



REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to article 123-*bis* of the consolidated finance law (TUF)

(traditional administration and control model)

Issuer: **ASTALDI S.p.A.**

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1. PROFILE OF ISSUER

The corporate governance structure adopted by Astaldi S.p.A., a company incorporated and existing under Italian law with shares admitted for trading on the markets operated by Borsa Italiana S.p.A. and bonds admitted for trading on the Luxembourg Stock Exchange, is based upon the traditional administration and control model. Without prejudice to the duties of the Shareholders' Meeting, the corporate governance structure assigns management duties to the Board of Directors, and the supervisory functions to the Board of Statutory Auditors. The accounts are audited by an auditing firm. In implementation of the provisions of Legislative Decree no. 231/2001, the Company has appointed the supervisory body.

Also because it is listed on the STAR Segment, Astaldi S.p.A. adheres to the "Self-Regulatory Code of listed companies" (hereinafter, the "Self-Regulatory Code") drafted by Borsa Italiana S.p.A. in 1999 and later amended by the Corporate Governance Committee.

This year as well, Astaldi S.p.A.'s governance is in line with the principles provided for by the Self-Regulatory Code, with the recommendations formulated by CONSOB in this regard, and, more generally, with international best practises.

In light of the above, the following is a description of Astaldi S.p.A.'s corporate governance system at 31 December 2015.

Since the 2015 financial year, no substantial changes have taken place.

2. INFORMATION on the OWNERSHIP STRUCTURE (pursuant to art. 123-bis of the consolidated finance law – TUF)

at (31 December 2015)

a) Structure of share capital (pursuant to art. 123-bis, paragraph 1, letter a), of the consolidated finance law - TUF)

- Amount in Euros of share capital subscribed and paid-in: **EUR 196,849,800.00**.

- Share capital consists of the following categories of shares: **ordinary shares with voting rights**.

The aforementioned share capital is subdivided into 98,424,900 **ordinary shares** with a nominal amount of EUR 2 per share.

STRUCTURE OF SHARE CAPITAL			
	No. of shares	% of share capital	Listing
Ordinary shares	98,424,900	100%	Italy – STAR Segment

On 23 April 2013, the Shareholders' Meeting decided upon a capital increase with exclusion of the option right pursuant to 2441, paragraph 5 of the Italian civil code, serving exclusively the equity-linked bond, reserved for qualified Italian and foreign investors. For this bond, bondholders are given the right to request conversion of the bonds into already existing or newly issued shares, and the Company is entitled to refund the capital through the handing over of shares or in cash, or in a combination of shares and cash. The following is the summary table:

OTHER FINANCIAL INSTRUMENTS

<i>(attributing the right to subscribe newly issued shares)</i>				
	Listing	No. of outstanding convertible bonds	Category of shares at the service of the conversion	Number of shares at the service of the conversion
Convertible bonds	Luxembourg – MTF	130,000	ordinary	17,568,517

Incentive plans based on shares that involve increases – including those free of charge – of the share capital have not been introduced.

b) Restrictions on the transfer of securities (pursuant to art. 123-bis, paragraph 1, letter b), of the consolidated finance law – TUF)

No restrictions on the transfer of securities are present.

c) Important equity investments in capital (pursuant to art. 123-bis, paragraph 1, letter c), of the consolidated finance law - TUF)

At 31 December 2015, the shareholders holding shares in an amount exceeding 2% of the share capital, as resulting from the shareholders' ledger, from the announcements received pursuant to art. 120 TUF, and from other available information, are as follows:

DECLARANT	DIRECT SHAREHOLDER	NO. OF SHARES	%
FIN.AST S.r.l.	<i>FIN.AST. S.r.l.</i>	39,506,495	40.139%
	<i>Finetupar International S.A.</i>	12,327,967	12.525%
		51,834,462	52.664%
FMR LLC	<i>FMR LLC</i>	5,150,042	5.232%
NORGES BANK	<i>NORGES BANK</i>	2,015,088	2.047%
TOTAL		58,999,592	59.943%

After the close of the financial year, the shareholder UBS Group AG, on 08 January 2016, exceeded the relevance threshold, reporting a 3.484% stake with 3,429,601 shares, while the shareholder Norges Bank, on 03 February 2016, fell beneath the 2% relevance threshold.

d) Securities conferring special rights (pursuant to art. 123-bis, paragraph 1, letter d), of the consolidated finance law - TUF)

The Shareholders' Meeting of 29 January 2015, amending art. 12 of the Company's Bylaws, in line with the provisions of art. 127-*quinquies* of Legislative Decree no. 58 of 24 February 1998 (consolidated finance law – TUF), introduced the mechanism of the so-called “increased voting rights.” Consequently, shareholders (or others entitled to vote) that so request are permitted to register in a “List” kept by the Company for the attribution of two votes per share possessed, subject to continuous possession for a period of at least 24 months by the same party.

The Company's new Bylaws provides that two votes are assigned for each share belonging to the shareholder that has requested being registered in the List – kept and updated by the Company – and that has maintained it for an uninterrupted period of no less than twenty-four months starting from the date of registration in said List.

For organisational purposes, the Company's Bylaws establishes that the registrations in and updating of the List are to take place quarterly – 01 March, 01 June, 01 September, 01 December – or at such other frequency as may be provided for by sectoral regulations.

Specific procedural technicalities are reported in the Regulations, approved by the Board of Directors meeting of 10 March 2015 and available on the Company's website in the section

http://www.astaldi.com/governance/increased_votes/

During 2015, the first entries in the register took place. In application of the requirements of art. 143-*quater*, paragraph 5, of CONSOB's Issuers' Regulations, the Company published, in the same section as above, the shareholders with stakes exceeding 2%, that requested being registered on said list.

At 31 December 2015, the parties are registered as shown in the table. It is specified that other registrations were made, albeit with regard to stakes of under 2%.

DECLARANT	REGISTRATION DATE	STAKE FOR WHICH INCREASE WAS REQUESTED	TOTAL STAKE
FIN.AST S.r.l.	1 MARCH 2015	39,500,000 (40.132%)	39,505,495 (40.139%)
Finetupar International S.A.	1 MARCH 2015	12,327,967 (12.525%)	12,327,967 (12.525%)
Fidelity Puritan Trust Fidelity Low Price Stock Fund	1 DECEMBER 2015	2,589,900 (2.631%)	2,589,900 ¹ (2.631%)

e) Employee shareholding: mechanism for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e), of the consolidated finance law - TUF)

No employee shareholding system has been instituted.

f) Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f), of the consolidated finance law - TUF)

No restriction on the right to vote is provided for.

¹ Data derived from the declaration made by FMR LLC on 07 December 2015, in compliance with Art. 120 of Legislative Decree no. 58 of 24 February 1998.

g) Agreements among shareholders (pursuant to art. 123-bis, paragraph 1, letter g), of the consolidated finance law - TUF)

As part of the operation of issuing the equity linked bond mentioned in point 2 a), Fin. Ast. S.r.l., as controlling shareholder of Astaldi S.p.A., subscribed a commitment in favour of the latter, aimed at supporting the operation of issuing said bond, and to vote in favour of the connected capital increase, approved by the extraordinary Shareholders' Meeting of Astaldi S.p.A. held on 23 April 2013.

h) Change of control clause (pursuant to art. 123-bis, paragraph 1, letter h), of the consolidated finance law - TUF) and statutory provisions in the matter of takeover bids (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1)

Astaldi has taken out medium/long-term bank loans and bonds containing early repayment clauses in the event of change of control.

In the matter of takeover bid, the Bylaws of Astaldi S.p.A. do not deviate from the provisions on the passivity rule provided for by art. 104, paragraphs 1 and 2, TUF, nor do they provide for application of the "neutralisation" rules contemplated by art. 104-bis, paragraphs 2 and 3, TUF.

i) Delegations to increase share capital and authorisations for the purchase of treasury shares (pursuant to art. 123-bis, paragraph 1, letter m), of the consolidated finance law - TUF)

The Board of Directors of Astaldi S.p.A. was not delegated to increase the share capital pursuant to art. 2443 of the Italian civil code, or to issue participatory financial instruments.

The Shareholders' Meeting of Astaldi S.p.A., dated 23 April 2015, with reference to the Company's **treasury shares buyback plan**, pursuant to art. 2357 and following of the Italian civil code and art. 132 of Legislative Decree no. 58 of 24 February 1998, approved the renewal for the authorisation to purchase treasury shares for a period of twelve months starting from 27 May 2015, coming due on Thursday, 26 May 2016, considering that, in light of CONSOB decision no. 16839 of 19 March 2009, the purposes of fostering regular trading, of preventing price movements out of line with market trends, and of guaranteeing adequate support to market liquidity would remain uncompromised.

Moreover, the authorisation was also conferred to permit the establishment of a securities portfolio servicing extraordinary transactions during any possible transactions of a strategic nature in the Company's interest, or of stock grant and/or of stock option plans in favour of the Company's directors, employees, or collaborators. Moreover, the establishment and maintenance of a securities portfolio is appropriate in the context of the equity linked bond, in order to offer the Company an additional instrument to satisfy the right of the bondholders in question to request any conversion of the equity linked obligations into already existing (and/or newly issued) ordinary shares of the Company, using the shares held in the securities portfolio, in compliance with the bond regulations and within the limits of the aforementioned CONSOB decision no. 16839 of 19 March 2009.

Therefore, the Company's Shareholders' Meeting decided to renew, for a period of 12 months starting 27 May 2015, the authorisation for the Board of Directors:

- to purchase ordinary shares of the Company of a nominal amount of EUR 2.00 each, within a revolving limit of 9,842,490 shares, also including the shares already in the portfolio, with the

additional constraint that the amount of the shares shall never at any time exceed EUR 24,600,000.00 (without prejudice to the limit of distributable profits and of the available reserves pursuant to art. 2357, first paragraph, of the Italian civil code);

- to set a minimum unit purchase price equal to EUR 2.00 Euro and a maximum unit price not exceeding the average price over the 10 days trading days on the stock exchange prior to the day of purchase, increased by 10%.

Moreover, the Plan in question provides that the Board of Directors, following the Shareholders' Meeting decision of 18 April 2011, is authorised, with no time limits, to dispose of the purchased shares at a unit price of no less than the average price over the 10 days trading days on the stock exchange prior to the day of purchase, decreased by 10%, as well as to dispose, again with no time limits, of treasury shares through share exchange transactions during any possible transactions of a strategic nature in the Company's interest including, in particular, exchange and/or conferral operations, under the condition that the valuation of the shares in these transactions is no less than the average book value of the treasury shares held. Treasury shares may also be used without time limits in the service of stock grant and/or stock option plans, with the exception, in this case, to the aforementioned criterion of determining the sale price, which at any rate can be no less than the so-called "normal amount" provided for by tax laws.

The Board of Directors is also authorised to carry out securities loan transactions – in which Astaldi S.p.A. acts as lender – with regard to treasury shares.

Again as regards the procedures for selling and/or disposing of the purchased shares, without prejudice to the authorisation already granted in this regard, with no time limits, by the Shareholders' Meeting of 18 April 2011 already mentioned, and in addition to it, the Shareholders' Meeting of 23 April 2013 decided to authorise, within the context of the equity linked bond approved on 23 January 2013 and entirely placed on 24 January 2013 (the "Bond") the Board of Directors – starting 27 May 2013 and with no time limits – to use the shares allocated to constitute the "securities portfolio," in compliance with the Bond regulations and within the limits of what is provided for by CONSOB no. 16839 of 19 March 2009, also to satisfy the bondholders' right to request any conversion of equity linked bonds into already existing ordinary shares of the Company.

In execution of what was decided upon, the Company, at 31 December 2015, possessed 800,770 treasury shares.

I) Management and coordination activity (pursuant to art. 2497 and following of the Italian civil code)

Astaldi S.p.A. is not subject to the "**management and coordination**" of any of its shareholders, in that the Company's Board of Directors makes, with full independence and autonomy, all the most appropriate decisions with regard to managing the Company's business.

* * * * *

Lastly, it is specified that:

- the information required by art. 123-bis, first paragraph, letter i) ("*agreements between companies and directors ... that involve compensation in the event of resignation or dismissal without just cause, or if the employment relationship is terminated following a takeover bid*") are illustrated in the Report on Remuneration published pursuant to art. 123-ter of the consolidated finance law – TUF;
- the information required by art. 123-bis, first paragraph, letter l) ("*the regulations applicable to the appointment and the replacement of directors ... as well as the modification of the Company's*")

Bylaws, if different from the legislative and regulatory ones supplementarily applicable”) are illustrated in the section of the Report dedicated to the Board of Directors (Sect. 4.1).

3. COMPLIANCE (pursuant to art. 123-bis, paragraph 2, letter a), of the consolidated finance law – TUF)

As already mentioned in the introduction, Astaldi S.p.A., also as a company listed on the STAR Segment, adheres to the Self-Regulatory Code of listed companies, drafted in 1999 by Borsa Italiana S.p.A. and subsequently amended by the Corporate Governance Committee.

The latest revision of the Self-Regulatory Code was done in July 2015, in order to update it to the recent regulatory and self-regulatory developments.

The Code is accessible to the public on the Corporate Governance Committee’s website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>

The Company’s governance structure is substantially in line with the recommendations of the Self-Regulatory Code and has been constantly adjusted to its recommendations. The Company’s current governance is in line with the edition published in July 2015 by the Corporate Governance Committee, in the terms illustrated hereunder.

In line with the arrangement adopted last year, and in order to best represent the application of the principle of “comply or explain,” the Report takes into account the recommendations of the Self-Regulatory Code that it was deemed fitting not to adopt, providing justification therefor, and describing any alternative behaviour adopted. It is in fact to be kept in mind that the 2014 edition of the Code, in adopting European Recommendation no. 208/2014, already asked issuers to clearly indicate the specific recommendations of the Code that were disregarded, and to describe, clearly and comprehensively, the reasons for the non-application and for any adoption of alternative criteria, as well as to explain whether the deviation was limited in time.

Astaldi S.p.A., like its strategic subsidiaries, is not subject to non-Italian provisions of law influencing the Company’s corporate governance structure.

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to art. 123-bis, paragraph 1, letter l), of the consolidated finance law – TUF)

Pursuant to the provisions of the regulations in force, the Bylaws of Astaldi S.p.A. provides for the “**slate voting**” system with regard to the appointment of its Board of Directors.

In particular, the Bylaws state that shareholders that, on their own or jointly with other shareholders that contribute towards the **submission** of the same slate, taken together hold shares representing at least **2.5%** of the share capital (or the lesser amount that may be provided for by the application provisions of law or regulations) with rights to vote in the ordinary Shareholders’ Meeting are entitled to submit slates.

Again according to the Bylaws, the slates, signed by those submitting them and bearing the indications provided for by law, must be **lodged** at the Company’s main office, following the procedures and by the deadlines provided for by the application regulations.

The directors are **elected** in the following manner:

- 1) from the slate that has garnered the highest number of votes expressed by the shareholders, a number of directors is drawn, in the progressive order in which they are listed on the slate, equal to the total number of Board members as established by the Shareholders' Meeting, minus one. Should no slate have garnered a higher number of votes than the others, the Shareholders' Meeting must be reconvened for another vote to be held in accordance with the Bylaws;
- 2) from the slate that has garnered the second highest number of votes and is not linked, based on the criteria established by the regulations in force governing the election of minority auditors, to shareholders that have submitted or voted upon the slate that garnered the highest number of votes, one director is drawn, in the person of the candidate indicate with the first number on said slate. If several minority slates have obtained the same number of votes, the candidate most senior in age from among those appearing as number one on the slates garnering an equal number of votes shall be elected.

Should a **single slate** be submitted, or if no slate is submitted, the Shareholders' Meeting shall decide with the majorities in accordance with the law, without observing the above procedure.

For the purposes of the **subdivision** of the directors to be elected, no account is taken of the slates that have not garnered a percentage of votes at least equal to one half of that required for the purposes of submitting the slates.

The Bylaws state that the slates must be accompanied, among other things, by the declarations by the candidates attesting, under their responsibility, to their possession of the **requirements of independence** required by law.

Moreover, in order to ensure the election of the **minimum number of independent directors** based on the requirements of art. 147-ter, paragraph 4, of the consolidated finance law – TUF, the Bylaws expressly provide that *“each slate shall contain the candidacy of persons having the requirements of independence established by law, and at least equal to the number of independent directors that by law must be present in the Board of Directors.”*

In order to ensure a gender balance, art. 16 of the Company's Bylaws, in implementation of the provisions of art. 147-ter, paragraph 1-ter, TUF, establishes that each slate that contains three or more than three candidacies must include a number of candidates, possessing the requirements established by law and by the Bylaws, that is an expression of the gender less represented within the Board of Directors, in a number equal to **one fifth** of the candidates who shall make up the Board of Directors entering office on the occasion of the first renewal of the administrative body after 12 August 2012, and equal to **one third** of the candidates who shall make up the Board of Directors to be appointed for the following two terms.

With regard to the **directors leaving office**, the Company's Bylaws also provides that, should during the financial year one or more directors elected from the **slate that has garnered the highest number of votes** leave office, and provided that the majority still consists of directors appointed by the Shareholders' Meeting, actions will be taken pursuant to art. 2386 of the Italian civil code.

On the other hand, should the director elected from the **slate that garnered the second highest number of votes** leave office, the Bylaws provide that he or she shall be replaced as follows:

- a) the Board of Directors appoints the replacement from those belonging to the same slate to which the director leaving office belonged, under the condition that the shareholders that submitted said slate have maintained the shareholding stake required for submitting the slate, and the subsequent Shareholders' Meeting decides, with the majorities required by law, in line with the same principle. Should the director in question leave office after the first renewal of the administrative body after 12 August 2012 or during the two terms of office thereafter, and if this has altered the balance between the genders represented in the Board of Directors, replacement shall take place by going down the slate until identifying the candidate who expresses the less represented gender;
- b) should it prove impossible to appoint the replacement from the slate that garnered the second highest number of votes pursuant to letter a) above, the Board of Directors – in compliance with gender balance, where the office-leaving takes place after the first renewal of the administrative body after 12 August 2012 or during the two terms of office thereafter – appoints the replacement from those belonging to the slates following the slate that garnered the second highest number of votes, in progressive order, under the condition that the shareholders that have submitted the slate from which the substitute is drawn have maintained the shareholding stake required for submitting the slate, and the subsequent Shareholders' Meeting decides, with the majorities required by law, in line with the same principles;
- c) if no candidates not elected earlier remain, or, at any rate, when for any reason it is not possible to comply with the provisions of letters a) and b), the Board of Directors shall see to replacement, as the subsequent Shareholders' Meeting establishes, with the legal majorities without slate voting, but at any rate in compliance with the provisions of the regulations and of these Bylaws as regards the minimum number of independent directors and gender balance, when the office-leaving takes place after the first renewal of the administrative body after 12 August 2012 or during the two terms of office thereafter.

Moreover, the Bylaws establish that should the majority of directors leave office for any reason, the entire Board of Directors shall be removed from office and the directors remaining in office shall urgently call the Shareholders' Meeting to appoint the new Board of Directors. Moreover, the Board of Directors shall remain in office until the Shareholders' Meeting has decided as to the body's renewal, and there is acceptance by more than one half of the new directors; until that time, the Board of Directors may carry out solely acts of ordinary administration.

Succession plans

Given also the composition of the Company's shareholding, the Board of Directors has not seen fit to adopt a plan for the succession of executive directors.

4.2 COMPOSITION (pursuant to art. 123-bis, paragraph 2, letter d), of the consolidated finance law – TUF)

The Board of Directors of Astaldi S.p.A. was appointed on 23 April 2013 for the 2013-2015 financial years.

The aforementioned appointment was made, in compliance with the provisions of the Bylaws and of art. 147-ter TUF, based on:

- a slate submitted by the shareholder Fin.Ast. S.r.l. holder of 39,505,495 shares, equal to 40.139% of the share capital;

- a slate submitted by the shareholders:
 - Arca SGR S.p.A., manager of the Arca Azioni Italia and Arca BB funds;
 - Eurizon Capital SA, manager of the EEF - Equity Italy and EEF - Equity Italy LTE funds;
 - Eurizon Capital SGR, manager of the Eurizon Azioni Italia and Eurizon Azioni PMI Italia funds;
 - Pioneer Asset Management SA;
 - Pioneer Investment Management SGR p.A., manager of the Pioneer Italia Azionario Crescita and Fondo Pioneer Italia Azionario Paese Emergenti funds,holder, at the date of the Shareholders' Meeting, of a total 3,134,788 shares, equal to 3.187% of the share capital.

The slate of the shareholder *Fin.Ast. S.r.l.* (first slate) garnered the favourable vote of 71.869% of the share capital present at the Shareholders' Meeting, electing (12) Board members. The Fondi di Investimento slate (second slate), as listed above, garnered the favourable vote of 28.087% of the share capital, electing (1) Board member.

The Shareholders' Meeting decided that members of the Board of Directors would be thirteen (13) in number.

At the time of appointment, the Board of Directors was thus composed of the following Board members: Paolo Astaldi, Ernesto Monti, Giuseppe Cafiero, Stefano Cerri, Caterina Astaldi, Luigi Guidobono Cavalchini, Giorgio Cirila, Paolo Cuccia, Mario Lupo, Eugenio Pinto, Chiara Mancini, and Nicoletta Mincato (all from the first slate), and Guido Guzzetti (from the second slate).

The Board members' skill and professionalism is highly diversified. A Board representation with such great technical skill in the sector in which the Company operates is joined by directors who have the managerial and cultural background to guarantee constructive and fruitful board debate in the interest of the Company and the shareholders.

The appointment of the shareholders Caterina Astaldi, Chiara Mancini, and Nicoletta Mincato also made it possible to amply fulfil the gender balance obligation required by law no. 120 of 12 July 2011, and by the Bylaws (art. 16).

The subsequent Board of Directors meeting appointed Paolo Astaldi as the Company's Chairman, and Ernesto Monti and Giuseppe Cafiero as Deputy Chairmen; Stefano Cerri was appointed CEO.

Also on the occasion of the post-appointment board meeting, the existence was assessed of the requirements of independence pursuant to art. 3 of the Self-Regulatory Code, for the directors Giorgio Cirila, Paolo Cuccia, Mario Lupo, Guido Guzzetti, Chiara Mancini, Nicoletta Mincato, and Eugenio Pinto. The Board member Ernesto Monti declared himself independent pursuant to art. 147-ter of the consolidated finance law – TUF, and was qualified as such at the same Board meeting.

Compared to the original composition, major changes in the management body's composition took place during the three-year period. On 01 August 2014, the Board member Guido Guzzetti resigned from the Board of Directors due to supervening commitments. Guido Guzzetti had been elected by the Shareholders' Meeting held on 23 April 2013, as he was the candidate from the slate that garnered the second highest number of votes, submitted by institutional investors. The Board member Guzzetti held the office of minority and independent director (pursuant to the Consolidated Finance Law and the Self-Regulatory Code), and was a member of the Control and Risks Committee.

Referring to what was broadly illustrated in last year's Report, it is pointed out that on the occasion of the Shareholders' Meeting that had appointed the Board member Guzzetti – and therefore, the current board – only two slates had been submitted: one by the majority shareholder Fin. Ast S.r.l. (first slate) and a second one by some Institutional Investors (second slate), of which the then elected Board member Guzzetti was the sole representative. The Board of Directors, in line with the provisions of art. 17 of the Company's Bylaws, and in the absence of a second candidate expressed in the second slate, saw to replacing the Director without applying slate voting.

In implementation of the provisions of *application criterion* 5.C.2 of the Self-Regulatory Code – which suggests, where it is necessary to replace independent directors, entrusting to the appointments committee the identification of the candidacies to be submitted to the Board of Directors – this committee met and proposed, to the first Board of Directors meeting thereafter, the candidate Piero Gnudi as a possible replacement. The Board of Directors meeting of 01 October 2014, agreeing with the proposal and having the highest regard for Mr. Piero Gnudi, decided in favour of his appointment until the date of the first Shareholders' Meeting.

On 21 November 2014, the Board member Mario Lupo also resigned. The Board member Lupo – appointed by the Shareholders' Meeting of 23 April 2013 – had been drawn from the slate that had garnered the highest number of votes, and was a member of the Appointments Committee as non-executive independent director.

On 29 January 2015, the Shareholders' Meeting was held to introduce the increased voting rights. On that occasion, in order to restore the Board of Directors to the number of thirteen (13) members, two directors were appointed. The Shareholders' Meeting was then called to proceed with replacing the resigning Mario Lupo and to appoint another director given that, in application of the provisions of art. 2389, paragraph 1, of the Italian civil code, the term of office of the director Piero Gnudi, co-opted on 01 October 2014, was to expire.

The majority shareholder then proposed, as candidates for the office of directors, Mr. Piero Gnudi – thus confirming his appointment – and Mr. Filippo Stinellis. As shall be better illustrated in the paragraph dedicated to the delegated bodies, during 2015, Filippo Stinellis was appointed CEO, in addition to Stefano Cerri.

The Shareholders' Meeting appointed both the proposed candidates, and also decided that they would remain in office until the natural expiry of the current Board of Directors.

As to the personal and professional characteristics of each director, refer to what is published on the Company's website (www.astaldi.com) in the "Governance" Section – "Board of Directors Subsection."

As to the composition and characteristics of the Board of Directors in office, see Table 2 in the appendix.

The current Board of Directors expires from office with the Shareholders' Meeting approving the financial statements at 31 December 2015.

Maximum accumulation of offices held in other companies

Since 2006, the Company's Board of Directors has, by a decision for this purpose, identified the general criteria adopted by the Company with regard to the maximum number of positions as director or statutory auditor that the Company's Board members may hold in other companies listed in regulated markets (including foreign markets), in financial firms, banks, insurance companies, or enterprises of significant size, as provided for by art. 1.C.3 of the Self-Regulatory Code.

In particular, the Board of Directors, on that occasion, decided to identify the following maximums:

- 6 (cumulative) positions as director or statutory auditor for “non-executive” and “independent” directors;
- 4 (cumulative) positions as director or statutory auditor for “executive” directors.

However, for the purposes of calculating the above, no account is taken of the positions as director or statutory auditor held by Astaldi S.p.A. board members within other Group companies.

Induction Programme

Unceasing changes in laws and regulations require all subjects who hold positions in administration and control bodies of listed companies to constantly and transversally update application of the rules of corporate governance. In this perspective, and with the aim of incentivising the presence of adequate professional figures in the corporate bodies, the Self-Regulatory Code asks the chairmen of the companies to promote the participation by Board members and statutory auditors in initiatives suitable for providing them with adequate knowledge of the sector of activity in which the issuer operates, of the corporate dynamics, and of the regulatory framework of reference (*application criterion 2.C.2*). In implementation of the Code's recommendations, also during the financial year that has just ended, dialogue meetings were held between Board members, statutory auditors, and some company managers, aimed at illustrating, with the necessary degree of detail, the development of the company's business and at affording the best knowledge of the Company's Business Plan. Moreover, with the renewal of the Board of Statutory Auditors, the Chairman suggested to the new members to take part in the induction section initiatives organised by Assonime and by Assogestioni, with a view to promoting an exchange of views and perspectives with other representatives of the country's largest corporate outfits. The Chairman of the newly elected Board of Statutory Auditors, Mr. Paolo Fumagalli, and Ms. Anna Rosa Adiutori – both in their first experience in Astaldi's control body – took part in the induction section days organised by the aforementioned trade associations.

4.3 ROLE AND FUNCTION OF THE BOARD OF DIRECTORS (pursuant to art. 123-bis, paragraph 2, letter d), of the consolidated finance law – TUF)

The Board of Directors plays a central role in the corporate organisation.

It is tasked with the responsibility for the Group's strategic and organisational policies, as well as verifying the existence of the checks needed to monitor the trends of the Company and of the Group. Pursuant to art. 22 of the company's Bylaws, the Board is vested with the broadest powers for the Company's management.

Number of meetings and duration

In line with the provisions of the Bylaws, during the 2015 financial year, 7 meetings of the Board of Directors were held, for an average duration of about 2 hours per meeting, with a limited number of absences – all justified – of Board members and of statutory auditors.

Moreover, the Board of Directors, in compliance with the stock exchange's regulations in this regard, approved and then disclosed to Borsa Italiana S.p.A. and to the market, with reference to the 2016 financial year, the **calendar** of dates of upcoming Board meetings for the approval of the financial statements draft, of the half-year financial report, and of the interim reports on operations (the “2016 Corporate Calendar”), as reported hereunder and available on the company's website (“Governance/Financial Calendar” Section).

DATE	CORPORATE EVENT	PURPOSE
9 March 2016	Board of Directors	Approval of the draft of the separate financial statements and of the consolidated financial statements for the 2015 financial year
20 April 2016	Shareholders' Meeting	Approval of the financial statements for the 2015 financial year
13 May 2016	Board of Directors	Approval of the Interim Report on Operations for the 1 st quarter of 2016
3 August 2016	Board of Directors	Approval of the Half-Year Financial Report at 30 June 2016
9 November 2016	Board of Directors	Approval of the Interim Report on Operations for the 3 rd quarter of 2016

During 2016, in addition to 09 March – the date of approval hereof –, the Company's Board of Directors met on 19 January and 22 February. Both meetings were not included in the financial calendar as above, since no accounting documents and/or periodic financial reports of the Company were examined.

Activities of the Board of Directors

In *application criterion* 1.C.1, the Self-Regulatory Code sets out a series of attributions reserved for the Board of Directors, called upon to achieve an efficient management of the Company. In order to permit a better representation of the application of the comply or explain mechanism, certain information regarding the application of the recommendations of the Self-Regulatory Code were grouped together in this paragraph, in accordance with a criterion of homogeneity.

As in any complex industrial setting, it is the Company's practise to examine and approve the Company's and the Group's strategic, business, and financial plans. The examination of the business plan takes place annually and the Company constantly monitors the implementation thereof.

As will be better specified in paragraph 10 below, the Board of Directors performs a central role among the figures involved in managing the "Internal control and risk management system." In implementation of the recommendations of *application criterion* 7.C.1, letter a) of the Self-Regulatory Code, the Board is called upon to define the guidelines of the internal control and risk management system, in such a way

that the main risks related to the issuer and its subsidiaries are properly identified, as well as adequately measured, managed, and monitored, while also determining these risks' degree of compatibility with a company management consistent with the strategic objectives identified.

The Self-Regulatory Code also recommends, under *application criterion* 1.C.1, letter b), that the Board of Directors define the nature and the risk level compatible with the issuer's strategic objectives, also including in its assessments all the risks that can take on importance with a view to the medium/long-term sustainability of the issuer's activity.

In application of the Code's recommendations, the Board of Directors, constantly aided by consultation with and proposals from the control and risks committee, has defined the guidelines of the risk management and control system and has ascertained that the main risks pertaining to Astaldi S.p.A. and its subsidiaries are properly identified, as well as measured, managed, and monitored. At the meeting of 09 March 2016 – which approved this report – the board defined the nature and the risk level compatible with the Company's strategic objectives. This definition concludes a portion of the project started during the last quarter of 2014, aimed at defining the Group's "Risk Appetite Statement" and the threshold of tolerability; this is in the intent to reinforce awareness of the corporate structures in the matter of managing risks, and with the aim of improving the performance and sustainability of the business.

Given the central importance of the risk profile in an efficient and effective governance system, the Company, with the intervention of all the departments and parties involved in the risk management process, will continue to constantly monitor and update the system, in order to include in its own assessments, in line with the recommendations of the new edition of the Self-Regulatory Code, all the risks that may take on importance with a view to the medium/long-term sustainability of the issuer's activity.

In implementation of the provisions of the Italian civil code, the Company has assessed the adequacy of the organisational, administrative and accounting system of the Company and of the subsidiaries having strategic importance, also focusing particular attention on the internal control and risk management system, in application of the recommendations of *application criterion* 1.C.1. letter c) of the Self-Regulatory Code.

The Company, in its Bylaws, has established a quarterly frequency with which the CEO must report to the Board as to the activity performed in discharging the powers delegated to him or her. Also on the strength of the information received from the delegated bodies, the Board of Directors, in application of *application criterion* 1.C.1., letter. e) of the Self-Regulatory Code, on the occasion of the meetings held during the 2015 financial year, regularly assessed the general management trend, periodically comparing the results achieved with those planned.

Pursuant to *application criterion* 1.C.1, letter f) of the Self-Regulatory Code, the law and the Bylaws reserve for the Board of Directors the examination and prior approval of the operations of the Company and of its subsidiaries, when said operations have significant strategic, economic, or financial importance for the company. However, the Board has not established general criteria for identifying the operations that have significant strategic, economic, or financial importance for the Issuer. This is because, due to the particular features of the corporate business, it is more appropriate to assess from time to time the significance of the operations that are implemented, in the context of the periodic information reported by the delegated bodies to the Board of Directors.

Pre-Board meeting disclosure

In order to ensure complete and proper assessment of the subjects brought to the Board members' attention, the **pre-Board meeting documentation** is made available (where possible, in electronic format, using a portal accessible via Internet connection) by the secretary of the Board of Directors, assigned by the chairman, to the Board members and to the statutory auditors, prior to each meeting.

It was not deemed appropriate to identify a specific deadline for sending the documentation, given that the procedures and the customary interval of time for making it available is such as to guarantee suitable disclosure.

In any case, in application of the recommendations of the *Comment* to art. 1 of the Self-Regulatory Code, the chairman sees that the items on the agenda are, during the Board meetings, given the time needed to guarantee adequate analysis.

Moreover, again adopting the suggestions of the same *Comment* to art. 1, on several occasions the good practise was adopted of accompanying voluminous and complex documentation with an executive summary, aimed at outlining its most salient and relevant points.

Lastly, in the intent to give the Board meetings value as a moment to facilitate the acquisition of suitable information with regard to the Company's management, at the chairman's urging, on a number of occasions some Company managers were allowed to attend, in order to provide appropriate analysis on the items on the agenda, as provided for by *application criterion* 1.C.6 of the Self-Regulatory Code. During 2015, at each of the Board meetings and in line with the items on the agenda, the managers with specific interest attended.

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4.4 BOARD EVALUATION

In line with the recommendations of the Self-Regulatory Code (*application criterion* 1.C.1, letter g), the Board of Directors is asked, at least once a year, to provide an evaluation of the function, size, and composition of the board and its committees (the "Board evaluation").

The Board, in keeping with the Code's recommendations, has seen to carrying out the appropriate evaluations in as to the function of the Board and of its committees, and their size and composition, also taking into account the professional characteristics and those of experience and gender, as well as the seniority, of their membership.

This evaluation was done by means of a self-assessment system (the "Board Performance Review") which saw the involvement of all the Company's Board members, who were asked to fill out a questionnaire – developed by the Corporate Affairs and Corporate Governance Department and the Office of the Chairman. In line with past years, the questionnaire regards the aspects connected with the organisation, composition, and function of the Board and of the committees set up within it.

In consideration of the upcoming expiry of the Board of Directors, and in light of the Board members' experience during the three-year term of office, the questionnaire submitted this year also emphasised any professional and/or managerial competences whose presence might strengthen the Board's effectiveness and efficiency.

On this point, it is to be kept in mind that the Corporate Governance Committee, already in the First Report on the application of the Self-Regulatory Code (cf. 2013 Annual Report, available at <http://www.borsaitaliana.it/comitato-corporate->

[governance/documenti/comitato/relazionecommittee2013.pdf](#)), had invited the Companies to diversify the content of the questions to be asked in the board evaluation with respect to the year of the term of office.

The results of the Board Performance Review, submitted to the board at its meeting of 11 November 2015, confirmed certain areas in which the Company's Board members deem they are fully satisfied, such as, specifically:

- the climate at board meetings, which allows the active participation of Board members;
- the Board's leadership and management, deemed to be in line with the best standards;
- the relationship between independent Board members and the Company's top management, which is considered a positive and constructive one;
- the understanding and sharing of operative and result targets;
- representation of the female gender in the Board.

The set of skills within the Board of Directors was also found sufficiently balanced.

With reference to *application criterion* 1.C.4. of the Self-Regulatory Code, it is emphasised that the Shareholders' Meeting of Astaldi S.p.A. did not authorise – either generally or preventively – exceptions to the competition prohibition provided for by art. 2390 of the Italian civil code.

4.5. DELEGATED BODIES

CHAIRMAN

The activities of the Board of Directors are coordinated by the Chairman.

The Chairman calls the Board meetings and guides their proceedings, ensuring that the Board members are, with reasonable lead time – except for cases of necessity and urgency – given the documentation and information needed for the Board to be able to make an informed opinion of the matters subject to its examination.

CEOs

In continuity with previous terms of office, the Company's Board of Directors, at the meeting of 23 April 2013, had appointed Mr. Stefano Cerri as the Company's **CEO** tasked with identifying, in agreement with the Chairman and the Deputy Chairman Giuseppe Cafiero, the Company's development strategies to be submitted to the Board of Directors, and with seeing to the implementation thereof in compliance with the Board's directives and decisions.

The Company's Board of Directors has identified the following limits to the powers conferred to Mr. Cerri: (i) to sign bids for taking on contracts and/or concessions, also under project financing, up to the amount of EUR 600 million, and, if the bids are awarded, to execute the contracts therefor, and to sign any other document necessary for this purpose; (ii) to execute, amend, and terminate contracts for the purchase and sale of real property up to the maximum amount of EUR 2,600,000.00 per operation.

The three-year period that has just concluded was marked by a gradual growth of Astaldi's business in value, size, and importance, and has seen a growing will to give more structure to corporate organisation so as to reinforce its strategic departments.

Following this path, as early as the Board of Directors meeting of 10 March 2015, Mr. Filippo Stinellis – appointed Board member by the Shareholders' Meeting of 29 January 2015 – was assigned a set of

powers related to the Company's industrial activities, in order collaborate with the top-level bodies in identifying the Company's development strategies.

At the subsequent Board of Directors meetings of 14 May, 17 July and 03 August, staffing for the industrial activity was strengthened through the repositioning of several management figures. The number of General Managers grew from 5 to 6. Marco Foti – formerly Operations Manager for Italy – was appointed the new General Manager for Italy, replacing Luciano De Crecchio who took the position of General Manager for Industrial Services; new operations managements were also created in certain geographical areas of particular strategic importance.

The process of reorganising and repositioning the internal arrangements and staffing culminated, on the occasion of the Board of Directors meeting of 11 November 2015, with the assignment of specific delegations to Filippo Stinellis, who took the position of CEO. The CEO-elect has the same limits conferred to Stefano Cerri, as he, too, has the power: (i) to sign bids for taking on contracts and/or concessions, also under project financing, up to the amount of EUR 600 million, and, if the bids are awarded, to execute the contracts therefor, and to sign any other document necessary for this purpose; (ii) to execute, amend, and terminate contracts for the purchase and sale of real property up to the maximum amount of EUR 2,600,000.00 per operation. Specifically, the CEO-elect was conferred the powers to guarantee a more effective support for the industrial activity. Moreover, as specified in the press release, the appointment of a second CEO made it possible to more effectively differentiate the Group's activities, allowing CEO Stefano Cerri to focus his activity on achieving the financial and administrative targets.

Both are Chief Executive Officers (in that they are the main parties responsible for the management of Astaldi S.p.A.) and, at present, have taken on no position as director in any other issuer that does not belong to the Group, of which an Astaldi S.p.A. director is Chief Executive Officer. For neither figure is the situation of "interlocking directorate" provided for by *application criterion* 2.C.5. of the Self-Regulatory Code applicable.

DISCLOSURE TO THE BOARD

The CEO reports constantly, and at any rate **at least on a quarterly basis** pursuant to the Bylaws, to the Board and to the Board of Statutory Auditors, as to the main activities carried out in the discharge of his attributions.

4.6 OTHER EXECUTIVE BOARD MEMBERS

The Chairman Paolo Astaldi, the CEOs Stefano Cerri and Filippo Stinellis, as well as the Deputy Chairman Giuseppe Cafiero, represent the executive component of the Board of Directors, as shown in Table 2 in the appendix, and hold executive positions in the Company.

4.7 INDEPENDENT DIRECTORS

As already pointed out, since the appointment of 23 April 2013, the management body has seen a strong representation of independent directors.

During the 2015 financial year, the alternations of Board members have had limited effect on the number of independent.

The current composition of the Board of Directors includes seven independent directors: Giorgio Cirila, Paolo Cuccia, Chiara Mancini, Ernesto Monti, Nicoletta Mincato, and Eugenio Pinto. During the financial year, the Board member Eugenio Pinto, with his letter of 27 April 2015, announced that he no longer deemed himself in possession of the requirements of independence pursuant to the Self-Regulatory Code, having accepted the appointment to the Board of Directors of Astaldi Concessioni S.p.A. – a strategic subsidiary of Astaldi S.p.A. The Board of Directors, although having found, along with the Board of Statutory Auditors, the absence of automatic mechanisms between a Board member's taking a position in a subsidiary and the maintenance of the independence requirements, accepted the Board member Eugenio Pinto's request, and deemed him a non-executive/non-independent director pursuant to art. 3 of the Self-Regulatory Code.

The Board members Eugenio Pinto and Ernesto Monti represent the portion of independent directors for the sole purposes of art. 147-ter of the consolidated finance law – TUF. With reference to Board member Ernesto Monti, it ought to be specified that although the multi-year relationship with the Company has in no way altered his independence of judgment – given the integrity and substance that have always been the mark of his long professional and academic career – the Board of Directors, based also on the statements made by Mr. Monti himself, qualified him as independent for the sole purposes of art. 147-ter TUF. These characteristics were, on the other hand, decisive in identifying the Board member Monti as the party most suited to holding the position of the Company's Deputy Chairman. The attribution of the powers of Deputy Chairman for this position in no way, during the financial year, altered his profile of independence, nor did it impact his declared non-executive character.

On the other hand, five directors (Giorgio Cirila, Paolo Cuccia, Piero Gnudi, Chiara Mancini, and Nicoletta Mincato) are independent both pursuant to art. 147-ter TUF and pursuant to *application criterion* 3.C.3 of the Self-Regulatory Code.

Pursuant to *application criterion* 3.C.4 of the Self-Regulatory Code, at today's Board meeting, the yearly assessment was made as to the independence requirements of the aforementioned directors, upon the outcome of which no modifications from the prior situation emerged. In implementation of the recommendations of *application criterion* 3.C.5, the Board of Statutory Auditors checked the proper application of the criteria and of the verification procedures adopted by the Board to assess its Board members' independence.

During the 2015 financial year, the independent directors did not see fit to meet in the absence of the other directors.

4.8 LEAD INDEPENDENT DIRECTOR

The Board did not see fit to designate the figure of Lead Independent Director. As shown above, the Chairman of the Board of Directors does not have delegations that allow him or her to be qualified as "main party responsible for the company's operation," as specified in *application criterion* 2.C.3, nor does he or she "control" it. In any case, the strong presence of independent directors guarantees a balance of positions within the management body.

5. TREATMENT OF CORPORATE INFORMATION

Pursuant to *application criterion* 1.C.1. letter j) of the Self-Regulatory Code, the Company, in order to guarantee proper internal management and the prompt communication to the outside of all important

events taking place in the sphere of activity of the Company and of its subsidiaries, and that, at least potentially, are capable of considerably influencing the price of the Company's shares ("price sensitive information"), relies, in house, on the "**Continuous Disclosure**" procedure.

In brief, the procedure in question regulates the ways in which corporate information is managed, establishing among other things that those who become aware of the information in question are to act as liaison between their area of competence and the top corporate management, in such a way as to allow for an appropriate assessment of said facts or of said information.

In fact, at a subsequent moment, the involvement of a special Evaluation Committee (formed by the managers of the Corporate Affairs and Corporate Governance Department, and the Office of the Chairman and the Investor Relations Office, as well as the affected Management) tasked with supplying, after careful analysis of the fact, appropriate assistance as to the proper interpretation of the sector's regulations and any formulation and dissemination of the communications in question.

In consideration of the regulatory development and in view of the entry into force of European Regulation (EU) no. 596/2014 in the matter of Market Abuse, the Corporate Affairs and Corporate Governance Department and the Office of the Chairman is working towards revising and updating the internal procedures that shall be adopted by the Board of Directors during 2016.

6. COMMITTEES WITHIN THE BOARD

(pursuant to art. 123-bis, paragraph 2, letter d), of the consolidated finance law – TUF)

In order to facilitate the function of the Board of Directors, 2002 – the year Astaldi's shares began trading – saw the establishment within the Board of the Remuneration Committee and the Internal Control Committee, later called the Control and Risks Committee in order to bring its name in line with the revision of the Self-Regulatory Code made in 2011.

In 2013, the Company instituted the Appointments Committee.

In addition to the committees recommended by the Self-Regulatory Code, an ad hoc committee for transactions with related parties was instituted in keeping with the requirements of CONSOB Regulation no. 17221 of 2010.

During 2015, also in light of the variations in the composition of the Board of Directors discussed above, the need emerged to reorganize the committees within the Board, as well as to assess whether it was appropriate to reduce the number thereof, as this organisational solution is deemed to be functional to the Board's more efficient activity and in line with the market's best practises. As is known, the Self-Regulatory Code allows for distribution and assignment to a smaller number of committees than those identified by the Code, provided that the rules of composition as recommended by the Code from time to time are complied with, and the achievement of the recommended objectives is guaranteed. Starting from this premise, and with a view to guaranteeing a simplification of its organisation, the management body, at the session of 14 May 2015, decided to combine the Remuneration Committee with the Appointments Committee, redefining the composition thereof accordingly.

As to the Control and Risks Committee, the Board of Directors meeting of 14 May 2015, having deemed the Board member Eugenio Pinto to be independent for the sole purposes of the consolidated finance law – TUF, saw fit to revise the committee's composition, in order to guarantee the presence of an independent chairman, as recommended by the Self-Regulatory Code (*principle 7.P.4*) and by the regulation of the Markets organised and operated by Borsa Italiana S.p.A. (Art. 2.2.3, paragraph 3, letter m).

The chairmanship of the committee was thus assigned to Nicoletta Mincato (non-executive, independent director) who, along with Ernesto Monti (non-executive, non-independent director) and Giorgio Cirila (non-executive, independent director) guarantees the balanced composition thereof.

7. APPOINTMENTS AND REMUNERATION COMMITTEE

As stated above, the Board of Directors meeting of 14 May 2015 decided to combine the Remuneration Committee with the Appointments Committee.

Composition and function of the Appointments and Remuneration Committee (pursuant to art. 123-bis, paragraph 2, letter d), of the consolidated finance law – TUF)

The Appointments and Remuneration Committee currently consists of three non-executive directors, the majority of whom independent, in accordance with the following scheme:

Piero Gnudi	(Chairman)	Non-executive/independent pursuant to art 147-ter TUF
Ernesto Monti		Non-executive/independent
Giorgio Cirila		Non-executive/independent

The committee's composition is in line with the recommendations of *principle* 6.P.3 of the Self-Regulatory Code, and the competence of all its members guarantees a suitable level of knowledge and experience in financial matters or remuneration policies.

As to the composition and features of the Appointments and Remuneration Committee, see the Table 2 in the appendix.

Functions of the Appointments and Remuneration Committee

The functions of the Appointments Committee are: (i) to formulate opinions for the Board as to the size and composition thereof, (ii) to make recommendations as to the professional figures whose presence in the Board is deemed appropriate, (iii) to propose candidates for the office of director in cases of co-opting, where an independent director must be replaced; (iv) to periodically assess the adequacy, overall consistency, and concrete application of the remuneration policy for directors and executives with strategic responsibilities, relying in this latter regard on the information provided by the CEO; (v) to make proposals to the Board of Directors in these matters; (vi) to submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and of other directors who hold special positions, and on setting the performance targets related to the variable portion of said remuneration; (vii) to monitor the application of the decisions adopted by the Board of Directors, verifying, in particular, the actual achievement of the performance targets.

Meetings of the Appointments and Remuneration Committee

Given that the two committees were combined halfway through the financial year, a distinction is to be made among the meetings that were held, ascribing each to the committee of reference.

During the financial year, and specifically until the date of 14 May 2015 – when the two committees were combined – no meeting of the Appointments Committee was held.

However, on 10 March 2015, the Remuneration Committee met and, leading up to approval of the draft of the financial statements, performed consultation functions and made proposals, particularly with regard to:

- verifying achievement of the parameters for assigning the stock grants for the 2014 financial year;
- verifying the MBO Incentive Plan for the resignations plan;
- proposing the payment of a bonus for the General Managers.

CEO Stefano Cerri was invited to attend the committee's meeting, with regard to a specific point on the agenda related to the proposed payment of a bonus for the General Managers.

After the decision was made to combine the committees, the Appointments and Remuneration Committee met on two other occasions: 17 July and 11 November. The 17 July meeting, regarding the proposal as to defining the parameters of the Incentive Plan for the 2015 financial year, was also attended by the Chairman of the Board of Statutory Auditors, Paolo Fumagalli.

The 11 November meeting, whose agenda included the remuneration of an executive with strategic responsibilities, was held jointly with the Related Parties Committee. This meeting was attended by the Chairman of the Board of Statutory Auditors Paolo Fumagalli.

The minutes of each Committee meeting are drawn up and kept by the Corporate Affairs and Corporate Governance Department and the Office of the Chairman.

For the performance of its functions as discussed above, the committee had access to the necessary information, through the various competent corporate offices, aided by the Corporate Affairs and Corporate Governance Department and the Office of the Chairman.

8. REMUNERATION OF DIRECTORS

General Remuneration Policy

With reference to the issue of remuneration and to the *principles* and *application criteria* recommended by art. 6 of the Self-Regulatory Code, reference is made to the report that shall be published pursuant to art. 123-ter of the consolidated finance law – TUF, in accordance with the law, that shall be brought to the attention of the upcoming Shareholders' Meeting approving the financial statements, and that formulates the general remuneration policy with reference to the 2016 financial year.

Compensation of directors in the event of resignation, dismissal, or termination of the employment relationship following a takeover bid (pursuant to art. 123-bis, paragraph 1, letter i), of the consolidated finance law - TUF)

The Company has not preventively established agreements that provide for compensation in the event of early termination of the employment relationship.

The document also reports the information regarding the compensation paid during 2015 to the directors, to the statutory auditors, to the general managers, and to the other executives with strategic responsibilities.

Incentive mechanisms for the manager of the internal audit office and for the manager in charge of financial reporting

With reference to the 2015 financial year, no specific incentive mechanisms were established for the offices of “manager of the internal audit office” and of “manager in charge of financial reporting.”

9. CONTROL AND RISKS COMMITTEE

In February 2002, the Company established an Internal Control Committee whose name – following the amendments made to the Self-Regulatory Code in December 2011 with impact on the corporate organisation – was changed, at the Board meeting of 01 August 2012, to the Control and Risks Committee.

Following the assessment made by the Board of Directors meeting of 14 May 2015, a new composition of the committee was decided upon. As explained in paragraph 4.7, the Board member Pinto no longer holds the office of chairman of this committee; with a view to the continuity of the committee's work, and above all in consideration of the high professional and scientific competence of the Board member Pinto, he remains a non-executive/non-independent member, as well as an expert in accounting and financial matters. Also with a view to continuity, the Board member Nicoletta Mincato, already a member of the committee, assumed the role of chairperson. In the re-organisation of this committee in terms of composition, and with the aim of maintaining the presence of independents unaltered, the Board member Luigi Guidobono Cavalchini (non-executive/non-independent director) was replaced by the Board member Paolo Cuccia (non-executive/independent director).

The current Control and Risks Committee, in the new composition decided upon by the Board of Directors at the Board meeting of 14 May 2015, thus consists of 3 non-executive directors, the majority of whom independent, in accordance with the following scheme:

- Nicoletta Mincato (Chair, non-executive/ independent);
- Eugenio Pinto (Non-executive/non-independent, expert in accounting and financial matters);
- Paolo Cuccia (Non-executive/ Independent).

The composition of the Control and Risks Committee is in line with *Principle 7.P.4* of the Self-Regulatory Code, which recommends, as an alternative to a committee composed entirely of independent directors, the presence of non-executive directors, the majority of whom independent, with the committee chair selected from among the latter. The personal characteristics of the members are such as to guarantee adequate experience in accounting and financial matters.

The proceedings of the control and risks committee are coordinated by the chair in compliance with the organisational procedures governing its operation, which are formalised in the committee Regulations revised during the 2015 financial year in order to adopt the operating procedures that governed the same Control Body in past compositions, and integrating it with certain aspects of governance, in line with the provisions on this issue contained in the Self-Regulatory Code of Listed Companies in the July 2015 edition.

The Control and Risks Committee, during 2015, held 4 (four) meetings, with an average duration of approximately 2 hours, attended by all its members, respectively on 12 January, 23 February, 27 July, and 11 November, with the Chairman of the Board of Statutory Auditors, and in most of cases the entire Board of Statutory Auditors, on hand. The minutes of all the committee's meetings were duly taken down

and transcribed in the minutes book. It is also pointed out that the meetings of 27 July and 11 November were held with the Board of the Statutory Auditors elected by the Shareholders' Meeting on 23 April 2015. The committee meets mainly on a quarterly basis, and in this regard, during the 2016 financial year, two meetings have already been held, respectively on 27 January and 22 February.

As already discussed with regard to the committee's operation, the meetings are always attended by: the Chairman of the Board of Statutory Auditors, in compliance with *application criterion 7.C.3.* of the Self-Regulatory Code, and the Internal Audit Department, as the Department Manager is the permanent secretary of the Control and Risks Committee (as per this committee's Regulations).

At the committee's invitation – with reference to the various issues dealt with in the items on the agenda with regard to the provisions of *application criterion 7.C.2.* – the meetings held during 2015 were also attended by parties other than the committee's members. More specifically: the Manager in charge of company's financial reporting, the Management Control and Corporate Risk Management Department, the Administrative Management, other involved corporate Managements/Departments, and outside parties, invited to attend with regard to the issues discussed from time to time.

Functions assigned to the Control and Risks Committee

The committee assists the Board of Directors in the activities of guiding and assessing the internal control and risk management system, as better detailed under *application criterion 7.C.1.* of the Self-Regulatory Code, expressing in this regard a preventive opinion in the sphere of the functions of assessment, of making proposals, and of information that are attributed to this (7.C.2.).

More specifically, it performs the following tasks:

- a) it assesses, along with the manager in charge of company's financial reporting and having heard the opinion of the auditing firm and of the Board of Statutory Auditors, the proper use of accounting standards and, in the case of groups, their uniformity for the purposes of drawing up the consolidated financial statements;
- b) it expresses opinions on specific aspects related to identifying the chief corporate risks;
- c) it examines the periodic reports regarding the assessment of the internal control and risk management system. More specifically, with reference to the internal control system, it analyses – in the examination phase – the work plan and the relevant periodic reports prepared by the Manager of the Internal Audit Department;
- d) it monitors the autonomy, suitability, effectiveness, and efficiency of the Internal Audit Department;
- e) it may ask the Internal Audit Department – where necessary – to perform the verifications on specific operative areas, providing communication thereof at that time to the Chairman of the Board of Statutory Auditors;
- f) it reports to the Board of Directors, at least every six months, on the occasion of the yearly and half-year financial report, on the activity performed and on the adequacy of the internal control and risk management system;
- g) it expresses its opinion with regard to the appointment, removal, remuneration, and adequacy of resources of the Manager of the Internal Audit Department.

During the 4 meetings held in 2015, the Control and Risks Committee performed control activities and dealt with issues of differing interest. More specifically, during said meetings, it examined and verified:

- the chief corporate risks, with reference to the 2015 financial year, illustrated by the Management Control and Corporate Risk Management Department;

- the proposed 2015 Audit plan, developed by the Internal Audit Department (hereafter, the "IAD"), based on a structured process of risk analysis prerequisite to the Board's approval;
- the internal control activities planned and implemented with respect to the 2014 audit plan;
- the impairment test procedure for the Financial Statements at 31 December 2014, with the Administrative Management;
- the progress of the activities implemented during the financial year, with respect to the approved 2015 audit plan;
- the projects of importance for the purposes of the internal control system that regarded: implementation of the MEGA Tool in support of the auditing activities for the purposes of internal control; the Action Plan actions following the revision of the Astaldi S.p.A. 231 compliance system; the Fraud and IT Audit with regard to operativity verifications over anti-fraud checks; revision of the Internal Audit Manual for the part on Fraud/IT Audit; finalisation of an Anti-fraud and Anti-corruption Policy; the results of the IT Audit done at the Warsaw Branch in Poland.

The meetings of the Control and Risks Committee held during the 2015 financial year were always attended by the Chairman of the Board of Statutory Auditors and, in some cases, for the examination of the issues pertaining to the internal control system, as joint meetings were held, by the entire Board of Statutory Auditors (*application criterion 7.C.3*). The minutes of the meetings of the Control and Risks Committee were taken down and transcribed in the committee's book.

To discharge its functions, the Control and Risks Committee may access all information and may invite all necessary corporate offices to attend the meetings, including recourse to outside consultants, the needs for whom in terms of activities and man/day contribution are identified in the Work plan prepared by the IAD manager, which is examined by the Control and Risks Committee and approved yearly by the Board of Directors.

Although the Control and Risks Committee lacks its own budget, the resources needed for the purposes of the internal control activities, also with reference to the performance of the audit plan, are provided for and quantified in the Internal Audit Department's budget.

In 2016, the Control and Risks Committee held two meetings: respectively on 27 January and 22 February 2016.

At the meeting of 27 January 2016, with the Chairman of the Board of Statutory Auditors and the Auditor Adiutori on hand, the following topics were discussed:

- examination and approval of the 2016 Work plan: proposed 2016 audit plan, and projects of importance for the purposes of the internal control system;
- verification of the internal control activities planned and implemented in the second half, in comparison with the approved 2015 audit plan.

At the 22 February 2016 meeting, the Committee, with the Chairman of the Board of Statutory Auditors and the Auditor Adiutori on hand:

- examined, with the Administrative Management, the impairment test procedure regarding the financial statements at 31 December 2015;
- assessed, along with the Manager in charge of the company's financial reporting, having heard the opinion of the auditing firm and of the Board of Statutory Auditors, the proper use of accounting standards, in implementation of the provisions of application criterion 7.C.2, letter a) of the Self-Regulatory Code.

The committee then reported to the Board of Directors on the activity performed respectively in the first and in the second half of 2015.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND INTERNAL CONTROL SYSTEM OF FINANCIAL REPORTING

The Company deems it fundamentally important for the development and management of its activities to maintain an effective internal control and risk management system, considered necessary to the company in achieving its objectives.

A sound internal control and risk management system, in line with national and international best practises, must be aimed at allowing – through a suitable process of identifying, measuring, and managing the risks and protections – the business to be run in a way that is healthy, proper and consistent with the pre-established objectives, in order to satisfy, in addition to its own internal needs, the external needs demanded by shareholders, by the corporate control bodies, and by laws and regulations of reference.

In this regard, the Company has defined its own internal control and risk management system through the set of rules, procedures, and organisational structures aimed at permitting:

- a) the individual corporate activities' compliance with the purpose the company aims to achieve, and with the directives issued by top management in compliance with internal and external regulations;
- b) the effectiveness and efficiency of corporate processes;
- c) the reliability and precision of the accounting documents, of information, and of economic and financial reporting;
- d) the safeguarding of company assets, with the identification of behaviour harmful to the corporate interest, and/or fraud.

The main, as well as current, methodical reference used by the company is the C.O.S.O. Report which, appropriately adapted to the company's particular features, is an effective analytical tool for performing the auditing activities and assessing the Company's Internal Control system in its various components, and for providing top management with a clear vision of the aspects of improvement of the internal control and risk management system in terms of effectiveness and efficiency.

In 2010, with the institution of the Corporate Risk Management Department, the company embarked on its own development path towards the "CoSO ERM – Enterprise Risk Management Integrated Framework" model, in order to see to a codification of a structured and integrated risk management system. This model is taking on more and more importance in the internal control system's evaluation activities.

The players involved in the Company's risk control and management system are the Board of Directors, the Control and Risks Committee, the CEO in charge of the internal control and risk management system, the Board of Statutory Auditors, the auditing firm, the supervisory body, the Manager of the Internal Audit Department, the Manager in charge of the Company's financial reporting, the Management Control and Corporate Risk Management Department, the second-level offices, management, and all the operating personnel within the sphere of their roles and responsibilities.

As pointed out in paragraph 4.3, the Board of Directors – in line with the guidelines of the internal control and risk management system defined by it and constantly aided by consultation with and proposals from

Control and Risks Committee – verifies that the main risks pertaining to Astaldi S.p.A. and its subsidiaries are properly identified, as well as adequately measured, managed, and monitored, also determining their degree of compatibility with a healthy and correct running of the business, in line with the identified strategic, industrial, and financial objectives.

During the financial year, the Board of Directors was invited to assess aspects of corporate governance with regard to the verification of the main risks of the company and of the corporate internal control system, also through the reporting of the activities performed by the Control and Risks Committee.

In this regard, the Board, at the meeting of 10 March 2015, also on the basis of the examination activity performed by the Control and Risks Committee at the kick-off meeting held on 12 January 2015, examined and approved the work plan prepared by the manager of the Internal Audit Department. The plan document indicates the objectives, the applied methodology, the selection of the sample of projects for auditing activities in Italy and abroad, and the internal and external resources the office relies on to perform the activities.

Moreover, again at the Board meeting of 10 March 2015, also on the basis of the examination activity performed by the Control and Risks Committee, it expressed an overall positive assessment of the adequacy, effectiveness, and actual operation of the Company's internal control and risk management system, with respect to the characteristics of the business and the assumed risk profile.

In these circumstances, with a view to the continuing to improve the entire system and make it more efficient, it asked that the identified areas of improvement, the object of specific recommendations, be implemented by the competent corporate structures.

As regards the specific assessments regarding the adequacy, operativity, and function of the internal control and risk management system, see sections 10.1 and 10.2.

10.1. A) MAIN CHARACTERISTICS OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS EXISTING WITH RESPECT TO THE FINANCIAL REPORTING PROCESS

With reference to financial reporting – an integral part of the internal control system – the activities are managed by a corporate operational structure that works in support of the Manager in charge of the company's financial reporting.

The system managing the risks related to the financial reporting process is an integral part of the internal control system implemented by the Company, since it is an essential component of the corporate processes aimed at guaranteeing that economic and financial reporting is reliable, accurate, and timely.

The approach followed by the Company, based on the best practises of reference and particular on the *Co.S.O. Framework*, descends from a corporate control environment that places particular emphasis on defining the chief instruments of corporate governance. The risk management system and more generally the internal control system in fact provides for formalising special administrative and accounting procedures, and defining the roles and the related responsibilities, through an organisational chart and the corresponding delegations of function, of the delegations of office, of the internal regulations and codes of behaviour, and of the separation of offices.

In particular, the definition of the processes and of the related controls derives from the constant identification and analysis of those endogenous and exogenous factors that can compromise the achievement of corporate objectives, in order to determine how these risks can be managed

(identification, measurement, and monitoring), in order to ensure a proper production of financial reporting.

The verification of the effectiveness of the control system against the risks that might have important effects on economic and financial reporting – in particular – takes place through a testing activity, both on the occasion of the yearly and half-year closing statements, and marked by a top-down approach, in which the amounts, the processes, and the accounting items in question are identified. In this regard, the amounts are sampled with regard to their economic and financial significance in the separate and consolidated financial statements. This specific testing activity is carried out by a dedicated office that depends on the Manager in charge of the company's financial reporting, and the results of the test, as well as any recommended corrective action, are submitted for the examination of the Manager in charge. To complete the main characteristics, it bears pointing out that, since the introduction of law no. 262/05, the Parent ordered yearly and half-year statements of accounting position of the branch offices and of the subsidiaries to be accompanied by an attestation written and signed by the legal representatives and administrative managers of the indicated entities. The attestation model reflects that provided for by the CONSOB regulation implementing Law no. 262/05.

The adopted system is subject to monitoring and continuous updating.

10.1 Director in charge of the Internal control and risk management system

In light of the provisions of principle 7.P.3., letter a), (i), of the Self-Regulatory Code, the Company's Board of Directors, during the meeting of 23 April 2013, appointed the CEO, Mr. Stefano Cerri, as the "director in charge of the internal control and risk management system," who performs the tasks pursuant to principle 7.C.4 of the Code, in compliance with the company's risk management and control model and with the guidelines defined by the Board of Directors.

More particularly, the CEO:

- sees to identifying the main corporate risks, taking into account the characteristics of the activities carried out by the issuer and by its subsidiaries, and submits them periodically to the examination of the Board of Directors;
- implements the guidelines defined by the Board of Directors, seeing to the design, development, and management of the internal control and risk management system, and constantly verifying its adequacy and effectiveness;
- sees to adapting this system to the dynamics of operating conditions and of the legislative and regulatory landscape;
- may ask the internal audit office to perform verifications with regard to specific operative areas and on compliance with internal rules and procedures in carrying out corporate operations, providing communication thereof at that time to the Chairman of the Board of Directors, to the Chairman of the Control and Risks committee, and to the Chairman of the Board of Statutory Auditors;
- reports promptly to the Control and Risks Committee (or to the Board of Directors) as to problems and critical areas emerging in the development of its activity, or of which he has been informed, so that the committee (or the Board) may take the appropriate initiatives.

With reference to *application criterion 7.C.4, letter a)*, the Corporate Risk Management Department (hereinafter, "CRM") supports management in the decision-making process aimed at minimising risk throughout the corporate business cycle, in the various contractual settings (traditional contracts, general

contracting, concessions, and project financing) and at the various levels of the corporate organisation (corporate, country, project).

The logical risk management model adopted at the company is three-dimensional, broken down by nature of risk (operative, financial, strategic, and compliance), by level (enterprise, country, project), and by project phase (development, performance, and operation).

The evolutionary path conducted by the Corporate Risk Management Department permitted the spread of a culture of risk and of a common language, also through a new and now established methodology of risk assessment within the Group, formalised in guidelines for the quantification and mitigation of the main phenomena of risks/opportunities.

During the meetings held in the 2015 financial year respectively on 23 February and 11 November 2015, the Management Control and Corporate Risk Management Department updated the Control and Risks Committee and the Board of Statutory Auditors on the progress of the activities pertaining to the three project work sites, with the aim of:

- a) updating the ERM Risk Assessment, aimed at identifying/confirming the “Top Risks”;
- b) defining and structuring appropriate Risk Responses and identifying the Risk Tolerance (linked to the Key Risk Indicators) with reference to the “Top Risks” previously identified;
- c) defining the Group Risk Appetite Statement.

In this regard, reference is made to what was already illustrated in the sections related to the activities of the Control and Risks Committee (section 9), of the Internal Control and Risk Management System (section 10), and of the Board of Statutory Auditors (section 13).

During the Board meetings, the company’s administrative body, in light of the provisions of the Self-Regulatory Code of the quoted companies, made its assessments, through each Board member, with respect to the Board’s role and relevance in verifying the strategic framework and the company’s main risks, also relying on the investigative activity of the Control and Risks Committee.

The CEO oversees all the regulatory developments/updates that can impact the company’s business, and therefore the management of risks and of the company’s internal control system. In this regard, particular attention was given to the corporate and organisational development path for gradually adjusting Astaldi to the prescriptions of the new Self-Regulatory Code.

With reference to the latest update of the Self-Regulatory Code (July 2015), the IAD:

- a) is implementing a tool for integrated compliance, internal control, and 231 compliance, in keeping with the provisions of the aforementioned Code (“the control system, to be effective, must be “integrated”);
- b) has finalised a procedure on organisational anti-fraud and anti-corruption behaviour, which provides for defining a reporting system within the company (“whistle blowing”).

During the 2015 financial year, CEO Stefano Cerri was also updated by the manager of the Internal Audit Department: on the auditing plans and on the progress of the activities related to the internal control system; on the adequacy of the control supports as suitable for facing/mitigating the degree of risk shared and accepted by Top Management, also by means of minutes of the Control and Risks Committee and of the Board of Statutory Auditors, and the consolidated results of the verification reports regarding the auditing activities provided for in the plan.

10.2 MANAGER OF THE INTERNAL AUDIT OFFICE

In line with the requirements of the Self-Regulatory Code (*Principle 7.P.3.*, letter b), the Board of Directors appoints the “Internal Audit Office Manager” (or “IAM”) as the Manager of the Internal Audit Department (“IAM”). At Astaldi S.p.A., the Manager of the Internal Audit Department is Mr. Fabio Accardi, who was formerly charged with internal control starting 13 May 2009, appointed by the Board of Directors, at the proposal of the director tasked with the Internal Control and Risk Management System, upon hearing the favourable opinion of the Control and Risks Committee.

Yearly, on the occasion of the approval of the auditing activities plan, the Board of Directors checks that the IAD has resources (internal and/or external specialists) adequate for the Plan’s coverage needs.

In this regard, the IAD quantifies the financial resources needed to perform its tasks, in relation to the activities to be performed during the financial year.

The IAD manager reports in the hierarchy to the Board of Directors, and in line with the provisions of the aforementioned application criterion:

- verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the operativity and suitability of the internal control and risk management system, through an auditing plan approved by the Board of Directors, based on a structured process of analysing and prioritising the main risks;
- is not responsible for any operative area;
- has direct access to all the information of use for carrying out the assignment;
- prepares periodic reports containing appropriate information on its activity, indicating the adequacy of the control supports as suitable for facing/mitigating the degree of risk shared and accepted by Top Management. The periodic reports contain an assessment of the suitability of the internal control and risk management system;
- promptly prepares reports on particularly important events;
- transmits the reports as per the above points to the chairmen of the Board of Statutory Auditors, of the Control and Risks Committee, and of the Board of Directors, as well as to the director tasked with the internal control and risk management system;
- verifies, within the scope of the auditing plan, the reliability of the information systems, including the account measurement systems.

Moreover:

- collaborates with the supervisory body of the Parent Astaldi for updating the Organisation, Management, and Control Model pursuant to Legislative Decree no. 231/01, and lends assistance to performing the activities of monitoring and verifying compliance with said model;
- as assigned by Astaldi’s supervisory body, performs audits for the purposes of Legislative Decree no. 231/01;
- performs the role of Ethics Officer with the Parent, for the purposes of compliance with the Group’s Code of Ethics;
- coordinates the activities of Astaldi’s Ethics Committee;
- performs investigations as to the reports of violation of the Group’s Code of Ethics, reporting to the supervisory body if they rise to becoming a breach or suspected breach of the Organisational Model pursuant to Legislative Decree no. 231/01;
- serves as Ethics Officer in the main subsidiaries, and for some important associates, for the purposes of compliance with the Group’s Code of Ethics;

- coordinates the activities of the Group's Ethics Committees and of the Ethics Officers, where established, of the Group's investees;
- supports the Companies' administrative bodies and supervisory bodies in drawing up and updating the Organisational Models pursuant to Legislative Decree no. 231/01;
- at the assignment of the supervisory bodies, performs audits pursuant to Legislative Decree no. 231/01;

The modes of operation for the auditing activities, within the scope of the attributions of the IAD, are described in the "Internal Audit Manual," which has become the operating procedure of the Integrated Corporate Management System (IMS), after examination by the Control and Risks Committee and the Board of Statutory Auditors, and subsequent approval by the Board of Directors at the meeting of 10 November 2014. In particular, the Internal Audit Manual applies to the Group's context as pertains to the activities related to the Internal Control and Risk Management System, in compliance with international standards.

During the 2015 financial year, the Control and Risks Committee approved an updating to the aforementioned Manual as concerns the Fraud/IT Audit activities.

During 2015, and in particular at the Board meeting of 10 March 2015, after the prerequisite verification by the Control and Risks Committee and the Board of Statutory Auditors, at the preparatory meeting held on 12 January 2015, the 2015 audit plan was submitted for the approval of the Board of Directors; prepared by the IAD, the plan is in accordance with the provisions of the Self-Regulatory Code, and is based on a structured process of analysing and prioritising the main risks.

In this circumstance the Board has:

- shared the operating procedures for carrying out the verifications, and the criteria adopted for selecting the sample of projects and processes to be subjected to verification;
- also assessed the resource needs of the Internal Audit Department for the coverage of the planned audits, with a focus on the foreign scope and taking into account the greater involvement of the IAD in the field. This is in line with the requirements of the Self-Regulatory Code of listed companies (independence of function).

The results of the checks are periodically reported by the Internal Audit Department Manager to top management, to the Control and Risks Committee, to the Board of Statutory Auditors, to the supervisory body – for the specific purposes pursuant to Legislative Decree no. 231/01 – and to the Board of Directors, in compliance with the reporting flow sanctioned in the IAD's operating procedure, with regard to the Internal Audit mandate, which governs the flow of information to the Company's governance and control bodies (minutes of meetings with control and supervisory bodies, audit reports, half-year reports on the activities' progress).

Within the sphere of the provisions of *application criterion 7.C.5, letter e)* during 2015, the Internal Audit Department Manager carried out auditing activities on events of particular relevance (special work), unplanned, with reference to which it reported to corporate management as well as to the Board of Statutory Auditors, the Control and Risks Committee, the Supervisory Body, the Board of Directors, and the CEO tasked with overseeing the internal control and risk management system.

In the context of the disclosure that was made, the Internal Audit Department Manager expressed his assessment regarding the internal control system of the Corporate processes and of the selected projects, in Italy and abroad.

With reference to the activities related to the internal control system, during 2015 a series of projects was finalised by the IAD, also with the support of outside consultants possessing the requirements of professionalism, independence, and adequate organisation. More specifically:

- a) the implementation of the action plan for the purposes of 231 compliance following the review of the Astaldi S.p.A. 231 compliance system;
- b) the Fraud and IT Audit regarding the operativity verifications on the anti-fraud controls identified in the 2013 financial year;
- c) revision of the Internal Audit Manual for the purposes of the Fraud/IT Audit;
- d) implementation of the Mega Tool to support the activities for the purposes of internal control;
- e) IT Audit at the Warsaw Branch Office in Poland;
- f) the progress of the efficiency and continuous improvement activities, in order to obtain certification regarding the IAD from an outside third-party body.

The activities pursuant to points b) and e) were carried out with regard to the provisions of the Self-Regulatory Code's *application criterion 7.C.5., letter g)*.

Lastly, over the course of the 2016 financial year, a meeting of the Control and Risks Committee was held on 27 January 2016, and a second one on 22 February 2016, with the Chairman of the Board of Statutory Auditors and a Statutory Auditor on hand; for the items on the agenda, see what was already detailed under point 9.

To discharge his duties, the Internal Audit Department Manager may access all the information of use for carrying out his assignment, as better specified in the operating procedure of the IMS with regard to the IAD's Mandate, approved by the Board of Directors on 10 November 2014.

The resources needed for the purposes of the internal control activities, also with reference to carrying out the Auditing Plan, are provided for and quantified in the budget of the Internal Audit Department.

10.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

During the first half of 2015, the Supervisory Body completed the general revision of the Company's 231 compliance system, relying on the professional support of Studio Severino Penalisti Associati and of Ernst & Young Financial Business Advisors.

The Group's Code of Ethics and the new Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01 (hereinafter, "OMM") were approved by the Board of Directors at the Board meeting of 10 March 2015.

The main changes made to the aforementioned documents regarded the following:

Group's Code of Ethics: provision of the sphere of application of the Code of Ethics to all Group companies controlled directly or indirectly by Astaldi S.p.A.; redefinition of the general principles of the Code of Ethics (now identified as honesty, transparency, safeguarding assets, professionalism, protection of human resources, sustainability); introduction of an "Ethics Committee" (defining its related tasks and flows of information) and of an "Ethics Officer" (defining their related tasks); provision of a specific sanctioning system for violations of the Code of Ethics.

General Part of the OMM: integration with the description of the corporate mission and of the organisational and governance arrangement of Astaldi S.p.A.; introduction of a specific sanctioning

system for violations of the OMM; introduction of the requirement of honourability of the Supervisory Body; remodulation of the flows of information towards the Supervisory Body.

Special Part of the OMM: remodulation of the matrices with the linkage between predicate offences, risk areas, and sensitive activities, associating the latter with reference to the specific protocols pursuant to art. 6, paragraph 2; full revision and update of the protocols pursuant to art. 6, paragraph 2, associated with activities identified as sensitive.

The recently approved OMM also includes an initial mapping of risk areas, sensitive activities, and protocols pursuant to art. 6, paragraph 2, with regard to self-laundering, introduced into the 231 catalogue as of 01 January 2015 (update to art. 25-octies of Legislative Decree no. 231/001).

The types of offence the Model intends to prevent are:

- potential related offences pursuant to articles 24, 25, and 25-octies (Offences against public administration and offences of receipt of stolen goods, money laundering and use of money, goods, or benefits of unlawful provenance, as well as self-laundering) of Legislative Decree no. 231/01;
- potential related offences pursuant to articles 25-ter and 25-sexies (Corporate offences and offences of market abuse) of Legislative Decree no. 231/01;
- potential related offences pursuant to art. 25-ter letter s bis (Corruption among private individuals) of Legislative Decree no. 231/01;
- potential related offences pursuant to art. 25-septies (culpable homicide and serious or grievous involuntary personal injury, committed with violation of the regulations on the protection of occupational health and safety) of Legislative Decree no. 231/01;
- potential related offences pursuant to articles 24-bis and 25-novies (Computer crimes and unlawful processing of data, and copyright violation offences) of Legislative Decree no. 231/01;
- potential related offences pursuant to articles 24-ter and 25-decies (Offences of organised crime, transnational criminal offences, and inducing someone not to testify or to make false statements to the judicial authority) of Legislative Decree no. 231/01 and articles 3 and 10 of law no. 146/2006;
- potential related offences pursuant to art. 25-undecies (Environmental crimes) of Legislative Decree no. 231/01;
- potential related offences pursuant to art. 25-duodecies (crime involving the employment of illegal aliens) of Legislative Decree no. 231/01;
- potential related offences pursuant to art. 25-quater (Crimes aimed at terrorism or the subversion of democracy) of Legislative Decree no. 231/01;
- potential related offences pursuant to articles 25-bis and 25-bis 1 (Forgery of money, public credit cards, stamp duties, and in identification instruments or marks, and offences against industry and trade) of Legislative Decree no. 231/01;
- potential related offences pursuant to art. 25-quinquies (Offences against individuals) of Legislative Decree no. 231/01.

The Group's Code of Ethics and the new OMM were spread to all levels of the corporate organisation and were published on the institutional website and in the Share Point corporate system.

Within the context of the periodic activity of assessing the suitability and adequacy of the OMM, the Supervisory Body reserved the possibility of carrying out additional examinations, depending, where

necessary, on an update of the OMM, as regards: law no. 186 of 15 December 2014, in force since 01 January 2015, on the Provisions of Law on self-laundering; Law no. 68 of 22 May 2015, on "Provisions regarding crimes against the environment (the "Eco-crimes Law"); Law no. 69 of 27 May 2015, on "Provisions on offences against public administration, mafia-type associations, and fraudulent accounting (the "new anti-corruption law");

The approval of the Group's Code of Ethics and of the OMM accompanied the approval at that time, by the administrative body, of the Gap Analysis document, drawn up also with the professional support of the consulting firm Ernst & Young, to conclude the survey of the internal control system for the purposes of 231 compliance, in which the improvement interventions to be implemented were highlighted.

As regards the OMM, the Action Plan underscored the need for integration of the corporate procedures that come under the IMS (Integrated Management System), or, where necessary, the need to formalize new procedures.

The related activities were completed ahead of the planned times, and the documents thus prepared have already been sent to the corporate Offices involved in maintaining the Integrated Management System for the purposes of sharing them.

As regards the Group's Code of Ethics, 1) the Astaldi Ethics Committee was established; 2) the e-mail address was opened, and a folder was created in Share Point for filing the documentation of interest; 3) the Committee Regulations were formalised; 4) the Astaldi S.p.A. Ethics Officer was appointed.

Within the scope of the Action Plan:

1) proposed Guidelines were approved for the prevention of crime risks at subsidiaries, associates, and investee companies incorporated and existing under Italian and foreign law (in the latter case, also taking into account the results of the reconnaissance activity performed with overseas Joint Ventures during the previous financial year). The final sharing of the document with Top Management is in progress;

2) the drawing up of an Internal Audit Manual was begun, for the performance of the verification activities for the purposes of compliance with Legislative Decree no. 231/01;

3) with regard to the "Flows of information towards the Supervisory Body" (paragraph 4.3.1. of the General Part of the OMM), the documentation present in the current Corporate Integrated Management System is being examined, in order to ascertain whether it is suited to the aforementioned requirements. When the examination is completed, it may be necessary to proceed with modifications/supplements to said documentation, or to create new reports to be integrated into the IMS.

The Company's Code of Ethics and Organisational Model are published on the institutional website at: www.astaldi.com/governance/documents, and on the corporate Intranet in Share Point.

For the purposes of preventing the crime risks provided for by Legislative Decree no. 231/01, Astaldi S.p.A, the subsidiaries, and the associates with strategic relevance also appointed a Supervisory Body whose members are endowed with the prerequisites of autonomy, independence, and professionalism required by said regulations.

With reference to Astaldi S.p.A., as of 27 June 2013, the members of the Supervisory Body are Mr. Piero Spanò, serving as Chairman of the Supervisory Body, Nicoletta Mincato, attorney-at-law, non-executive and independent member of the Board of Directors and, as experts from outside the Company, Marco Annoni, attorney-at-law, and Giorgio Luceri, attorney-at-law.

The Supervisory Body, which has its own expenditure budget and regulations, is configured as a staff unit at a top-level position, and reports directly to the CEO tasked with overseeing the internal control and risk management system, the results of the activity, the critical areas learned of, and the corrective and improvement actions which, when particularly significant, may also be brought to the attention of the Board of Directors.

10.4 AUDITING FIRM

Astaldi S.p.A.'s accounts auditing activity is performed by the auditing firm KPMG S.p.A., which was given the assignment of carrying out the legal accounts auditing for the 2011-2019 financial years.

10.5 MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTING

Pursuant to art. 23-bis of the Company's Bylaws, the Manager in charge of the company's financial reporting is appointed by the Board of Directors, upon hearing the opinion of the Board of Statutory Auditors. Moreover, again pursuant to the Company's Bylaws, as Manager in charge of the Company's financial reporting may be appointed a person who possesses the requirements of honourability provided for by law for directors, and of appropriate professionalism, having performed for at least three years management activities in the administrative, accounting, financial, and control in a company whose financial instruments are listed on a regulated market, or in a company that carries out financial or insurance or banking activity, or in a company with a share capital of no less than EUR 2 million, or has carried out three years of activity as an auditor with an auditing firm entered in the special register kept by CONSOB.

The Company also has internal regulations that establish in detail the functions, means, and powers of the Manager in charge, as well as his or her relations with the Company's other organs and bodies.

Since 2007, Paolo Citterio, the Company's General Manager, Administration and Finance, has held the office of "Manager in charge of the Company's financial reporting" pursuant to art. 154-bis of the consolidated finance law – TUF.

On the occasion of the latest Board renewal of 23 April 2013, the newly elected Board of Directors confirmed Mr. Paolo Citterio in this office.

10.6 COORDINATION BETWEEN THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

To be effective, a system of controls must be integrated: its components must be coordinated and interdependent with one another, and the system, as a whole, must be integrated into the company's general organisational arrangement.

The regulations and the new Self-Regulatory Code see the internal control and risk management system as a unitary system in which risk is the guiding thread; to be effective, the system of controls must be integrated in its various components, or it must include procedures and flows of coordination among the various corporate subjects, involved in various grounds in the same system (Board of Directors, director

tasked with the internal control and risk management system, Control and Risks Committee, the Board of Statutory Auditors, the Manager of the Internal Audit Office, Manager in charge of the Company's financial reporting, Chief Risk Officer, all the other corporate offices with specific tasks in the matter of internal control and risk management).

In this regard, Astaldi operates in compliance with the provisions of the new Self-Regulatory Code, as highlighted in the previous sections of the corporate governance report.

In particular, the following is pointed out:

- coordination between the activities of the Internal Audit Department and the Management Control and Corporate Risk Management Department, taking into account that the modern conception of controls revolves around the notion of corporate risks, and identifying, assessing, and monitoring them;
- with specific reference to the financial information, coordination between the activities of the Internal Audit Department and the operating structure that works in support of the Manager in charge of the Company's financial reporting;
- coordination between the activities of the IAD and the second-level offices as regards the specific risks monitored by them (e.g. safety and environment).

Specifically, in the context of the Internal Audit Manual, the operating procedure of the IAD is expressly regulated in the area of flows of information:

- a) the reporting process with second-level offices, in order to promote integration between the main actors in the control system;
- b) for the purpose of sharing both the planning of assurance interventions, while maximising possible synergies and sharing the results of the activities that are carried out.

More generally, as concerns coordination between all the parties involved in the internal control and risk management system: Control and Risks Committee, the Board of Statutory Auditors, Supervisory Body, Manager charged with the internal control and risk management system, manager of the Internal Audit Office, see the respective paragraphs.

11. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors, at the meeting of 10 November 2010, in line with the provisions of CONSOB regulation no. 17221 of 12 March 2010 (and subsequently modified with the decision of 23 June 2010), in the matter of **"transactions with related parties,"** approved, with the favourable opinion of the ad hoc committee of independent directors, the new internal procedures for identifying, approving, and carrying out transactions with related parties done by Astaldi S.p.A. directly or through its subsidiaries.

The procedure was then modified by the Board of Directors meeting of 11 November 2011.

These procedures, in brief:

- 1) identify the transactions of "greater" and "lesser" relevance.

For transactions of "lesser" importance, the following is provided for:

- (i) appropriate *ex ante* disclosure, promptly provided to the deliberating body and to the committee itself, which must express its opinion;
- (ii) that the aforementioned committee may rely on independent experts of its choosing;
- (iii) the justified, non-binding opinion of the related parties committee;

- (iv) that the competence for deciding is vested, alternatively, with the Board of Directors or with the CEO as part of the powers conferred to the latter.

On the other hand, as to operations of “greater” relevance, the procedures, in addition to the above, provide for:

- (i) the binding opinion of the Related Parties Committee;
 - (ii) a reservation of decision-making competence for the Board of Directors.
- 2) they establish the procedures with which the transactions are investigated and approved, as well as the composition and operating rules of the aforementioned related parties committee which, in line with what CONSOB has established, consists exclusively of independent directors in the case of transactions of both “lesser” and “greater” relevance.
 - 3) they set the procedures with which the aforementioned committee, as well as the administration and control bodies, are provided with information on the transactions prior to the decision, during and after their execution;
 - 4) they identify rules with regard to the hypotheses in which the Company examines or approves transactions of Italian or foreign subsidiaries;
 - 5) they identify cases of “default exemption” from the regulations, and cases of “optional exemption.”

It remains understood that on all the aforementioned transactions, the Company provides information in the management report.

In order to implement CONSOB’s recommendations in communication no. DEM/10078683 of 24 September 2010 – which asks Issuers to assess, at least every three years, whether to revise the procedure on related parties – the Board of Directors meeting of 11 November 2015 approved, upon the favourable opinion of the Related Parties Committee and having heard the opinion of the Board of Statutory Auditors, the revision of the procedures.

The document’s revision was preceded, also with the aid of the Corporate Affairs and Corporate Governance Department and the Office of the Chairman, by an examination of the procedures adopted by the leading listed companies, in order to have a benchmark of reference and to assess bringing the regulatory solutions adopted by Astaldi in line with the market’s best practises. In brief, the main modifications adopted are as follows:

- (i) simplification of the procedural path adopted, and greater flexibility with regard to timing, for proceeding with calling and drafting the opinion requested from the Related Parties Committee;
- (ii) adoption of an ad hoc procedure for transactions through subsidiaries;
- (iii) new definition of the scope of executives with strategic responsibilities, identifying as such the members of the Board of Directors, the standing members of the Board of Statutory Auditors, and the General Managers of Astaldi S.p.A. (cf. art. 2, definitions);
- (iv) adoption of a more rigorous low threshold, identified in the value of the transactions, of less than or equal to EUR 250.000,00;
- (v) explicit provision of an assessment, with at least a three-year frequency, on the need to introduce modifications and supplements to the Procedure (cf. art. 8).

On the occasion of the revision of the procedures, better coordination is guaranteed with the main office’s Operating Instructions that Astaldi adopted in 2010 in order to make a preliminary identification and

verification of the transactions with related parties implemented by Astaldi, also through subsidiaries, with its own related parties, and to subject the transactions subject to exemption to a rigorous internal assessment process.

On the occasion of the re-organisation of the Board's committees, a new composition of the membership of the committee in question was defined; the committee now consists of the following independent directors:

- | | |
|------------------|--------------------------|
| ▪ Chiara Mancini | (Chair) |
| ▪ Paolo Cuccia | Independent board member |
| ▪ Giorgio Cirila | Independent board member |

As mentioned above, in order to facilitate the delegated bodies in identifying and verifying the transactions with related parties that Astaldi S.p.A. (directly or through its subsidiaries) intends to carry out with its "related parties," the Company has adopted Operating Instructions for the application of the Procedures for regulating the transactions with related parties.

The Instructions establish that all the Managements and Departments of Astaldi S.p.A., before executing contracts with third parties (natural person or legal entity not belonging to the Group), must be issued by them a "Declaration" that they are related parties.

Where there is a relationship of correlation as in the case in which the related party is a legal entity in the Group, the Management or Departments of Astaldi S.p.A. are required to inform the managerial assessment committee (composed of the General Manager, Administration and Finance, Administrative Management and Corporate Affairs and Corporate Governance Department and the Office of the Chairman), which first verifies whether the operation may be qualified as of lesser or greater relevance, and whether the hypotheses for exemption exist. The managerial committee informs the delegated bodies as to the transactions to be brought for the assessment of the Related Parties Committee and, in any event, carries out a constant and complete mapping – necessary also for the purposes of the financial statements – of all transactions, even if exempt.

For details, see the "Procedures for regulating transactions with related parties" published on the corporate website ("Governance/Documents" Section).

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With regard to the hypotheses in which a **Director has an interest** on his or her own or third parties' behalf, it is specified that the Company's Board of Directors, in compliance with the regulations in force, from time to time adopts the operative solutions it deems most suitable (such as for example preventing participation in voting, or momentary removal from the meeting at the time of the decision).

12. APPOINTMENT OF THE STATUTORY AUDITORS

The Company's Bylaws provide for the mechanism of "slate voting" in order to guarantee that shareholding minorities are represented on the Board of Statutory Auditors.

By express provision of the Bylaws, the **slates**, accompanied by the documentation required by law and by the Bylaws, must be lodged at the company's main office, following the procedures and by the deadlines provided for by the applicable regulations.

Only shareholders that on their own, or along with other shareholders, own a total of shares with voting rights representing at least **1% of the share capital** with voting rights at the ordinary Shareholders' Meeting (or such lesser percentage as may be provided for by the applicable provisions of law or regulations) are entitled to submit slates.

The **election** of the members of the Board of Statutory Auditors takes place as follows:

- from the slate that has garnered the highest number of votes cast by the shareholders in attendance, two standing members and two alternate members are drawn, in the progressive order in which they are listed in the corresponding sections of the slate;
- the remaining standing member, who shall also be appointed Chairman of the Board of Statutory Auditors, and the other alternate member, are drawn from the slate that has garnered the second highest number of votes, out of the slates submitted and voted on by shareholders that are not linked to shareholders of reference pursuant to the regulations in force, based on the progressive order in which they were listed in the corresponding sections of the slate.

In the event that a number of minority slates have garnered the same number of votes, the candidates most senior in age among those appearing as number one on the corresponding sections of the slates that have garnered an equal number of votes are elected standing auditor and alternate auditor.

If only one slate is submitted, all the standing and alternate auditors are drawn from it, to be elected in the order in which they are listed. In this case, the person indicated in the first position in the slate shall be the Chairman of the Board of Statutory Auditors.

In order to ensure a gender balance, art. 25 of the Company's Bylaws establishes that each slate that contains three or more than three candidacies must include a number of candidates, possessing the requirements established by law and by the Bylaws, that is an expression of the gender less represented within the Board of Statutory Auditors, in a number equal to **one fifth** of the candidates who shall make up the Board of Statutory Auditors entering office on the occasion of the first renewal of the auditing body after 12 August 2012, and equal to **one third** of the candidates who shall make up the Board of Statutory Auditors to be appointed for the following two terms.

In order to guarantee, with a view to substantial equality, gender balance as concerns access to corporate offices, one fifth of the standing members of the Board of Statutory Auditors, appointed on the occasion of the Shareholders' Meeting renewing the auditing body taking place on 23 April 2015, is an expression of the gender less represented within the Board of Statutory Auditors.

In the case of a Standing Auditor **leaving** office, on any grounds, he or she shall be succeeded by the first of the alternate members elected on the same slate, upon verification of the maintenance of the prerequisite provided for by law and by the Company's Bylaws. However, should a Standing Auditor's removal from office on any grounds take place after the first renewal of the auditing body after 12 August 2012, or during the two terms thereafter, in making the replacement it will be necessary to respect the gender balance on the Board of Statutory Auditors in accordance with the provisions of article 25 of the Company's Bylaws.

Should the Standing Auditor drawn from the slate that has garnered the second highest number of votes leave office for any reason, if the alternate member elected from the same slate cannot, for any reason, succeed, him or her, he or she shall be succeeded by the next candidate drawn from the same slate – upon verifying the maintenance of the requirements provided for by law and by the Company's Bylaws – or, lacking same, by the first candidate on the slate that garnered the second highest number of votes among the minority slates. However, if the removal, on any grounds, of the Standing Auditor drawn from the slate that garnered the second highest number of votes takes place after the first renewal of the auditing body after 12 August 2012 or during the two terms thereafter, in making the replacement it will be

necessary to respect the gender balance on the Board of Statutory Auditors in accordance with the provisions of article 25 of the Company's Bylaws.

For the other aspects related to the appointment and replacement of the members of the Board of Statutory Auditors, see the provisions of art. 25 of Astaldi S.p.A.'s Bylaws published on the corporate website ("*Governance/Documents*" Section).

13. COMPOSITION AND FUNCTION OF THE BOARD OF STATUTORY AUDITORS (pursuant to art. 123-bis, paragraph 2, letter d), of the consolidated finance law – TUF)

With the approval of the financial statements for the financial year closing 31 December 2014, the Board of Statutory Auditors appointed for the 2012-2014 financial years by the ordinary Shareholders' Meeting held on 24 April 2012 expired.

In implementation of the regulations of reference and of the content of art. 25 of the Company's Bylaws, two slates were submitted on the occasion of the Shareholders' Meeting of 23 April 2015, containing the candidates for the appointment of the new Board of Statutory Auditors, consisting of three standing auditors and three alternate auditors.

The first slate was submitted by the shareholder FIN.AST. S.r.l., which holds a total of 39,505,495 shares, equal to 40.139% of the share capital.

The second list was submitted by the shareholders Arca SGR S.p.A., manager of the Arca Azioni Italia fund; Eurizon Capital S.G.R. S.p.A. manager of the funds: Eurizon Azioni Italia, and Eurizon Azioni PMI Italia; Eurizon Capital SA manager of the funds: Eurizon EasyFund – Equity Italy and Eurizon EasyFund – Equity Italy LTE; Mediolanum Gestione Fondi SgrpA, manager of the Mediolanum Flessibile Sviluppo Italia fund; Pioneer Asset Management SA, manager of the funds: Pioneer Fund – European Potentials, and Pioneer Fund – Pioneer Fund Emerging Markets Equity and Pioneer Investment Management SGRpA, manager of the Pioneer Italia Azionario Paesi Emergenti fund, which hold a total of 3,605,454 shares, equal to 3.66% of the share capital.

Both appointment proposals were accompanied by information regarding the identity of the presenting shareholders, indicating the percentage stake held overall, and a certification issued by an authorised intermediary, declaring the ownership of said stake, a description of the personal and professional characteristics of the designated parties, and declarations with which the individual candidates accept their candidacy and attest, under their own responsibility, to the non-existence of causes of ineligibility or incompatibility, and to the existence of the prerequisites required by regulations and the Company's Bylaws for the respective offices, and also listing any administration and auditing positions held in other companies and, with reference to the second slate, a declaration of the shareholders that are other than those that hold, even jointly, a controlling or majority stake, attesting to the non-existence of relations of connection with them pursuant to the relevant regulations.

Said proposals were lodged by the aforementioned Shareholders at the Company's main office by the legal deadlines, and the Company saw to making available to the public at the company's main office, on its website, and on the authorised storage mechanism, the slates lodged by the shareholders in question twenty-one days prior to the date established for the Shareholders' Meeting in first call.

The slate submitted by the Shareholder FIN.AST. S.r.l. (first slate) proposed the following names for the office of Standing Auditors:

1. Mr Lelio FORNABAIO;
2. Ms. Anna Rosa ADIUTORI;

and the following names as Alternate Auditors:

1. Ms. Giulia DE MARTINO;
2. Mr. Francesco FOLLINA.

The slate submitted by the institutional funds (second slate) proposed the following name for the office of Standing Auditor:

1. Mr. Paolo FUMAGALLI;

and proposed the following name for the office of Alternate Auditor:

2. Mr. Andrea LORENZATTI.

All the candidates' résumés, with all the information indicated above, were made available to the Shareholders.

Upon the outcome of the election process, the Shareholders' Meeting held on 23 April 2015 thus decided to appoint, for the 2015-2017 financial year, the members of the Board of Statutory Auditors in the person of the following parties:

- Mr. Paolo FUMAGALLI (Chairman);
- Mr. Lelio FORNABAIO (Standing Auditor);
- Ms. Anna Rosa ADIUTORI (Standing Auditor);
- Mr. Andrea LORENZATTI (Alternate Auditor);
- Ms. Giulia DE MARTINO (Alternate Auditor);
- Mr. Francesco FOLLINA (Alternate Auditor).

* * * * *

At the meeting of 04 May 2015, the Board of Statutory Auditors, pursuant to *application criterion* 8.C.1. of the Self-Regulatory Code, verified the existence of the independence requirements for its own members, applying, for the relevant assessments, all the criteria provided for by said Code with reference to the independence of directors.

For the composition of the Board of Statutory Auditors in office, see Table 4. All the statutory auditors possess the personal and professional requirements as provided for by art. 144-*decies* of the Issuers' Regulations and in the Bylaws of Astaldi S.p.A. (art. 25).

The Chairman also called dialogue meetings between Board members, statutory auditors, management, and some corporate managers, aimed at better illustrating the development of the corporate business and permitting better knowledge of the Company's Business Plan.

Moreover, by virtue of the provisions of Astaldi S.p.A.'s OMM, and with reference to the supervision of the Board of Statutory Auditors provided for by the consolidated finance law – TUF, the Board of Statutory Auditors met during the financial year with Astaldi's Supervisory Body and with the auditing bodies of the relevant subsidiaries.

Moreover, the Company adheres to the principles of the Self-Regulatory Code in accordance with which the statutory auditor who, on his or her own or on third parties' behalf, has an interest in a given transaction of the Company, promptly and comprehensively informs the other statutory auditors and the Chairman of the Board of Directors as to the nature, terms, origin, and scope of its interest (*application criterion 8.C.3.*).

Again in application of recommendations of the Self-Regulatory Code, which invites the participation of directors and statutory auditors in training and updating initiatives (*application criterion 2.C.2.*), during 2015, the new members of the Board of Statutory Auditors, at the invitation of the Chairman, adhered to the induction section initiatives organised by Assonime and Assogestioni, with a view to fostering an exchange of views and perspectives with other representatives of the largest national corporate outfits.

The Board of Statutory Auditors performs supervision activities in compliance with art. 19 of Legislative Decree no. 39/2010 and in line with Borsa Italiana Notice no. 18916 of 21 December 2010.

Moreover, the Board of Statutory Auditors supervises the auditing firm's independence, verifying compliance with relevant regulatory provisions, as well as the nature and extent of the services other than accounting auditing provided to the Company and to its subsidiaries by the auditing firm and the entities belonging to its network.

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The Board of Statutory Auditors, in carrying out its activity, relies on the collaboration of the Internal Audit Department, in compliance with the timing provided for by regulations and the internal due dates based on the meetings scheduled in the financial year of reference.

During 2015, the Board of Statutory Auditors met 12 times, respectively on 19 January, 02 March, 30 March, 04 May, 14 May, 10 June, 27 July, 03 August, 30 September, 11 and 12 November, and 09 December.

Meetings of the Board of Statutory Auditors are coordinated by the Chairman, and attended by the majority of the statutory auditors. Their average duration is about three hours. As a rule, the Board of Statutory Auditors meets in accordance with the deadlines established by law. As concerns the 2016 financial year, the Board has already defined the calendar of upcoming meetings for the aforementioned financial year and, until the approval date hereof, has already met three times, respectively on 27 January, 02 March, and 09 March 2016.

The Board is also coordinated with the Control and Risks Committee, with which it has maintained a constant exchange of information, through the attendance of the Chairman of the Board of Statutory Auditors at said committee's meetings and, at times, also of the Board of Statutory Auditors as a whole, when, with respect to examination of the system of corporate controls, the two bodies have deemed it necessary to call joint meetings (*application criterion 8.C.5.*).

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14. RELATIONS WITH SHAREHOLDERS

The Company, also in light of admission to listing on the STAR Segment of Mercato Telematico Azionario (screen-based stock exchange), as early as 2002 appointed, as “**Investor Relator**,” Alessandra Onorati, who is the manager of the corresponding corporate structure.

In order to foster dialogue with shareholders and with the market, and in implementation of the applicable regulations of reference, the Company regularly makes available on its website all the information regarding accounts (financial statements, half-year financial reports, and interim reports on operations), and of interest for shareholders in general (such as, for example, press releases, the corporate Code of Ethics, the Organisation and control model pursuant to Legislative Decree no. 231/01, and the Directors’ reports on the items on the Shareholders’ Meetings’ agenda).

15. SHAREHOLDERS’ MEETINGS (pursuant to art. 123-bis, paragraph 2, letter c), of the consolidated finance law – TUF)

Pursuant to art. 10 of the Company’s Bylaws currently in force, the Shareholders’ Meeting is called by the Board of Directors by notice to be published following the procedures and by the deadlines established by law.

The Company’s Bylaws also establish that the same notice may indicate another day for the second call, if the first is unattended; in the event of an extraordinary Shareholders’ Meeting, the same notice may also indicate the date for the third call.

The Shareholders’ Meeting is given the tasks provided for by art. 2364 of the Italian civil code. Moreover, based on what is permitted by art. 2365, second paragraph, of the Italian civil code, art. 22 of the Company’s Bylaws expressly tasks the Board of Directors with taking decisions as to:

- (i) mergers and demergers, in the cases provided for by articles 2505 and 2505-*bis* of the Italian civil code, in accordance with the procedures and by the deadlines described therein;
- (ii) instituting and suppressing secondary offices, even abroad;
- (iii) indicating which of the directors is to be vested with the Company’s representation;
- (iv) reducing share capital in the event of the shareholder’s withdrawal;
- (v) adjusting the Company’s Bylaws to regulatory provisions;
- (vi) transferring the company’s main office in national territory.

Moreover, pursuant to art. 135-*novies*, paragraph 5, TUF and art. 12 of the Company’s Bylaws, the Company makes available to shareholders a section on the corporate website through which the Company may be notified of voting proxies electronically, using the proxy form available there (“*Governance/Shareholders Meeting*” Section).

Currently, with reference to Shareholders’ Meetings, the Company’s Bylaws do not provide for voting by correspondence, online voting, or voting by audio-visual links.

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In accordance with the provisions of art. 13 of the Company’s Bylaws – which states that “*the function of the ordinary and extraordinary Shareholders’ Meeting is governed by a regulation, approved by the ordinary Shareholders’ Meeting and valid for all subsequent ones until it is amended or replaced*” – the ordinary Shareholders’ Meeting of 11 March 2002 approved the “**Shareholders’ Meeting Regulation**,” subsequently updated with the decision of 05 November 2010, which establishes clear, unambiguous

rules for the orderly and functional holding of Shareholders' Meetings, without at the same time compromising each shareholder's right to express opinions and formulate requests for specification and clarifications as to the items under discussion.

On this point, in fact, the Shareholders' Meeting Regulation establishes that the parties qualified to exercise voting rights may request the floor on the items under discussion, until the Chairman of the Shareholders' Meeting has declared discussion on said item closed, in order to make observations and proposals, or request information. The Chairman of the Shareholders' Meeting, or those assisting the Chairman, see to providing the corresponding responses, and the Shareholders' Meeting regulation guarantees those who have requested the floor the right to make a brief reply.

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As already discussed in paragraph 2, letter d) above, the Shareholders' Meeting of 29 January 2015 adopted, by ad hoc statutory provision, the increased voting rights mechanism. Art. 12 of the Company's Bylaws states that two votes are assigned for each share belonging to the shareholder that has asked to be registered in a special List, kept and updated by the Company, and that has maintained it for an uninterrupted period of no less than twenty-four months starting from the date of registration in said List. In addition to defining the adopted organisational solution, art. 12 of the Company's Bylaws establishes the modes of application that the Company and shareholders are required to follow for adopting the increased voting rights. Additional aspects of an operative nature are contained in a regulation adopted by the Board of Directors meeting of 10 March 2015. It is in fact to be borne in mind that, by a precise statutory choice, the definition of detailed rules with regard to profiles relating to operations and procedures was devolved upon a regulation adopted by the Board.

In implementation of the Company's Bylaws and of the regulation, the request by the shareholder may regard all or even only a part of the shareholder's shares. The shareholder's request for registration takes place by sending the Company, via a qualified intermediary, the communication provided for by the regulations of reference, or such other equivalent documentation as may be established by the Regulations.

In this regard, art. 4 of the regulation specifies that the qualified party that intends to register in the List in order to obtain the increase of the voting rights pursuant to art. 127-*quinquies* of the consolidated finance law – TUF and art. 12 of the Company's Bylaws is required to make a request therefor, via the depositary intermediary, in compliance with art. 23-*bis* of the joint CONSOB/Banca d'Italia Measure of 22 February 2008 and subsequent modifications.

The qualified party is required: (i) to indicate to the intermediary with which it holds the securities account in which the Astaldi shares are registered, the number of shares it intends to register in the List; (ii) to ask said intermediary to send to Astaldi S.p.A. – via Certified E-Mail, at the address astaldi.mt@pec.actalis.it – the "communication" that, pursuant to the aforementioned art. 23-*bis*, paragraph 2, attests to ownership of the shares for which registration in the list is requested, along with the qualified party's own declaration in which the qualified party takes on the commitment to promptly inform the Company and the intermediary of any loss, for any reason, of ownership or of only the voting right.

In the case of a legal entity or other entity without legal personality, the qualified subject must also declare not being or, where applicable, being subject to control (direct or indirect), indicating the identification data of the controlling party and with the commitment to promptly inform the Company of any change of control.

To facilitate the operations of registration in the List and providing information to the market on those entitled to the voting rights increase, the Company's Bylaws state that registrations in and the updating of the List take place quarterly – 01 March, 01 June, 01 September, and 01 December – and, as art. 3 of the regulation specifies, provided that these actions are received at least by the twenty-fifth day of the previous month. In any event, even if received earlier, the registration requests will yield effects only with the updating of the List by the Company, which sees to this by the first useful date, at the frequency defined with the procedures indicated above (01 March, 01 June, 01 September, and 01 December).

As to the purposes of the exercise of the increased voting rights, the Company's Bylaws require the shareholder to send or to exhibit to the Company the communication provided for by the regulations of reference – or such other equivalent documentation as may be established by the Regulation – also attesting to the how long the shares for which the voting right is subject to increase have belonged to the shareholder without interruption.

The Company's Bylaws also provide that the shareholder entitled to the augmented vote may waive it, for all or only some of its shares, and that this waiver is automatically followed by cancellation from the List of the shares for which the increased voting rights were waived. The above is without prejudice to said shareholder's right to request registration in the List again so as to give rise to a new uninterrupted period for the shares for which the increased voting rights were waived.

The increased voting rights are conserved in the event of inheritance as well as in the event of merger and demerger of the owner of the shares. The increased voting rights are extended proportionally to the newly issued shares both in the case of capital increase pursuant to art. 2442 of the Italian civil code, and in the case of capital increase by new conferrals.

The increase of the voting rights is calculated towards the determination of the quorums for meeting and passing decisions which, in law and in these Bylaws, refer to percentages of share capital or of the share capital with voting rights.

In order to assist the shareholders in obtaining all the information of use for the increased voting rights, the Company has activated a section on the corporate website ("Governance/Increased Votes" Section) reporting all the necessary information.

During 2015 two Shareholders' Meetings were held: the first on 29 January and the second on 23 April.

The Shareholders' Meeting is the moment par excellence for permitting dialogue between shareholders and directors. Towards this end, the extraordinary Shareholders' Meeting of 29 January 2015 was attended by – in his office as Chairman of the Shareholders' Meeting – Deputy Chairman Ernesto Monti; Chairman Paolo Astaldi; Deputy Chairman Giuseppe Cafiero; CEO Stefano Cerri; and by the Board members Luigi Guidobono Cavalchini, Nicoletta Mincato, and Eugenio Pinto. The Shareholders' Meeting of 23 April 2015 was attended by – in his office as Chairman of the Shareholders' Meeting – Deputy Chairman Ernesto Monti; Chairman Paolo Astaldi; Deputy Chairman Giuseppe Cafiero; CEO Stefano Cerri; and by the Board members Luigi Guidobono Cavalchini, Paolo Cuccia, Chiara Mancini and Nicoletta Mincato.

In order to ensure the shareholders of adequate disclosure as to the elements necessary for being able to take, in an informed fashion, the decisions under the purview of the Shareholders' Meeting, the Board of

Directors makes available to the shareholders, at the company's main office, on its website (www.astaldi.com Governance Section / Shareholders Meeting), and on the authorised storage mechanism www.1info.it, in accordance with the timing provided for by the regulations in force, all the documentation and reports as to the items on the Shareholders' Meetings' agendas.

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16. ADDITIONAL PRACTISES OF CORPORATE GOVERNANCE

(pursuant to art. 123-bis, paragraph 2, letter a), of the consolidated finance law – TUF)

There are no corporate governance practises other than those illustrated in the above points.

17. CHANGES SINCE REPORTING DATE

No significant changes have taken place since the reporting date.

Rome, 9 March 2016

**Chairman of the Board of Directors
Paolo Astaldi**

SUMMARY TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE at 31 December 2015				
	No. of shares	% of share capital	Listed (indicate markets) / not listed	Rights and obligations
Ordinary shares	98,424,900	100%	MTA - STAR	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (assigning the right to subscribe newly issued shares)				
	Listing market	No. of outstanding convertible bonds	Category of shares at servicing the conversion	No. of shares at servicing the conversion
Convertible bonds	Luxembourg – MTF	130,000	Ordinary	17,568,517
Warrants	-	-	-	-

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND OF THE COMMITTEES AT 31 DECEMBER 2015

Board of Directors													Control and Risks Committee		Remun. Committee		Appointments Committee		Appointments and Remuneration Committee (since 14 May 2015)	
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Exec.	Non-exec.	Indep., Code	Indep., TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Paolo Astaldi	1960	7/07/1994	23/04/2013	(a)	M	x				1	7/7								
Deputy Chairman	Ernesto Monti	1946	5/09/2000	23/04/2013	(a)	M		x		x	—	7/7			1/1	C	0/0	P	2/2	M
Deputy Chairman	Giuseppe Cafiero	1944	30/07/2004	23/04/2013	(a)	M	x				—	7/7								
CEO • ◇	Stefano Cerri	1960	3/10/ 2000	23/04/2013	(a)	M	x				1	7/7								
CEO • ◇	Filippo Stinellis	1963	29/01/2015	29/01/2015	(a)	M	x				—	6/6								
Director	Caterina Astaldi	1969	5/07/2001	23/04/2013	(a)	M		x			1	2/7								
Director	Luigi G. Cavalchini	1937	12 /11/2002	23/04/2013	(a)	M		x	x	x	1	7/7	2/2	M (***)						
Director	Giorgio Cirila	1940	23/04/2010	23/04/2013	(a)	M		x	x	x	—	7/7			1/1	M			2/2	M
Director	Paolo Cuccia	1953	23/04/2010	23/04/2013	(a)	M		x	x	x	1	6/7	2/2	M (****)						
Director	Piero Gnudi	1938	7/09/1999	23/04/2013	(a)			x	x	x	3	7/7							2/2	P
Director	Chiara Mancini	1972	23/04/2013	23/04/2013	(a)	M		x	x	x	1	7/7					0/0	M		
Director	Nicoletta Mincato	1971	3/10/ 2000	23/04/2013	(a)	M		x	x	x	—	7/7	4/4	P						
Director	Eugenio Pinto	1959	23/04/2010	23/04/2013	(a)	M		x		x	2	7/7	4/4	M	1/1	M	0/0	M		

-----BOARD MEMBERS LEAVING OFFICE DURING FINANCIAL YEAR OF REFERENCE

No. of meetings held during the financial year of reference: 7				Control and Risks Committee: 4	Remun. Committee: 1	Appointments Committee: 0	Appointments and Remuneration committee: 2
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Quorum required for submitting slates: 2.5%

NOTES

The symbols indicated below must be inserted in the "Office" column:

• This symbol indicates the director in charge of the internal control and risk management system.

◇ This symbol indicates the main party responsible for the management of the Issuer (Chief Executive Officer or CEO).

* The date of first appointment of each director is to be understood as the date when the director was appointed absolutely for the first time to the issuer's Board of Directors.

** This column indicates the slate from which each director was drawn ("M": majority slate; "m": minority slate; "BoD": slate submitted by the Board of Directors).

*** This column indicates the number of offices as director or statutory auditor held by the interested party in other companies listed on regulated markets, including foreign ones, in financial, banking, or insurance companies, or companies of significant size. In the Report on corporate governance, the offices are indicated in full. Table 3 indicates these offices in detail.

(*) This column indicates attendance by directors at the meetings respectively of the Board of Directors and of the committees (indicate the number of meetings attended, as against the total number of meetings he or she could have attended; e.g. 6/8; 8/8 etc.).

(**). This column indicates the Board member's qualification within the Committee: "C": chairman; "M": member.

(a) Board member in office until the Shareholders' Meeting approving the 2015 financial statements.

(***) The Board member Luigi Guidobono Cavalchini was a member of the Control and Risks Committee until 14 May 2015.

(****) The Board member Paolo Cuccia has been a member of the Control and Risks Committee since 14 May 2015.

TABLE 3: OFFICES OF DIRECTOR OR STATUTORY AUDITOR HELD BY EACH BOARD MEMBER IN OTHER COMPANIES LISTED ON REGULATED MARKETS, INCLUDING FOREIGN ONES, IN FINANCIAL, BANKING, OR INSURANCE COMPANIES, OR COMPANIES OF SIGNIFICANT SIZE AT 31 DECEMBER 2015:

Name and Surname	Other activities performed pursuant to art.1.3 of the Self-Regulatory Code
Paolo Astaldi	CEO of Fin.Ast S.r.l.
Ernesto Monti	None
Giuseppe Cafiero	None
Stefano Cerri	Board member of A4 Holding S.p.A.
Filippo Stinellis	None
Caterina Astaldi	Member of the Board of Directors of Fin.Ast. S.r.l.
Luigi Guidobono Cavalchini	Member of the Board of Directors of Reale Mutua Assicurazioni
Giorgio Cirila	None
Paolo Cuccia	Chairman of Gambero Rosso S.p.A.
Piero Gnudi	(i) Chairman of the Board of Directors of FONSPA CREDITO FONDIARIO S.p.A.; (ii) Special Manager of ILVA in Special Management; (iii) Chairman of NOMISMA S.p.A.
Chiara Mancini	Member of the Board of Directors of Cementir Holding S.p.A.
Nicoletta Mincato	None
Eugenio Pinto	(i) Chairman of the Board of Statutory Auditors of Stogit S.p.A.; (ii) Chairman of the Board of Statutory Auditors of Snam Rete Gas S.p.A.

TABLE 4: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT 31 DECEMBER 2015

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	Slate **	Indep., Code	Attendance at Board Meetings ***	No. of other offices ****
Chairman	<i>Paolo Fumagalli</i>	1960	23/04/2015	23/04/2015	(a)	M	x	9/9	11
Standing Auditor	<i>Lelio Fornabaio</i>	1970	24/04/2012	23/04/2015	(a)	M	x	8/9	18
Standing Auditor	<i>Anna Rosa Adiutori</i>	1958	23/04/2015	23/04/2015	(a)	M	x	9/9	9
Alternate Auditor	<i>Andrea Lorenzatti</i>	1975	24/04/2012	23/04/2015	(a)	m	x	-	0
Alternate Auditor	<i>Giulia De Martino</i>	1978	24/04/2012	23/04/2015	(a)	M	x	-	9
Alternate Auditor	<i>Francesco Follina</i>	1959	24/04/2012	23/04/2015	(a)	M	x	-	7
No. of meetings held during the financial year of reference: 12 (3 of the Board of Statutory Auditors in office for the 2012-2014 financial years and 9 of the Board of Statutory Auditors in office for the 2015-2017 financial years).									
Indicate the quorum required for submitting slates by minorities for the election of one or more members (pursuant to art. 148 TUF): pursuant to the Company's Bylaws, only shareholders that on their own or with other shareholders represent at least 1% of the share capital are entitled to submit slates.									

NOTES

* The date of first appointment of each statutory auditor is to be understood as the date when the statutory auditor was appointed absolutely for the first time to the issuer's Board of Statutory Auditors.

** This column indicates the slate from which each statutory auditor was drawn ("M": majority slate; "m": minority slate).

*** This column indicates attendance by statutory auditors at the meetings of the Board of Statutory Auditors (indicate the number of meetings attended, as against the total number of meetings he or she could have attended; e.g. 6/8; 8/8 etc.).

**** This column indicates the number of offices as director or statutory auditor held by the interested party pursuant to art. 148-bis TUF and the provisions for implementing them contained in the CONSOB Issuers' Regulations. The complete list of offices is published by CONSOB on its website pursuant to art. 144-quinquiesdecies of the CONSOB Issuers' Regulations.

(a) Statutory Auditor in office until the Shareholders' Meeting approving the 2017 financial statements.