethics and to the Model.

The Investor Relations Department takes care of publishing such documents in the Company's Internet website. The Internal Audit Department monitors the timely execution of such activity.

4. SUPERVISORY BODY

4.1 Profile, appointment, formation, position, term of office and termination of the Supervisory Body

Art. 6, paragraph 1, letter b), of the *Decreto* sets out a further requirement for releasing the entity from the responsibility arising out of the commission of the offences envisaged thereby: the setting up of a Supervisory Body, with powers of initiative and control and having the task of monitoring the operation of and compliance with the model, and taking care of its updates.

The **requirements** which the supervisory body must meet in order to effectively perform the above-mentioned functions are:

- **honour:** the members of the Supervisory Body are selected from among individual meeting subjective honour requirements. The following are considered as grounds for ineligibility or loss of office as member of the Supervisory Body:
  - an order for trial or an order for immediate trial in connection with a non-culpable offence.
- **autonomy and independence**: the Supervisory Body must have no operating tasks and must not have any relationship of dependence with any corporate office, thus having only staff relations – as better explained hereinbelow – with the company's Board of Directors;
- **professionalism in performing its institutional tasks**: for this purpose, the members of the above-mentioned body must have specific knowledge necessary to verify compliance with the Model by all the people belonging to the company's organization;
- **continuity of action**: such a requirement imposes that the effectiveness and efficiency and the implementation of the Model be constantly monitored by the Supervisory Body.

Considering the above requirements to be met by the Supervisory Body, its members shall be selected from among expert and qualified individuals (professionalism), the majority of whom shall not hold any business or familial relationship with the Company's Shareholders and Directors which may adversely affect the decision-making autonomy (autonomy), and shall neither have any employer-employee relationship or hold any operative office within the Company (independence), and failure to meet such requirement shall cause the automatic termination from office.

The Supervisory Body has a board structure and is made up of one non-executive member of the Board of Directors of Astaldi S.p.A. and of individuals external to the Company.

The members of the Supervisory Body, the number of whom may range from three to a maximum of six, are appointed by the Board of Directors who appoints, from among them, the President and determines their annual compensation, upon proposal made by the Chief Executive Officer.

When fulfilling its duties, the Supervisory Body functionally depends upon and reports to the Board of Directors, which takes care of its appointment.

The members of the Supervisory Body shall hold office until expiry of the term of office of the Board of Directors having appointed them, and may be re-elected.

The Board of Directors, in order to guarantee the compliance with the above-mentioned requirements, regularly assesses the adequacy of the Supervisory Body in terms of organizational structure and powers conferred, based on the report made by the Chief Executive Officer, this changing and – if so required - supplementing the same as it deems necessary.

The termination of one or more members of the Supervisory Body may take place, by Board of Directors' resolution, after hearing the Board of Auditors: because of expiry of the term of office; resignation; revocation for well-grounded reasons (gross negligence in fulfilling the duties connected with the office); loss of office, due to failure to fulfil the requirements; failure to attend more than two consecutive meetings of the Supervisory Body without any well-grounded reason.

In the event of:

- resignation;
- revocation for well-grounded reasons.

The President of the Supervisory Body, or the member senior in age, shall have the obligation of giving prompt notice thereof to the Chief Executive Officer who shall take timely action so that, in relation to the specific circumstance, notice is given to the Board of Directors for the resolutions connected therewith and deriving therefrom to be taken, after previously establishing that the minimum number of members the Supervisory Body are still in office.

4.2 Functions and powers of the Supervisory Body

The Supervisory Body adopts a Regulation aimed at defining its rules of operation.

The Supervisory Body, in the fulfilment of its duties, may avail itself of the collaboration of the Internal Audit Department Manager.

On the basis of the provisions of *Decreto Legislativo* 231/2001, the Supervisory Body shall fulfil the following functions:

- monitoring the effectiveness of the model, which consists in checking whether actual behavior complies with the model;
- assessment of the Model's adequacy in relation to the Company's business , so as to avoid the risk that offences may be committed. This requires that the Model be updated on the occasion of any changes in corporate organization and in the Law. The update may be proposed by the Supervisory Body, but must be adopted – as already stated – by the managing body.

The Supervisory Body, on the other hand, has neither operating tasks nor decision-making powers, not even of a prohibitive nature, with regard to the performance of the entity's activities.

In order to **perform the above-mentioned functions effectively**, the Supervisory Body may rely on the following:

- its own exclusive budget, also taking into account the more and more increasing complexity of the areas of interest, and consequently to the new laws and regulation included within the body of laws of the *Decreto*, requiring the contribution of resources or specialist knowledge. The amount of the budget

is proposed by the Supervisory Body and approved by the Board of Directors. The Supervisory Body resolves upon the expenses to be incurred in full autonomy and independently, causing those who have been conferred with proper powers within Astaldi to sign the relevant commitments.

- specific powers and authority, such as:
  - activating control procedures through special provisions or service orders;
  - carrying out systematic checks on transactions or specific acts performed within risk-related areas;
  - collecting and processing the information relevant to the Model;
  - requesting information from those in charge of each single corporate Function and, if necessary, also from top management, as well from external collaborators, consultants, etc.;
  - carrying out internal investigations, and carry out inspections to ascertain any alleged breach of the Model's provisions;
  - promoting initiatives for spreading the knowledge and understanding of the Model's principles , also by availing itself of internal organization documents or by drawing up training documents containing instructions, explanations or updates.

For this purpose, the Body is entitled to:

- issue provisions and service orders aimed at regulating its own activity;
- have access, even through the Internal Audit Department Manager, to any and every corporate document relating to the fulfillment of the functions attributed to the same as set forth in the *Decreto*;
- avail itself of the services of external professional consultants if necessary in order to carry out the assessment and control activities or to update the Model;
- make arrangements, even through the Internal Audit Department Manager, so that those in charge of corporate Functions promptly supply any requested information, data and/or news necessary to define the aspects connected with the various corporate activities which are considered as significant to all intents and purposes of the Model and to verify that the same are actually implemented by the company's organizational structures;
- carry out verification with and/or without prior notice.

Supervisory Body's meetings are held on a monthly basis. Supervisory Body's meetings may be called at any time by its President, or when so requested by at least two of its members, and may be asked to report to the Chief Executive Officer.

4.3 Information from and to the Supervisory Body

4.3.1 Flows of information to the Supervisory Body

The Supervisory Body is the addressee of the notices of any possible infringement of this Model. To this purpose 'dedicated' information channels, conceived so as to facilitate the flow of notices and information to the Body itself, have been established.

All the employees and all those who hold relationships with the Company are bound to promptly inform, also anonymously, the Supervisory Body – by giving proper notice addressed to the Ethics Committee (comitato.etico@astaldi.com) - of any breach or alleged breach of the Model or of its general principles, as well as with respect to the inconsistency and ineffectiveness of the Model and other potentially relevant aspect.

The notices shall be in writing and addressed to the Ethics Committee which, upon the unquestionable opinion of its member who is also a member of the Supervisory Body, shall forward the same to the Supervisory Body. The Supervisory Body and the Internal Audit Department Manager shall act in such a way so as to safeguard those providing such information against any form of retaliation, discrimination or disadvantage, further ensuring their anonymity and the confidentiality of the facts notified by the same, subject to the obligations envisaged by the Law and the protection of the Company's rights.

In particular, the Ethics Committee shall be promptly given any information relating to:

- provisions and/or information coming from criminal police bodies, or from any other authority, evidencing that an investigation is under way in connection with the offences envisaged by the Decree, even though promoted against unknown people;
- applications for legal aid filed by executives and/or subordinate staff in the event of judicial proceedings brought against them for any of the offences envisaged by the Decree;
- alleged infringement of the behavioral rules provided for by corporate procedures in connection with the offences envisaged by Decree.

In agreement with their respective powers within the organization, the managers of Departments and/or Organizational Units shall give the Supervisory Body, with the support of the Internal Audit Department:

- information about the actual implementation, at all corporate levels, of the Model, setting forth the disciplinary procedures carried out and any possible sanctions imposed (including any measures taken in respect of employees), or any well-grounded decisions in the event of dismissal of the disciplinary procedures;
- the information or attestations requested by the Supervisory Body, as well as the reports bringing out facts, events, acts, or omissions possibly entailing non-compliance with the provisions of the *Decreto*.

With reference to the first point above, information may be given to the Supervisory Body also according to a specific time interval, regardless of the flow of Attestations, if resulting from events which are significant to the intents and purposes of D.Lgs. 231.

Moreover, the members of Company's personnel provide the Supervisory Body with information flows relating to the following aspects:

- public tenders / negotiated procedures and relevant decisions;
- information about local entities rendering market research and/or business support services;
- relations with significant third parties:
  - transactions with related parties;
  - Public Authorities;
  - business, industrial and financial partners;

- gifts, complimentary items and benefits/sponsoring granted;
- hiring of top managers;
- pending disputes;
- non-recurring operations: mergers, demergers, acquisitions and transfers of business;
- inspections undergone.

4.3.2. Flows of information to Corporate Bodies, Control Bodies and the Top Management

The Supervisory Body shall draw up, on a half-yearly basis (in August, on the occasion of the approval of the half-yearly report / in March, on the occasion of the approval of the draft annual financial statements), a summary report which, consistently with the plan of action approved at the beginning of every fiscal year, sets forth the activity carried out during the first and second half-yearly periods of reference and which is addressed to the Board of Directors, to the Board of Auditors through their respective Chairmen, and to the Chief Executive Officer.

The Supervisory Body shall annually draw up the Audit Plan bearing a summary document attached thereto. Such document describes the activities scheduled by the Supervisory Body to be carried out during the year coming next to the then current year, jointly with the relevant budget, to be submitted to the Board of Directors.

Moreover, should any critical aspect be found, the Supervisory Body shall promptly make a report thereof to the Board of Directors and to the Board of Auditors.

With reference to the supervision of the provisions of laws and regulations (including the D.Lgs. 231/01), the Board of Auditors and the Supervisory Body shall, on a half-yearly basis, hold joint meetings in order to mutually exchange information on aspects which are of interest for both of them.

Finally, the Supervisory Body annually reports to the Chief Executive Officer about the activities carried out during the period of reference (on the occasion of a meeting of the Supervisory Body or by drawing up specific reports).

4.3.3 Information flows involving the Manager in charge of drawing up corporate accounting documents

In connection with the impacts of testing activities to all intents and purposes of Law 262/05 on corporate-law offences, the Manager in charge of drawing up corporate accounting documents shall meet, on the occasion of the approval of the annual financial statements, the Supervisory Body and shall submit to the latter a report on the outcome of the activities carried out.

In particular, the Manager in charge of drawing up corporate accounting documents illustrates the outcome of the testing activities carried out during the period of reference with respect to entities (in terms of contribution to the consolidated financial statements) and administrative-accounting procedures which are the subject-matter of the audits. The successful outcome of the testing activity enables the Manager in charge of drawin up corporate accounting documents and the Chief Executive Officer to issue the relevant attestations.

Should the activities carried out give rise to significant remarks connected with the risk of commission of corporate-law offences, the Manager in charge of drawing up corporate accounting documents shall provide the Supervisory Body with evidence of such remarks for the necessary actions.

The Manager in charge corporate accounting documents shall promptly inform the Supervisory Body about any and all changes in the procedures and in the organization which may have an effect on the Model (with particular reference to the administrative-accounting procedures).

4.3.4 Information flows on Health, Safety and the Environment

With reference to health, safety and environment issues, due to the importance such aspects have for the Company, information flows have been established between:

- The Head Office HSE Manager, also by means of the General Manager for Industrial Operations, and the Supervisory Body, in connection with environment-related issues;
- the *Datori di lavoro* and the Supervisory Body, in connection with health- and safety-related issues.

4.3.5 Information flows on the Tax Compliance Model

With reference to the "Tax Compliance Model", which ensures the identification of the processes originating data which are significant to the intents and purposes of the tax laws and the relevant risks and controls associated therewith and the relevant periodical monitoring activity, the Administrative Manager's Office (DAM) and, in particular, the Tax and Obligations Department (UFA), informs the Supervisory Body in case of events which are significant to the intents and purposes of tax laws and obligations (by way of example, significant inspections, objections made by the tax authorities, significant tax disputes, round tables on the correct taxation of some particular transactions and operations, etc.).

5. AMENDMENT, IMPLEMENTATION AND VERIFICATION OF THE OPERATION OF THE MODEL

5.1 Adoption of amendments and supplements to the Model

The Board of Directors has exclusive competence for adopting, amending and supplementing the Model.

The Supervisory Body, within the framework of the powers conferred upon the same pursuant to art. 6, paragraph 1, lett. b) and art. 7, paragraph 4, lett. a) of the *Decreto*, submits proposals to the Board of Directors relating to the update and revision of this Model and has the duty of promptly giving the Board of Directors written notice of facts, circumstances or organizational deficiencies found during the supervision activity, requiring or making it advisable to amend or supplement the Model.

In any case, the Model shall be promptly amended or supplemented by the Board of Directors, also upon proposal and, anyway, after hearing the Supervision Body's opinion, in the event of:

- the Model's provisions are infringed or eluded thus showing its ineffectiveness or inconsistency in

preventing offences from being committed;

- significant changes occurred within the Company's internal organizations and/or affecting the manner of execution of the corporate activity;
- changes in laws and regulations.

Prior notice of any amendment, update or supplement to the Model shall always be given to the Supervisory Body.

In the event that the procedures adopted to implement this Model show to be ineffective to the intents and purposes of correctly implementing the provisions of the Model, they are amended by the corporate Functions which are competent therefor. The competent corporate Functions shall further take care of amending and supplementing the operative procedures as necessary in order to implement the revisions, if any, of this Model.

The Supervisory Body is promptly given notice of any update and of the implementation of new operative procedures.

5.2 Implementing the Model and carrying out checks on risk-related areas of activity

The Chief Executive Officer takes care of the implementation of the Model, through the evaluation and approval of the actions necessary to implement the fundamental elements of the same.

In order to identify such actions, the Chief Executive Officer avails himself of the support of the Supervisory Body, as described in detail in chapter 4.

The Chief Executive Officer must further ensure, also through the Supervisory Body's contribution, that the Company's Model is updated as may be necessary from time to time.

The effective and actual implementation of the Model adopted by the Board of Directors' resolution is ensured by:

- the Supervisory Body, by exercising the powers of supervision and control (audit and follow-up activities / monitoring of information flows) conferred upon the same over the operations carried out by each single corporate Function within risk-related areas of activity, according to the procedures described below;
- by the Internal Audit Department Manager on the basis of the advices given by those in charge of Astaldi's various corporate Functions (Departments and second-level Organizational Units), with regard to the operations carried out by the same within risk-related areas of activity.
- by the Department Managers during the fulfilment of the typical operating activities characterizing the corporate business.

6. THE DISCIPLINARY SYSTEM

6.1 General principles

The disciplinary system described herebelow is an autonomous system of measures aimed at watching over the compliance with and the effective implementation of the Model: its purpose is reaffirm, to the Company's personnel and to anybody collaborating with the Company on any account, the awareness that Astaldi is committed to prosecuting any infringement of the rules adopted. The imposition of the sanctions provided for by the Model does neither replace nor assume the imposition of any additional sanction of any kind (including sanctions according to the criminal, administrative and tax law), arising from the fact itself. However, when the infringement further allegedly embodies an offence eligible for being prosecuted by the Judicial Authority and the Company is not able, by the instruments of assessment available to the same, to clearly ascertain the facts, the latter mat await the outcome of the inquiry carried out by the judicial authorities prior to imposing any disciplinary measure.

The provisions of this Model must be complied with within the framework of employment contracts of any kind whatsoever, including those entered into with executives, fixed-term collaborators, part-time employees, etc., and with the so-called economically dependent self-employed workers (in Italian, *parasubordinati*).

The procedure for the imposition of the disciplinary measure is started upon the Supervisory Body's input, which further plays a consultation role throughout the entire period of execution thereof.

In particular, the Supervisory Body, after receiving notice of any infringement or alleged infringement of the Model, gives prompt information thereof to the person vested with relevant powers to cause the same to take the actions falling within the latter's sphere of competence, for the purpose of prompt acknowledgement and takes prompt action to start the necessary verifications, ensuring confidentiality to the individual against whom action is taken and carrying out, with SIA's support, the relevant inquiry. The charges and sanctions imposed as a consequence of the infringement of this Model shall be brought and adopted by the bodies having competence therefor by virtue of the powers and authority conferred upon the same by the Company's By-laws or internal regulations and which further start the procedures falling within their respective sphere of competence.

6.2 Infringements of the Model

Any infringement, including those resulting from omissions or committed jointly by a plurality of individuals, is considered as an infringement of the provisions of this Model and of the relevant implementation procedures.

Some behaviour which are considered as an infringement of the provisions hereof are, by way of example but not limited to, those listed herebelow:

- failure to draw up or drawing up any the documents provided for by this Model and by the relevant implementation procedures stating incomplete or untrue data;
- facilitating others in drawing up any the documents provided for by this Model and by the relevant implementation procedures containing incomplete or untrue data;

- the infringement or elusion of the control Model provided for by the Model, put into practice in any way whatsoever, by way of example by taking away, destructing or forging the documents submitted, hindering controls, preventing those entrusted with carrying out controls over procedures and decisions from having access to information and documents;
- failure to give the Supervisory Body the required notice and information;
- the infringement or elusion of the top managers' obligations to supervise the acts of personnel hierarchically lower in rank;
- the infringement of the obligations in matter of participation in training programs, as per paragraph 7.2 – "*Training of personnel and information to Company's third-party collaborators*".

6.3 Sanctions and disciplinary measures

6.3.1 Sanctions applicable to non-executives

The Model is a set of rules to be complied with by the personnel of the Company also to the intents and purposes of sections 2104 and 2106 of the Italian Civil Code and of the provisions of Collective Labour Contracts (hereinafter also referred to as "CCNL") in matter of behavioural rules and disciplinary measures. Therefore, any behaviour taken on by any of the employees in breach of the provisions of the Model and of the procedures for the implementation thereof are considered as an infringement of the basic obligations of the labour contract which are eligible for giving rise to disciplinary procedures and to the application of the relevant sanctions.

The members of personnel operating with the qualification as worker, employee and cadre are subject to the application - in accordance with the provisions of art. 7 of Law No. 300 of May 20, 1970 (Statute of Workers' Rights) – the measures provided for by arts. 99 and 100 of the CCNL applicable to the personnel of construction companies and alike.

As to the provisions of this paragraph, the employment relationships with the members of personnel operating in foreign countries, also following to detachment, are governed, within the framework of EU Member Countries, by the provisions of the Convention on the Law Applicable to Contractual Obligations, signed in Rome on June 19, 1980. The contracts entered into after December 17, 2009 are subject to the application of EC Regulation No. 593/08 on the Law applicable to Contractual Obligations and, out of such framework, by the local laws and regulations in force.

In accordance with the principles of gradual and proportional application of the sanction, the type and importance of the sanctions which may be imposed shall be determined on the basis of the following criteria:

- seriousness of the offence;
- duties and functional position of the individuals involved;
- willingness of the behaviour and extend of negligence, imprudence or lack in skills;
- worker's overall behaviour, particularly with reference to the existence or inexistence of earlier events of imposition of disciplinary measures, to the extent allowed by the Law and the CCNL;
- other special circumstances characterizing the infringement which is eligible for disciplinary

measures.

On the basis of the principles and criteria set forth above:

- verbal reprimand measures, written reprimands, fines and suspension from work and from remuneration shall apply in the event the employee acts in breach of the provisions of the Model or, anyway, adopts a behaviour which, in the fulfilment of his/her duties, is not in compliance with the provisions of the Model itself, due to the occurrence of the circumstances as per letter g), paragraph 2, of art. 99 of CCNL and/or the infringement of section 2104 of the Italian Civil Code. In particular, a fine not exceeding the amount of remuneration due for three working hours shall normally apply. In more serious cases or in the event of reiteration of any of the above not entailing the termination of the employment contract, the measures of suspension from work and from remuneration up to three working days may be applied while the measure of verbal or written reprimand may be adopted in less serious cases;
- the measure of dismissal with prior notice (for well-grounded reasons) shall apply in the event the worker takes on, in the fulfilment of his/her duties, a behaviour which is in breach of the provisions of the Model and which represents a material non-compliance with the contractual obligations or a misconduct adversely affecting the production activity, the work organization and the regular execution thereof (art. 100 of CCNL), such as, by way of example but not limited to, the following:
  - any behaviour unequivocally aimed at committing any of the offences envisaged by the *Decreto*;
  - any behaviour aimed at hiding the commission of any of the offences envisaged by the *Decreto*;
  - any behaviour which is intentionally in breach of any of the specific provisions of the Model and relevant procedures of implementation to protect workers' health and safety;
- the measure of dismissal without prior notice (for well-grounded reasons) shall apply in the event of a behaviour constituting a serious and/or reiterated infringement of the behavioural rules and procedures set forth in the Model, such behaviour preventing the employment relationship from being continued, not even temporarily (art. 100, No. 3 of CCNL).

The Supervisory Body, after establishing that the provisions of the Model have been infringed, gives notice thereof to the Human Resources Manager who, by previously hearing the Supervisory Body's opinion, proposes to the Chief Executive Officer the sanction to be imposed to the employee.

In any case, notice of the closing of the procedure and of the kind of sanction imposed shall be given to the Supervisory Body.

6.3.2 Sanctions applicable to executives

The contractual relationship with executives is characterized by a mainly fiduciary nature. Not only does the executive's behaviour is reflected within the Company, since it has to be taken as an example by all those operating within the same, but it also affects Company's outward image. Therefore, the Company executives' compliance with the provisions of the Model and relevant procedures for the implementation thereof is a fundamental element of the contractual relationship with each executive.

The relevant charges are brought and sanctions are imposed against those managers having acted in breach of the Model or of the procedures adopted for the implementation of the same, in compliance with

the provisions of the CCNL (National Collective Labour Contract) applicable to executives and, if necessary, in accordance with the procedures as per art. 7 of Law No. 300 of May 30, 1970.

The sanctions shall be imposed in accordance with the principles of gradual and proportional application depending on the seriousness of the events and of the negligence or misconduct, if any (by way of example, a written reprimand, mechanisms of temporary suspension or, in the event of more serious infringements, loss of / revocation from the office held, if any).

The Supervisory Body, after establishing that the provisions of the Model have been infringed by a Manager, gives notice thereof to the competent General Manager and, by means of report in writing, to the Board of Directors, through its Chairman and the Chief Executive Officer. The function vested with the relevant power shall, by previously hearing the Supervisory Body's opinion, propose to the Chief Executive Officer the sanction to be imposed.

In any case, notice of the closing of the procedure and of the kind of sanction imposed shall be given to the Supervisory Body.

6.3.3 Sanctions applicable to directors

Astaldi evaluates with utmost severity any infringement of the provisions of this Model by those holding top positions within the Company and who are, for this reason, more than others, able to affect the corporate ethics and the acts of those who operate within the Company in the observance of values such as loyalty, legality and transparency.

The Board of Directors, after hearing the Board of Auditors' opinion, may adopt, against any director having acted in breach of the Model or the procedures adopted for the implementation of the same, in accordance with the principles of gradual and proportional application depending on the seriousness of the events and of the negligence or misconduct, if any, any appropriate measure allowed by the Law, including the following sanctions:

- written reprimand;
- monetary sanction up to an amount corresponding to two to five times the monthly remuneration;
- total or partial revocation of the powers conferred, if any.

In the most serious cases and, anyway, in case the infringement is so serious so as to undermine the Company's confidence in the director, the Board of Directors, after hearing the Board of Auditors' opinion, may call a Shareholders' meeting proposing the revocation from office.

The Supervisory Body, after establishing that the provisions of the Model have been infringed, gives notice thereof to the Board of Directors, through its Chairman and the Chief Executive Officer, if not directly involved or, if involved, to the independent director senior in age, and to the President of the Board of Auditors; the Board of Directors, after hearing the Board of Auditors' opinion and, if it deems it advisable, the Supervisory Body's opinion, shall determine the sanction to be imposed.

In any case, notice of the closing of the procedure and of the kind of sanction imposed shall be given to the Supervisory Body.

6.3.4 Sanctions applicable to auditors

The Supervisory Body, after establishing that the provisions of the Model have been infringed by an auditor, gives notice thereof, by means of report in writing, to the Chairman of the Board of Directors and to the Chief Executive Officer, and to the Chairman of the Board of Auditors, if not directly involved or, if involved, to the standing auditor senior in age.

In the event any such infringement is eligible for being considered as a well-grounded reason for revocation, the Board of Directors may propose to the Shareholders' Assembly to adopt appropriate measures and to further enforce the provisions of the law.

In any case, notice of the closing of the procedure and of the kind of sanction imposed shall be given to the Supervisory Body.

6.3.5 Sanctions applicable to the members of the Supervisory Body

In the event one or a plurality of members of the Supervisory Body acted in breach of the provisions of the Model or of the procedures for the implementation of the same, the President of the Supervisory Body, if not directly involved or, in the event of involvement of the President of the Supervisory Body, the member of the Supervisory Body's senior in age, shall promptly give notice thereof to the Board of Auditors and to the Board of Directors, which shall assess the kind of sanction to be imposed.

6.3.6 Sanctions against collaborators or third parties operating by virtue of a task entrusted to the same by the Company

As far as concerns the collaborators or third parties operating by virtue of a task entrusted to the same by the Company, the latter as defined specific safeguard clause in case theyr fail to comply with the provisions of the Group's Code of Ethics, of the Model and of the relevant implementing procedures.

Such clauses may provide, with reference to the most significant cases of infringement, and anyway whenever such infringements have an adverse effect on the Company's confidence in the individual liable for any such infringement, for the termination of the contract.

In the event the Model's provisions have been infringed by a collaborator or a third-party individual operating by virtue of a task entrusted by the Company, the Supervisory Body shall give notice thereof to the Chairman of the Board of Directors and to the Chief Executive Officer, as well as to the competent General Manager, to the Legal Affairs, Corporate Governance and Chairman's Office Department Manager, to the Human Resources Manager and to the Manager of the Department which the contract or relationship refer to.

Those belonging to such category and considered as liable for any such infringement shall be subject to the application of the measures determined under the provisions of this paragraph.

7. COMMUNICATION AND TRAINING

7.1 Communication

Astaldi ensures that all the employees and individuals entrusted with a management, direction and control task may acquire a good knowledge and benefit from the disclosure of the Model.

The Internal Audit Department takes care of disclosing the Model to any member of the Company's personnel and to all the members of the Corporate Bodies through the disclosure means considered as more appropriate, including internal communications or access to the corporate Intranet.

The Internal Audit Department, after hearing the Supervisory Body's opinion, determines the methods appropriate to provide evidence that the Model has been received by the Company's personnel.

Appropriate forms of disclosure of the Model to external entities which the Model is intended for are provided in accordance with the provisions of paragraph 3.5 – "Intended Addresses of the Model" hereof.

In particular, in order to ensure full accessibility to information, the Investor Relations takes care of translating the Model in various languages, including English, French and Spanish, and of publishing the document in the Company's Internet website.

The Internal Audit Department monitors the timely execution of such activity.

7.2 Training of personnel and information to the Company's business partners

The Company undertakes to administer training programs specifically designed to ensure that all the employees and the members of the Corporate Bodies are actually acquainted with the Model.

To the purposes of implementation of the Model, the training of personnel is managed by the Supervisory Body, also taking advantage of the support to be provided by the Internal Audit Department which periodically provides the Human Resources Department with specific updates on the training activities carried out.

Training activities are organized according to the following levels:

- managers holding functions of representation of the entity: first seminar and periodical training meetings; access to an intranet site dedicated to such a topic; specific e-mail updates; information set forth in the letter of recruitment for new staff;
- other personnel: first seminar and periodical training meetings; internal information notes on the standard principles of the Model; information set forth in the letter of recruitment for new staff; access to intranet; update e-mails.

Moreover, specific information on the policies and procedures adopted by Astaldi on the basis of the Model and on the consequences that behaviours contrary to the provisions of the Model and of laws and regulations in force may have on contractual relationships, may be given to the Company's external collaborators (suppliers, subcontractors, agents, consultants, professionals, service providers, etc.) by the Departments having official relationships with them, under the Supervisory Body's coordination.

In agreement with Confindustria's Guidelines, training activities may be carried out also by using advanced forms of training (by way of example, e-learning) and by availing of external advisors; in particular, the training in matter of D.Lgs. 231 is administered within Astaldi in a twofold mode:

- Training by personal attendance, periodically administered by the Supervisory Body. The content of the training activity are adjusted from time to time depending on its addressees. In particular, the training activity addresses to head office/project/branch-office personnel may be:
  - **general**, with reference to the regulatory, organizational and operational provisions of D.Lgs. 231/01 (Code of Ethics, Model, Protocols, etc.);
  - **focused on specific risk-related areas,** associated with the single offences provided for by D. Lgs. 231/01;
  - **focused on newly enacted laws and regulations,** entailing the inclusion of new offences governed under the provisions of D. Lgs. 231/01;
  - **focused on specific issues,** requested by the *Management* and/or corporate bodies and offices.

The Supervisory Body administers its training activity by availing itself of brochures circulated to the members of personnel and which consists of a General Part and of a specific part focusing on the offences committed in foreign countries, in the event the training is administered to the foreign project/branch-office personnel.

The Supervisory Body, by means of SIA, ensures the traceability of the training activities carried out, in accordance with the provisions of the management procedure of reference, byy filling-in a proper summary form outlining the training event (ADD Form), to be signed by those having taken part therein and sent to the Human Resources Department for registration of the actual hours of training administered during the then-current year.

- E-learning mode training, administered to Astaldi's personnel in Italian and English. The attendance at the course allows to acquire a Certificate of Attendance following to a final exam and is administered to head office personnel and to branch-office/project personnel on the basis of the area of action defined by the Supervisory Body (in terms of personnel operating within the risk-related areas of activity identified in the Model).

The participation in such training programs is mandatory and failure to take part therein without a well-grounded reason may entail the imposition of a sanction.

8. CORPORATE GROUPS AND ASSOCIATION STRUCTURES

Gruppo Astaldi is formed of the following:

- subsidiary entities;
- affiliated entities and/or equity investments.

As to the subsidiary entities organized under the laws of Italy, including the so called “special purpose vehicles”, Astaldi promotes the adoption of the organization, management and control Model as per *Decreto*. To this respect, the subsidiary entities, following to special resolutions taken by their own bodies, adopt their own Code of Ethics and their own Model of Organization as per the *Decreto* consistent with their Parent Company's, amended and supplemented as necessary.

As to affiliated entities and/or equity investments, Astaldi – through its representative within the relevant managing body or on the occasion of members' meeting – formally proposes to harmonize with the provisions of the *Decreto*.

Astaldi, in its capacity as Parent Company, with reference to the supervision activities to be carried out as required by the laws and regulations in force, has worked out its own "Guidelines for the application of the provisions of D.Lgs. 231/01 to its most important subsidiaries, affiliates and other equity investments organized under the laws of Italy and/or foreign countries".

Moreover, Astaldi may operate with other partners in Italy and abroad. The association structures which Astaldi has more often recourse to are: the so-called "A.T.I." (literally from the Italian: temporary associations of companies), consortium companies, consortia, special purpose companies, joint ventures, stock corporations and partnerships.

In such contexts, but still observing the autonomy of each legal entity it collaborates with, Astaldi, by promoting the adoption of Organization Models and/or Codes of Ethics, or by agreeing upon specific contractual clauses, endeavors to ensure that all the stakeholders accept to act in compliance with the principles of the *Decreto* and reaffirmed in its own Group's Model and Code of Ethics.