



# **CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT**

pursuant to Art. 123-bis of T.U.F.<sup>1</sup>

(traditional audit and management system)

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

Web site: **[www.astaldi.com](http://www.astaldi.com)**

Financial year this report refers to: **2011**

Date of approval of Report: **16 March 2012**

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<sup>1</sup> *Translator's note: the Italian Financial Services Act*

## INTRODUCTION.

It is underlined that this Report was drawn up in compliance with the provisions of art. 123-bis of T.U.F. taking into account the recommendations of the Self-Governance Code in force in 2011, and according to the guidelines provided by Borsa Italiana S.p.A. in february 2012.

While, with reference to the changes in the Self-Governance Code approved in December 2011, it is under lined that, because of the temporary regime as per said Code, the Company will implement the principles and criteria connected with its corporate governance effective from the current financial year and will give the market proper information by the "Corporate Governance and Shareholding Structure Report" to be drawn up next year.

Now, therefore, it is underlined that the articles hereof are numbered according to the version of the Code in force prior to said amendments made in December 2011.

## 1. ISSUER'S PROFILE

Also this year, the corporate governance model adopted by Astaldi S.p.A. is in line with the principles contained in the "Self-Governance Code for listed companies" – drawn up by Borsa Italiana S.p.A. in October 1999 and subsequently amended and supplemented –, with the relevant recommendations worked out by Consob, and more generally, with the international best practice.

Taking into account the above, the corporate governance model of Astaldi S.p.A., setting forth the main events subsequent to the closing of financial year 2011, is described herebelow.

## 2. INFORMATION on SHAREHOLDING STRUCTURE (as per art. 123-bis of T.U.F.)

### a) Share capital structure (as per art. 123-bis, paragraph 1(a) of T.U.F.)

Subscribed and paid-up share capital amount in Euro: **196,849,800.00 Euro**.

**The share capital is divided into 98,424,900 common shares of a nominal value of Euro 2 each.**

Classes of shares constituting the share capital: **common shares with voting rights.**

No other financial instrument entitling the holder to subscribe newly issued shares has been issued.

No share-based benefit plan was adopted entailing any increase, also on a free-of-charge basis, in the company's share capital.

### b) Restrictions on the transfer of shares (as per art. 123-bis, paragraph 1(b) of T.U.F.)

There are no restrictions on the transfer of shares.

### c) Significant shareholdings (as per art. 123-bis, paragraph 1(c) of T.U.F.)

The shareholders owning a number of shares representing more than 2% of the share capital, as appearing from the shareholders' register, from the notices received pursuant to art. 120 of T.U.F. and from other information available are, as at March 1, 2012, the following:

DECLARANT	DIRECT SHAREHOLDER	NUMBER OF SHARES	SHAREHOLDIN G %
FIN.AST. S.r.l.	FIN.AST. S.r.l.	39,290,495	39.919%

	<i>Finetupar International S.A.</i>	12,327,967	12.525%
		51,618,462	52.445%
<b>Odin Forvaltning AS</b>	<b>Odin Forvaltning AS</b>	<b>4,841,885</b>	<b>4.919%</b>
<b>TOTAL</b>		<b>56,460,347</b>	<b>57.364%</b>

**d) Shares with special rights (as per art. 123-bis, paragraph 1(d) of T.U.F.)**

No share with special controlling interests has been issued.

**e) Employees' shareholding: exercise of voting rights (as per art. 123-bis, paragraph 1(e) of T.U.F.)**

No employees' shareholding scheme has been adopted.

**f) Restrictions on voting rights (as per art. 123-bis, paragraph 1(f) of T.U.F.)**

There are no restrictions on voting rights.

**g) Shareholders' agreements (as per art. 123-bis, paragraph 1(g) of T.U.F.)**

No shareholders' agreement appears to have been entered into, has been report or is known, to which the provisions of art. 122 of T.U.F. are applicable.

**h) Clauses of change of control (as per art. 123-bis, paragraph 1(h) of T.U.F.) and By-laws provisions in matter of Public Take-over Offer (as per art. 104, paragraph 1-ter, and 104-bis, paragraph 1)**

Astaldi S.p.A. and its subsidiaries have not entered into any significant agreement which becomes effective or is terminated in the event of change in the holder of the controlling interest in the contracting party.

In matter of Public Take-over Offer, neither do the By-laws of Astaldi S.p.A. contain any provision which is applicable notwithstanding the passivity rule under art. 104, paragraphs 1 and 2, of T.U.F. nor provide for the application of breakthrough rules according to art. 104-bis, paragraphs 2 and 3, of T.U.F..

**i) Powers to increase the Company's share capital and authorization to purchase Company's own shares (as per art. 123-bis, paragraph 1(m) of T.U.F.)**

The Board of Directors of Astaldi S.p.A. has not been vested with any power to increase the Company's share capital, and is not authorized to issue participating financial instruments.

*It is underlined that the Meeting of the Shareholders of Astaldi S.p.A. held on April 18, 2011 approved a **plan of purchase and sale of Company's own shares**, pursuant to sections 2357 et seq. of the Italian Civil Code and art. 132 of D.Lgs. No. 58 of February 24, 1998, having a validity of twelve months (effective from May 27, 2011), authorizing to:*

- ***purchase*** Company's own shares up to a maximum rolling number of 9,842,490 shares of a nominal value of 2.00 euro each, at a unit price not lower than 2.00 euro and not higher than the average price of the latest 10 stock market working days immediately preceding the date of purchase, increased by 10%, with the additional obligation that the amount of shares shall never exceed Euro 24,600,000.00 (without detriment to the limit of distributable profits and reserves available pursuant to Section 2357, first paragraph, of the Italian Civil Code);

- **sell** the shares so purchased, with no time limit, at a unit price not lower than the average price of the latest 10 stock market working days preceding the date of sale, decreased by 10%.

The subject-matter Plan further provides that the Board of Directors be authorized, without any time limit, to dispose of treasury shares also by securities exchange transactions carried out within the framework of possible strategic transactions in the Company's interests, among which, in particular, securities exchange and/or contribution transactions, provided that the value attributed to the shares within the framework of such transactions is not lower than the average book value of Company's treasury shares held. Company's treasury shares may also be used, without any time limit, in connection with possible future stock grant and/or stock option plans, notwithstanding, in this case, the above-mentioned criteria of determination of the price of sale, which shall not anyway be lower than the so-called "normal value" as provided for by tax laws.

The Board of Directors is further authorized to carry out securities lending operations – in which Astaldi S.p.A. acts as lender – on Company's own shares.

As implementation of said resolution, the Company held **610,908 treasury shares** as at December 31, 2011.

#### **I) Activity of direction and coordination (as per section 2497 et seq. of the Italian Civil Code)**

Astaldi S.p.A. **is not subjected to the "direction and coordination"** of any of its shareholders, since the Company's Board of Directors takes any and all of its decisions on the management of Company's activities in full autonomy and independence.

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#### **However, it is specified that:**

- the information to be disclosed under art. 123-bis, first paragraph, letter i) ("*the agreements between the company and its directors ... providing for any indemnity in the event of resignation or dismissal without any well-grounded reason, or in the event of termination following to public take-over offer*") are set forth in the Report's section focusing on directors' remuneration (Section 9);
- the information to be disclosed under art. 123-bis, first paragraph, letter l) ("*the provisions applicable to the replacement of directors ... as well as to the amendment of the By-laws, if different from the provisions of laws and regulations applicable if not otherwise provided for*") are set forth in the Report's section relating to the Board of Directors (Section 4.1)

### **3. COMPLIANCE (as per art. 123-bis, paragraph 2(a) of T.U.F.)**

Astaldi S.p.A., as a company listed in the STAR Segment, complies with the **"Self-Governance Code for listed companies"**, established by Borsa Italiana S.p.A.

It is reminded that the subject-matter Code is made publicly available at the website of Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)).

Astaldi S.p.A. and its strategic subsidiaries do not appear to be subjected to any provision of foreign laws affecting the Company's corporate governance structure.

## **4. BOARD OF DIRECTORS**

### **4.1 APPOINTMENT AND REPLACEMENT (as per art. 123-bis, paragraph 1(l) of T.U.F.)**

Pursuant to the provisions of the laws governing the matter, the By-laws of Astaldi S.p.A. provides for the **"list vote"** for the appointment of the Board of Directors.

In particular, according to the provisions of the By-laws, the shareholders globally holding, individually or jointly with the other shareholders with whom they **file** the same list, a number of shares representing at least **2.5%** (or the minimum percentage provided for by the provisions of applicable laws and regulations) of the company's share capital with voting right in Shareholders' Ordinary Meetings, are entitled to file lists.

Still according to the By-laws, the lists, signed by the filing parties and complying with the law provisions, must be **filed** at the Company's registered office, according to the terms and manner provided for by applicable laws and regulations.

The members of the Board of Directors are **elected** as follows:

- 1) a number of directors equivalent to the total number of the members of the Board of Directors fixed by the shareholders' assembly less one are drawn, in the progressive number in which they are listed in the list, from the list that has obtained the highest number of votes cast by the shareholders. In the event no list has obtained a number of votes higher than the others, the Shareholders' Meeting shall be called again for a new voting session to be held in accordance with the By-laws;
- 2) one Director, that is the candidate ranking first in the list, is drawn from the list which ranked second in number of votes and which is not connected, in accordance with the criteria provided for by the laws governing the appointment of minority auditors, with the shareholders having submitted or voted the list which ranked first in number of votes. In the event two or more lists filed by minority shareholders have obtained the same number of votes, the candidate senior in age among those ranking first in the lists having obtained an equal number of votes is appointed as Director.

In the event **one sole list** or not any list is submitted, the Shareholders' Assembly shall resolve according to the majorities provided for by the law, without following the above procedure.

For the purpose of **allotment** of the directors to be appointed, the lists which have not obtained a percentage of votes of at least one half the minimum percentage required for submitting the lists themselves, shall not be taken into account.

The By-laws provides that the lists shall be accompanied, inter alia, with the candidates' statements by which the same attest, under their own responsibility, the possible fulfilment of the **requirements of independence** provided for by the law.

Moreover, in order to ensure the appointment of the **minimum number of independent Directors** in accordance with the provisions of art. 147-ter, paragraph 4, of TUF, the By-laws expressly provide that *"each list shall include the candidature of individuals meeting the requirements of independence provided for by the law and their number shall be at least equal to the number of independent directors who, according to the law, shall make part of the board of directors"*.

As far as the **termination of Directors is concerned**, according to the By-laws, in the event of vacancy, during the fiscal year, of one or more directors appointed from the **list having obtained the higher number of votes** and provided that the majority is still constituted of directors appointed by the shareholders' assembly, any such vacancy shall be filled in accordance with the provisions of Section 2386 of the Italian Civil Code.

While, in the event of vacancy, during the fiscal year, of the director appointed from the **list which ranked second in number of votes**, the By-laws provide for its replacement pursuant to the following:

- a) the Board of Directors appoints the new director from the candidates within the same list to which the director terminated from office belonged, provided that the shareholders who submitted such list still hold the participating interest required for submitting the list, and the

- shareholder' meeting to be held thereafter shall resolve, according to the majorities provided for by the law, in compliance with the same principle;
- b) in the event the new director can not be appointed from the list which ranked second in number of votes, the Board of Directors appoints the new director from the candidates within the lists which ranked lower than second in number of votes, in progressive order, provided that the shareholders who submitted the list from which the new director is appointed still hold the participating interest required for submitting the list, and the shareholder' meeting to be held thereafter shall resolve, according to the majorities provided for by the law, in compliance with the same principle;
  - c) in the event there is not any candidate who has not been appointed yet, or anyway when the provisions of paragraphs a) and b) can not be complied with for any reason whatsoever, the Board of Directors shall appoint the new director, as the same shall be appointed by the shareholders' meeting to be held thereafter, in accordance with the majorities provided for by the law and without the list vote, but still in compliance with the provisions of laws and regulations in matter of minimum number of independent directors.

Moreover, in accordance with the By-laws, should for any reason the majority of the board members be vacant, the entire Board of Directors shall fall from office, and the directors still holding office shall urgently call the Shareholders' Meeting for the appointment of the new Board of Directors. The Board of Directors shall also hold office until the Shareholders' Meeting shall have resolved upon the renewal of such body and until the appointment shall have been accepted by more than half of the new Directors. Until then, the Board of Directors may perform exclusively ordinary administration tasks.

The Company is not subjected to any additional sector regulation in matter of composition of the Board of Directors.

### **Succession plans**

The Company did not deem advisable to adopt any plan in matter of succession of executive directors.

### **4.2 COMPOSITION (as per art. 123-bis, paragraph 2(d) of T.U.F.)**

The Board of Directors of Astaldi S.p.A. was appointed on April 23, 2010 for the three-year period 2012/2012 and its term of office expires upon approval of the financial statements for the year ending December 31, 2012.

Such appointment was made in compliance with the provisions of the Company's By-laws and of art. 147-ter of T.U.F., on the basis of one sole list filed by the shareholder Fin.Ast. S.r.l.. The candidates of said list were appointed by the favourable vote of 95.408% of the share capital attending the meeting. While, instead, no minority list was filed, under the provisions of art. 147-ter, paragraph 3 of T.U.F. and the Company's By-laws.

As far as concerns the candidates' personal and professional characteristics, please refer to the information published in the Company's website ([www.astaldi.com](http://www.astaldi.com)), Governance/Board of Directors tab.

As to the composition and the characteristics of the Board of Directors in office, please refer to Tables 2, 2-bis and 3 attached hereto, further reminding that Dr. Piero Gnudi, who was appointed as member of the Board of Directors of Astaldi S.p.A. during the Shareholders' meeting held on April 18, 2011, resigned from such office by notice given to the Company on November 29, 2011, following his appointment as Minister of the Republic of Italy.

During next Shareholders' Meeting, to be held on April 24, 2012, proper resolutions to such respect will be taken.



### Maximum cumulative number of positions held in other companies

To this respect, it is underlined that the Company's Board of Directors established the general criteria adopted by the Company relating to the maximum cumulative number of positions as director or auditor which may be held by the Company's Directors in other companies listed on regulated markets (including foreign markets), in financial, bank, insurance or any large-size companies, as provided for by art. 1.C.3 of the Self-Governance Code.

In particular, on such occasion, the Board of Directors resolved to set:

- the (cumulative) number of positions as director or auditor which may be held by "non-executive" and "independent" directors, up to a maximum of 6;
- the (cumulative) number of positions as director or auditor which may be held by "executive" directors, up to a maximum of 4;

However, for the purpose of the above calculation, the positions as director or auditor held by Astaldi S.p.A.'s Directors within the Group's companies shall not be taken into account.

### 4.3 BOARD OF DIRECTORS' ROLE (as per art. 123-bis, paragraph 2(d) of T.U.F.)

The Board of Directors plays a key role within the Company's organization. In fact, it is responsible for setting the Company's strategic and organizational policies, as well as for ensuring the implementation of the necessary controls aimed at monitoring the Company's and the Group's performance. Pursuant to art. 22 of the Company's By-laws, the Board of Directors is vested with full powers for the management of the Company.

In agreement with the Company's By-Laws, **7 meetings** of the Board of Directors, of an **average duration** of 2 hours each, were held in 2011, with a limited number of absences of Directors and Auditors, all of which were duly justified.

Pursuant to stock exchange regulations on this matter, the Board of Directors approved and subsequently forwarded to Borsa Italiana S.p.A. and to the market, with reference to financial year 2012, the **calendar** setting forth the dates of future Board meetings to be held for the approval of the draft financial statements, half-yearly report and quarterly reports (the so-called "2012 Corporate Calendar"), as set forth below and made available in the corporate website (Governance/Financial Calendar" tab).

DATE	CORPORATE EVENT	TOPIC
<b>February 9, 2012</b> <i>(already held)</i>	<b>Board of Directors</b>	Approval of 2011 Fourth Quarter Results
<b>March 16, 2012</b>	<b>Board of Directors</b>	Approval of the 2011 <b>Draft Individual and Consolidated Financial Statements</b>
<b>April 24, 2012</b>	<b>Shareholders' Meeting</b>	Approval of 2011 <b>financial statements</b>
<b>May 11, 2012</b>	<b>Board of Directors</b>	Approval of 2012 First Quarter Results

<b>August 2, 2011</b>	<b>Board of Directors</b>	Approval of <b>Half-yearly Report</b> as at June 30, 2012
<b>November 13, 2012</b>	<b>Board of Directors</b>	Approval of 2012 Third Quarter Results

During 2012, in addition to the meeting held on February 9, 2012, a Board meeting was held also on February 22, 2012. Such meeting was not included in the Financial Calendar since the topics discussed thereat did not concern Company's accounting documents and/or periodical financial reports.

It is underlined that pre-meeting documents are distributed by the Board of Directors' Secretary, upon mandate given by the Board of Directors' Chairman, to the Directors (in electronic format) prior to the Board meeting, in order to ensure a complete and correct evaluation of the topics brought to the Board of Directors' attention.

Moreover, Board of Directors' meetings may be attended, upon invitation, by Company's executives so as to provide proper details on the topics of the agenda.

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**In particular, in compliance with Implementation Criterion 1.C.1 of the Self-Governance Code for listed companies, the Board of Directors:**

- examines and approves the Company's and the Group's strategic, industrial and financial plans, the Company's corporate governance system and the Group's corporate structure;
- evaluates the adequacy of the organizational, administrative and general accounting structure of the Company and of its strategically important subsidiaries, as worked out by Chief Executive Officer, with particular reference to the internal audit system and the management of conflicts of interests;
- determines, after examining the proposals made by the proper Committee and hearing the Board of Auditors, the remuneration of the Chief Executive Officer and other Directors performing specific functions;
- evaluates the management's performance;
- confers and revokes the powers of the Chief executive Officer, determining relevant limits and manner of exercise; defines the frequency, which shall never exceed a period of three months, with which corporate bodies, upon whom powers have been conferred, shall report to the board in connection with the activities carried out while exercising the relevant powers;
- previously examines and approves the transactions carried out by the Company and its subsidiaries, whenever such transactions are of a significant strategic, economic, equity or financial importance for the Company itself.

In relation to **Implementation Criterion 1.C.1 (d) of the Self-Governance Code**, it is specified that:

- the Shareholders' Meeting held on April 23, 2010, determined, in accordance with section 2389, first paragraph, of the Italian civil code, the annual gross compensation due to each member of the Company's Board of Directors as amounting to euro 50,000;



- (ii) the Directors Maurizio Poloni and Luigi Guidobono Cavalchini, by virtue of the mandate conferred upon the same during the Board of Directors' meeting held on April 23, 2010, on the basis of the proposal made by the Remuneration Committee and further hearing the Board of Auditors, determined the compensations as per Section 2389, third paragraph, of the Italian Civil Code, for financial years 2010/2012.

The Board of Directors, pursuant to **Implementation Criterion 1.C.1.(e) of the Self-Governance Code**, on the occasion of the meetings held during 2011, regularly evaluated the management's general performance, also on the basis of the information collected from corporate bodies, thus periodically comparing achieved results with scheduled results.

Pursuant to Implementation Criterion 1.C.1(f) of the Self-Governance Code, the Board of Directors was entrusted with the exclusive task of examining and priorly approving the Company's transactions and its subsidiaries', whenever such transactions are of a significant strategic, economic, equity or financial importance, or when one or more directors have interests therein on their own account or on the account of third parties.

As far as transactions with related parties are concerned, please refer to paragraph 12 herebelow.

*The Board of Directors, in compliance with Implementation Criterion 1.C.1(g) of the Self-Governance Code, properly considered the dimension, composition and manner of operation of the Board itself and of its Committees by means of an appropriate self-evaluation system (the co-called Board Performance Review) in which all the Company's Directors were involved.*

*In particular, during the Meeting of the Board of Directors held on May 11, 2011, a proper questionnaire, worked out by the Legal Affairs and Corporate Governance Department and shared with the Board of Auditors, was distributed to the Directors, by which each Directors could express his/her own considerations on the following aspects of the Company's governance:*

- *Board of Directors' role and influence on the Company's strategic decisions and in defining management's organizational structure, as well as on the verification of the Company's strategic framework and main risks;*
- *Directors' relationship with the Company's Top Management, with particular reference to Independent Directors, and existence of initiatives aimed at enhancing the Directors' knowledge of the Company's business;*
- *recurrence and duration of Board of Directors' meetings, timeliness and completeness of the documents provided to the Directors and closer investigation of the relevant issues;*
- *composition of internal Committees, with particular reference to the Internal Audit Committee and the Remuneration Committee, and reporting of the activities carried out by the Committees themselves to the Board of Directors;*
- *Board of Directors' role in determining management's remuneration and incentive plan.*

*Board Performance Review results, illustrated to the Board of Directors during its meeting held on July 14, 2011, confirmed that Company's Directors consider themselves as fully satisfied in connection with some specific aspects, such as, more in detail:*

- *the quality of documents made available to the Directors;*
- *the reporting, during Board of Directors' meetings, of the activities carried out by the Internal Audit Committee and the Remuneration Committee, considered as regular and detailed;*
- *the atmosphere in which Board of Directors' meetings are held, which allows the Directors' active participation;*
- *Board of Directors' leadership and management, which is considered as aligned with the best standards;*

- *the relationship between independent Directors and Company's Top Management, which is considered as positive and profitable.*

With reference to **Implementation Criterion 1.C.4 of the Self-Governance Code**, it is underlined that the Assembly of the Shareholders of Astaldi S.p.A. did not authorize, either from a general point of view or as a precautionary measure, any act which may be in disregard of the prohibition laid down by section 2390 of the Italian civil code.

#### **4.4. CORPORATE BODIES**

##### **CHIEF EXECUTIVE OFFICER**

The Company's Board of Directors, during its meeting held on April 23, 2010, appointed Dr. Stefano Cerri as Chief Executive Officer, entrusting the same with the task of defining, in agreement with the Company's Chairman and the Deputy Chairman Dr.Ing. Giuseppe Cafiero, the Company's development strategies to be submitted to the Board of Directors and of taking care of their implementation in compliance with the directions given and the resolutions taken by the Board of Directors itself.

##### **CHAIRMAN**

The activities of the Board are coordinated by the Chairman. The Chairman calls the Board meetings and directs their operation, ensuring that members are given reasonably in advance – except in cases of necessity or urgency – all the documents and information necessary to the Board so that the latter may advisedly decide on the relevant topics.

No lead independent director has been designated, because the Chairman of the Board of Directors has neither been vested with any exclusive power on the basis of which the same is liable for the management of the Company nor controls the same.

##### **INFORMATION TO THE BOARD**

The Chief Executive Officer reports to the Board of Directors and the Board of Auditors, on a regular and at least quarterly basis in accordance with the provisions of the By-laws, the main activities carried out in performing his duties.

#### **4.5 OTHER EXECUTIVE DIRECTORS**

The Board of Directors, as set forth in Table 2 attached hereto, is presently constituted of 3 Executive Directors holding executive tasks within the Company.

#### **4.6. INDEPENDENT DIRECTORS**

The Board of Directors, following its appointment by the Shareholders' Meeting held on April 23, 2010, pursuant to the **Implementation Criterion 3.C.4 of the Self-Governance Code**, deemed that **independence requirements** are met by the Directors Giorgio Cirla, Paolo Cuccia, Mario Lupo, Eugenio Pinto and Maurizio Poloni. Such evaluation was made by taking into account independence parameters set forth in the Self-Governance Code itself, as well as significance criteria as defined in the Instructions given by Borsa Italiana S.p.A., by caring for substantial rather than formal aspects.

The Board of Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors to assess the independent of its own members.

Notice of the outcome of such verification activities, which were carried out following the appointment, by the Shareholders' Assembly, of the Board of Directors presently in office, was given to the market on April 23, 2010 (please refer to the proper press release made available in the Company's website "Media Center/Press Release" tab).

Still pursuant to **Implementation Criterion 3.C.4 of the Self-Governance Code**, during today's meeting, the Board of Directors carried out the annual assessment of the fulfilment of independence requirements on the part of the above-mentioned Directors, the outcome of which showed no change with respect to the previous situation.

During financial year 2011, independent directors deemed that it was not advisable to hold meetings in the absence of the other directors.

The Company organized, during the last few years, visits to construction sites, presentations and other initiatives aimed at enhancing the directors', and especially independent and non-executive directors' knowledge, of Company's activities and dynamics

#### **4.7. LEAD INDEPENDENT DIRECTOR**

It is underlined that, since the preconditions of the Self-Governance Code (Implementation Criterion 2.C.3) are not met, further taking into account the statements of paragraphs 4.4 of this Report, the Board of Directors deemed not to designate any lead independent director.

### **5. PROCESSING OF CORPORATE INFORMATION**

Pursuant to **Implementation Criterion 4.C.1. of the Self-Governance Code**, the Company, in order to ensure correct internal management and timely external communication of any significant event taking place within the sphere of activity of the Company and its subsidiaries and which, at least potentially, is capable of significantly affecting the price of the Company's shares (the so-called "price sensitive information"), avails itself with the "**Continuous Information**" procedure (the most recent revision of which by the Board of Directors was made in February 2011).

In short, the above procedure identifies within the Company the times and methods for transmitting and diffusing such information and the involvement of the divisions concerned from time to time, providing that the resources closer to the source of the aforementioned information act as a link between their respective area of responsibility and the Company's top management, so as to allow proper assessment of such facts or information.

Moreover, the involvement of an Assessment Committee specifically set up to this purpose is provided for (formed of the Legal Affairs and Corporate Governance Department, the Investor Relations and the Directorate concerned), in order to provide on one side, on the basis of an attentive examination of the fact, proper assistance in the correct interpretation of the sector's regulations and, on the other side, to possibly work out and circulate such communications.

### **6. COMMITTEES INTERNAL TO THE BOARD OF DIRECTORS**

**(as per art. 123-bis, paragraph 2(d) of T.U.F.)**

The Company set up a Remuneration Committee and an Internal Audit Committee.

### **7. APPOINTMENTS COMMITTEE**

The Board of Directors presently in office deemed not to set up any Committee for the appointment of Directors since, at this time, there is not any difficulty in identifying candidacies for the appointment of corporate bodies.

## 8. REMUNERATION COMMITTEE

The Company set up, effective from February 5, 2002, a Remuneration Committee, also responsible for stock options and stock grant plans, if any.

### **Composition and operation of the Remuneration Committee (as per art. 123-bis, paragraph 2(d) of T.U.F.)**

Therefore, the Remuneration Committee is presently formed of three non-executive Directors, the majority of whom are independent directors, as follows:

Ernesto Monti (Chairman)	Non executive
Eugenio Pinto	Non-executive/Independent
Maurizio Poloni	Non-executive/Independent

As recommended by the Self-Governance Code, the Committee's members have appropriate knowledge and skills in accounting and financial matters.

During 2011, the Remuneration Committee held 3 meetings, of an average duration of 30 minutes, attended by all the members of the Committee.

The Committee, depending on the topics discussed, invited non-members of the Committee, among which, in particular, the Chairman, the Chief Executive Office and Dr.Ing. Giuseppe Cafiero, Deputy Chairman, to attend its meetings. It is understood that no director attended Committee's meetings during which proposals were made in connection with any such director's remuneration.

In relation to the composition and characteristics of the Remuneration Committee in office, please refer to Table 2 attached hereto.

### **Remuneration Committee's functions**

In particular, in compliance with **Implementation Criteria 7.C.5 of the Self-Governance Code**, the Remuneration Committee is essentially entrusted with the following tasks:

- submitting proposals to the Board of Directors to define the general policy on the remuneration of executive directors, of other directors vested with specific tasks and of executives having strategic responsibilities;
- periodically assessing the adequacy, the global consistency and the actual application of the general policy adopted in matter of remuneration of executive directors, of other directors vested with specific tasks and of executives having strategic responsibilities, by availing itself, with respect to such latter aspects, of the information provided by the Chief Executive Officer;
- submitting to the Board of Directors proposals on such matter;
- submitting to the Board of Directors proposals on the remuneration of executive directors and of other directors performing specific functions, as well as on the determination of performance objectives linked to the variable components of such remuneration;
- monitoring the application of the decisions adopted by the Board itself by checking, in particular, the actual achievement of performance objectives;
- providing the Board of Directors with opinions on the issues submitted by the latter to the Committee itself in matter of remuneration and on any other issue relating thereto or connected therewith.

During the 3 meetings held in 2011, all evidenced by valid minutes, the subject-matter Committee provided opinions and made proposals, particularly in connection with the following:

- validating the fulfilment of the parameters required for the attribution of 2010 stock grant;
- defining the Top Management's incentive system;

- defining the parameters upon the fulfilment of which 2011 stock grant is attributed.

In order to fulfil its functions, as set forth above, the Committee was granted access to the necessary information, by means of the respective corporate offices, with the Legal Affairs & Corporate Governance Dept. Manager's assistance.

## **9. REMUNERATION OF DIRECTORS**

### **General Remuneration Policy**

During its today's meeting, the Board of Directors approved, pursuant to art. 123-ter of T.U.F., the Remuneration Report to be submitted to next Shareholders' Meeting approving the financial statements and setting forth 2012 general remuneration policy.

Therefore, more detailed information are set forth in said Remuneration Report published in the Company's website in accordance with the laws and regulations governing the matter.

### **Share-based Remuneration Plans**

The Shareholders' Meeting of November 5, 2010 approved the guidelines of the **Company's "Stock Grant Plan" for the three-year period 2010/2012**, as previously worked out by the Board of Directors during its meeting held on August 3, 2010, upon the Remuneration Committee's proposal of August 2, 2010. Subsequently, the Board of Directors, during its meeting held on November 10, 2010, by virtue of the powers conferred upon the same during said shareholders' meeting, approved the relevant Regulation for the implementation of the Plan.

More in detail, the subject-matter Plan is based on a incentive system mainly providing for the attribution, on a free-of-charge basis, of Astaldi S.p.A. shares to four top managers (i.e. the Chief Executive Officer and three of the four General Managers), such attribution to be made annually, during the three-year period, upon achievement of performance objectives annually defined by the Board of Directors, upon the Remuneration Committee's proposal.

More detailed information on the subject-matter Stock Grant Plan are set forth in the "Information document pursuant to art. 84-bis, paragraph 1, of the Regulation adopted by Consob by Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented" relating to the Astaldi S.p.A. 2010/2012 Stock Grant Plan, published in the corporate website ("Governance/Documents" tab).

It is underlined that the subject-matter Stock Grant Plan provides for specific lock-up periods on the shares annually attributed to the respective recipients. More detailed information are set forth in the "Remuneration Report" and in the "Information Document pursuant to art. 84-bis, paragraph 1, of the Regulation adopted by Consob by Resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented" relating to the Astaldi S.p.A. 2010/2012 Stock Grant Plan".

### **Remuneration of Executive Directors**

The sole executive director to whom an incentive plan applies is the Chief Executive Office who, as set forth above, is one of the recipients of the 2010/2012 Stock Grant Plan.

### **Remuneration of managers having strategic responsibilities**

As to the remuneration of "executives having strategic responsibilities" of Astaldi S.p.A., please refer to the above-mentioned Remuneration Report published in the Company's website in accordance with the laws and regulations governing the matter.

**Bonus schemes applicable to the Internal Audit Officer and to the Manager in charge of drawing up the corporate accounting documents.**

With reference to financial year 2011, no specific bonus scheme has been provided for the "internal audit officer" and the "manager in charge of drawing up the corporate accounting documents".

#### **Remuneration of non-executive directors**

It is specified that the remuneration of non-executive Directors is not linked to the Company's economic performance, and the same are not the recipients of the share-based benefit plan.

#### **Indemnity due to the Directors in the event of resignation, dismissal or termination of office following to a public take-over offer (as per art. 123-bis, paragraph 1(i) of T.U.F.)**

There is no presently valid agreement entered into with the Company's Directors providing for any indemnity in the event of resignation, dismissal, revocation without a well-grounded reason or termination of office following to a public take-over offer.

### **10. INTERNAL AUDITING COMMITTEE**

The Company set up an Internal Audit Committee effective from February 5, 2002.

#### **Composition and operation of the Internal Audit Committee (as per art. 123-bis, paragraph 2(d) of T.U.F.)**

The Internal Audit Committee is presently formed of three non-executive directors, the majority of whom are independent directors, as follows:

- Mario Lupo (Chairman)      Non-executive/Independent
- Luigi Guidobono Cavalchini      Non-executive/Non-independent
- Eugenio Pinto      Non-executive/Independent /accounting and financial expert

During 2011, the Internal Audit Committee held five meetings, of an average duration of 2 hours, attended by all the members of the subject-matter Committee. Internal Audit Committee's meetings are held on a quarterly basis.

In relation to the composition and characteristics of the Internal Audit Committee in office, please refer to Table 2 attached hereto.

#### **Functions attributed to the Internal Audit Committee**

The Internal Audit Committee makes proposals to and provides the Board of Directors with advice in relation to the supervision of the general execution of Company's activities.

The Internal Audit Committee operates in compliance with the provisions of Articles 8.C.1 and 8.C.3 of the Self-Governance Code for listed companies.

More particularly, it fulfils the following tasks:

- a) providing the Board of Directors with the assistance necessary to assess the adequacy, effectiveness and actual operation of the internal audit system;
- b) assessing, jointly with both the Manager in charge of drawing up corporate accounting documents and the auditors, the suitability of the accounting standards adopted and their homogeneity for the purposes of drafting the consolidated financial statements;
- c) upon request made by the executive director duly entrusted to this purpose, expressing opinions on specific aspects concerning the identification of main corporate risks and the structure, implementation and management of the internal audit system;
- d) examining the work plans prepared by the Internal Audit Officer and the periodical reports drawn up by the same;



- e) reporting to the Board, at least on a six-month basis, on the occasion of approval of the financial statements and of the half-yearly report, on the activities carried out and the suitability of the internal audit system.
- f) carrying out additional tasks which may be entrusted to the same by the Board of Directors.

On the basis of the evolution of interpretation of D.Lgs. 39/2010 in matter of audit of annual individual and consolidated financial statements, in relation to the provisions of art. 19 and the Communication No. 18916 by Borsa Italiana S.p.A., the Board of Auditors is entrusted with the fulfilment of the following activities as per art. 8.C.3(d) and (e) of the Self-Governance Code.

- assessing the proposals put forward by the independent auditor to obtain assignment of the relevant auditing task, as well as the work plan drawn up for the audit and the findings detailed in the report and the possible letter of recommendations;
- supervising the effectiveness of the accounting audit process.

During its 5 meetings held in 2011, the Internal Audit Committee performed audit activities and tackled a number of issues including the following which were of greatest interest:

- examined and shared the work programme drawn up by the Internal Auditing Officer and was regularly kept informed by the latter on the internal audit activities planned and carried out during the year in connection with the management of Company's main risks;
- by following the same operative methods adopted in the previous financial years, shared the results of 2010 audit which focused on the main corporate processes involving a sample of selected projects in Italy and abroad and on corporate activities. This led to consider the Company's internal audit system as adequate, effective and efficient as a whole;
- it was informed about the results of 2009 audit (follow-up) with reference to the corrective measures recommended by the Management to the concerned project and corporate offices.
- it was informed, by the Manager entrusted with such task, of the results of testing activities to all intents and purposes of Law 262/05 involving a sample of selected projects in Italy and abroad for financial year 2010, which led to consider – jointly with the Board of Auditors – the Company's internal audit system as adequate, effective and efficient, with particular reference to financial disclosure;
- assessed - jointly with the Manager entrusted with such specific task, and after hearing the independent auditor and the Board of Auditors - the suitability of the accounting standards adopted and their homogeneity for the purposes of drafting the consolidated financial statements;
- it was constantly informed about ongoing corporate activities and on the control activities carried out to ensure safety and an effective environmental management at construction sites, expressing a positive opinion on the actions taken by the Company to confirm the substantial effectiveness and efficiency of the industrial model adopted in relation to the SHSE component;
- on July 12, 2011, it met – jointly with the Board of Auditors – the Manager of the Corporate Risk Management Dept., who informed the Control Bodies on the evolution of Corporate Risk Management activities and on the purposes of the Enterprise Risk Management project, started in 2011;
- it was informed about the progress of activities relating to the internal audit system analysis project – carried out in 2011 – aimed at globally assessing the internal audit system pattern;
- on November 22, 2011, it met, jointly with the Board of Auditors, the Human Resources Manager and the Group's Quality Safety Environment Dept. Manager, to be informed about the new corporate organizational structure;
- It was constantly updated about the corporate activities carried out to the intents and purposes of D.Lgs. 231/01. To such respect:

- met the Supervisory Body and the Board of Auditors to be informed about the activities connected with the Organization, Management and Control Model adopted to all intents and purposes of D.Lgs. 231/01;
- it shared – following to the new law provisions recently embodied within D.Lgs. 231/01 in matter of offences against the environment – the revision of the Company's Organization, Management and Control Model approved by the Board of Directors during the meeting held on November 11, 2011, after it was examined by the Supervisory Body which considered the same as suitable to prevent the commission of the offences such law provisions refer to.

The Committee, during its meetings held on August 4, 2011 and on today's date, informed the Board of Directors about the activities carried out during the first and the second half, respectively, of 2011.

A meeting was held on January 18, 2012, jointly with the Board of Auditors, and attended by the Company's Chief Executive Officer, during which:

- have been discussed the consequences of the revision of the Self-Governance Code for listed companies (December 2011) on the corporate internal audit system, with specific reference to internal audit activities;
- have been illustrated the results of the internal audit system analysis which, while confirming the substantial adequacy of the system itself, have underlined an action plan aimed at achieving Company's compliance with the recent changes in laws and regulations.

Moreover, during another meeting held on March 6, 2012, the Internal Audit Committee, jointly with the Board of Auditors:

- have examined the internal audit activities carried out in 2011, which led to consider the Company's internal audit system as adequate, effective and efficient as a whole,
- have examined the results of audit activities carried out during financial years 2009/2010 (follow-up) with reference to the corrective measures recommended by the Management to project and head-office functions involved,
- have been informed, by the Manager entrusted with such task, about the outcome of testing activities carried out to all intents and purposes of Law 262/05, on a sample of projects selected in Italy and abroad for year 2011, which led to consider the internal audit system as adequate, effective and efficient, with specific reference to the financial disclosure.

\* \* \* \* \*

Some meetings of the Internal Audit Committee have been held jointly with the Board of Auditors, one of which was further attended by the Supervisory Body, and all attended by the President of the Board of Auditors. The meetings were further attended, in relation to specific topics, by individuals who are non-members of the Committee, upon invitation by the Committee itself. The Internal Auditing Officer acted as Secretary of the Committee's meeting, drawing up the minutes of such meetings and providing the Committee with the necessary assistance to fulfil its duties.

In order to fulfil its functions, as set forth above, the Committee was granted access to the necessary information, by means of the respective corporate offices, with the Internal Audit Officer's assistance.

## **11. INTERNAL AUDIT SYSTEM**

Since the Company has been operating for years in a sector characterized by an ever growing competition with large-size companies and national and international groups, it has worked out and implemented an internal audit system in order to respond to the requests made throughout the years by

the shareholders, the managing bodies and the auditing bodies in connection with internal and external aspects, as well as to comply with the provisions of reference laws and regulations.

The admittance of the shares to quotation on the Italian regulated stock market, organized and managed by Borsa Italiana S.p.A., more particularly in the STAR segment, and the consequent plurality of internal and external entities fulfilling assurance functions, gave the opportunity of rationalizing internal audit activities according to a reference framework in compliance with the "Corporate Governance for Listed Companies".

The main methodological reference used by the Company is the CO.S.O. Report which, properly adjusted according to the Company's characteristics, represents an effective analytical instrument for assessing the various components of the Company's Internal Audit System and providing the Top Management with a clear outlook of how the Internal Audit System may be improved in the of effectiveness and efficiency.

The Internal Audit System of Astaldi S.p.A. is constituted of all the directives, internal regulations, procedures and processes supporting the identification, prevention and management of corporate risks, aimed at providing the Top Management with a reasonable certainty about the achievement of the objectives included in the following categories:

- a) the compliance of each of the Company's activities with the Company's purpose and the Top Management's directions, pursuant to internal procedures and regulations and to law provisions;
- b) the effectiveness and efficiency of the operating activities;
- c) the reliability of economic-financial information and reporting;
- d) the safeguard of the corporate assets by identifying behaviours which may be detrimental to the company's interests and/or deceptive practices.

The Board of Directors – consistently with the internal audit system guidelines defined by the same and constantly taking advantage of the assistance provided by the Internal Audit Committee in terms of advice and proposals – ascertains that the main risks affecting Astaldi S.p.A. are correctly identified, assessed, managed and monitored, for the purpose of a sound and correct management of the Company.

The Board of Directors, during its meeting held on today's date, also on the basis of the results of the activity carried out by the Internal Audit System, expressed its positive opinion on the adequacy, effectiveness and efficiency of the Company's internal audit system.

As far as concerns the specific considerations on the adequacy, effectiveness and efficiency of the internal audit system, please refer to the contents of paragraphs 11.1 and 11.2 hereof.

#### **MAIN CHARACTERISTICS OF EXISTING INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL DISCLOSURE PROCESS**

As to the financial disclosure – which is an integral part of the internal audit system, the activities are managed by a corporate organization structure specifically devoted thereto, operating as a unit providing support to the Manager in charge of drawing up corporate accounting documents.

The financial disclosure risk management system is an integral part of the internal audit system implemented by the Company because it is fundamental part of the corporate processes aimed at ensuring the reliability, accuracy, trustworthiness and timeliness of economic-financial disclosure.

The Company's approach, based on the reference best practice and, in particular, on the Co.S.O. Framework, is the result of a corporate audit environment drawing a particular attention to the definition

of the main corporate governance instruments. In fact, the risk management system and, more in general, the internal audit system, provides for the official adoption of appropriate administrative-accounting procedures, the definition of roles and relevant responsibilities, through an organization chart and the relevant attribution of powers, as well as the definition of internal regulations and behavioural codes.

In particular, the definition of processes and of the relevant controls result from the constant identification and analysis of those inbound and outbound factors which may be detrimental to the achievement of corporate objectives, in order to determine how such risks may be managed (identification, assessment, monitoring), and to ensure that financial information is correctly worked out. To such purpose, operational/line controls (i.e. first level controls), hierarchical-functional controls, controls over the management of risks and on compliance with internal procedures and regulations and law provisions (i.e. second-level controls) and internal audit (third-level controls) have been defined. The effectiveness of the control system watching over the risks which may significantly affect the economic-financial information is assessed – in particular – through a testing activity, on the occasion of both annual and interim (half-yearly) closing of accounts, and such assessment is characterized by a top-down approach in which the involved entities, processes and relevant accounting items are identified. To such respect, a sampling of the entities is carried out on the basis of the significance of items set forth in the statement of income and in the statement of financial position of the relevant individual and consolidated financial statements. Such specific testing activity is carried out by a unit specifically devoted thereto, depending upon the Manager in charge of drawing up corporate accounting documents, and the assessment results, as well as the corrective actions recommended, if any, are submitted by said Manager to the Board of Directors for consideration.

For the sake of a comprehensive listing of the main characteristics, it should be noted that, since the enactment of Law No. 262/05, the Parent Company gave directions that annual and interim (half-yearly) accounts of its branch-offices and subsidiaries be accompanied with an attestation to be drawn up and duly signed by their legal representative and administrative managers. The attestation form replicates the form provided by Consob regulation implementing Law 272/05.

The system adopted as above is monitored and continually updated.

#### **11.1 EXECUTIVE DIRECTOR SUPERVISING THE INTERNAL AUDIT SYSTEM**

Taking into account the provisions of Art. 8.C.1 of the Self-Governance Code, the Company's Board of Directors, during its meeting held on April 23, 2010, designated the Chief Executive Office, Stefano Cerri, as "the executive director supervising the effectiveness and efficiency of the internal auditing system", who shall thus fulfil the duties provided for by art. 8.C.5 of the subject-matter Code in accordance with the Company's Control Model.

More in detail, the Chief Executive Officer:

- takes care of identifying the main corporate risks, by taking into account the activities carried out by the issuers and by its subsidiaries, and periodically submits the same to the Board of Directors for examination;
- causes the Board of Directors' guidelines to be implemented, thus conceiving, implementing and managing the internal audit system, and constantly checking its global adequacy, effectiveness and efficiency; the same further takes care of adjusting such system according to the operational conditions and to the provisions of applicable laws and regulations;
- proposes to the Board of Directors the appointment and remuneration of one or more internal audit officers.

#### **11.2 INTERNAL AUDIT OFFICER**

In accordance with the provisions of Article 8.C.1 of the Self-Governance Code, the Company's Board of Directors appointed Internal Audit Officer.

Such appointment was made upon proposal by the Chief Executive Officer, after hearing the Internal Audit Committee's opinion.

Effective from May 13, 2009, the Company's Internal Audit Officer is Fabio Accardi, who is the Internal Audit Department Manager and depends, from a hierarchical point of view, on the Board of Directors and, from a functional point of view, on the Chief Executive Officer.

The Internal Audit Officer:

- a) is entrusted with the task of verifying that the internal audit system be always appropriate, as well as fully effective and efficient;
- b) has direct access to any information necessary to fulfil his duties, further relying on the availability of means appropriate to carry out his activity;
- c) reports his activity to the Internal Audit Committee and to the Board of Auditors, as well as to the Chief Executive Office. In particular, reports the methods according to which risks are managed, as well as on the compliance with the plans conceived to mitigate the same, and expresses his opinion on the internal audit system suitability for achieving an acceptable level of global risk;
- d) collaborates with the Supervisory Board of the Parent Company Astaldi S.p.A. to update the Organization, Management and Control Model as per D.Lgs. 231/01 and provides support to carry out monitoring and inspection activities aimed at checking compliance with the Model itself (see, to this regard, paragraph 11.3 hereof).

The Internal Audit Officer is not responsible for any operative sector and does not depend on any manager of operational sectors.

Internal auditing is carried out on the basis of national and international best practices with the purpose of performing all the actions necessary to control corporate processes, including direction, monitoring and assessment of critical areas and of opportunities to improve the corporate organization.

Internal audit activities are carried out through the Internal Integrated Audit System conceived as an operational method for the rationalization, integration and coordination of audit and monitoring activities performed by various corporate bodies fulfilling assurance activities - on the basis of an annual audit time-schedule, which is shared with the Internal Audit Committee and the Company's Top management.

Internal audit activities carried out during the financial year are carried out according to time-schedule approved by the Internal Audit Committee. To such respect, please refer to paragraphs 10 and 11.3 of this report.

The findings of said audits are periodically reported by the Internal Audit Officer to the Top management, to the Internal Audit Committee, to the Board of Auditors and to the Supervisory Body, to all intents and purposes of D.Lgs. 231/01.

### **11.3 SUPERVISORY BODY AS PER D.LGS. 231/2001**

With reference to further actions carried out to improve the corporate governance system, it is worthy reminding that the Board of Directors of Astaldi S.p.A., and the Board of Directors of each strategically important subsidiary have already adopted a "Corporate Code of Ethics" setting forth general principles and governing, through behavioural rules, the activities of the employees and collaborators, also in

connection with the relationships with the shareholders, with Public Authorities, suppliers, contractors and subcontractors.

In particular, such Code sets forth:

- the general principles and reference values which Astaldi S.p.A. and the Group companies must comply with when carrying out their activities;
- the behavioural rules that the Company's representatives, executives and personnel must observe when holding relations with a series of business, entrepreneurial and financial parties;
- the manner of implementation of the Code itself within the corporate structure.

Moreover, the Board of Directors of Astaldi S.p.A., as well as the Board of Directors of each strategically important subsidiary, within the framework of the activities governed by D.Lgs. No. 231/2001, approved the adoption of Model of Organization, Management and Control as per D.Lgs. No. 231/01 which, by identifying the areas and corporate activities exposed to potential risks in connection with the various offences provided for by said Decree, is aimed at protecting the Company in the event that directors, employees and collaborators were to commit any such offence set forth in said Legislative Decree.

The main categories of offences that the Model of Organization of Astaldi S.p.A. purports to prevent are the following:

- offences against public authorities and against State property and the property of any other public authority, handling of stolen goods and money laundering;
- offences against corporate law, namely abuse of privileged information and market abuse;
- offences against the person;
- cybercrime offences;
- offences of organized crime and obstruction of justice;
- offences against the environment.

More specifically, the Model defines:

- the ethical principles relating to the behaviours connected with the specific crimes provided for by the Decree;
- the corporate risk-related activities, that is to say those activities within which, because of their nature, may be committed the offences as per D.Lgs. No. 231/01 and, therefore, to be analyzed and monitored;
- the manner in which the financial resources devoted to the prevention of offences are managed;
- the rules for the formation of the Supervisory Body and the attribution of specific tasks of supervision on the correct implementation of the Model;
- the information flows to the Supervisory Body;
- the activities of information, training, sensitization and communication at all corporate levels, on behavioural rules and procedures established;
- the responsibilities concerning the approval, supplementation, amendment and implementation of the Model, as well as the verification of its effectiveness and efficiency and of corporate practices, with the relevant periodical updates.

To this respect, it is underlined that the Company's "Code of Ethics" and "Model of Organization, Management and Control as per D.Lgs. No. 231/01" are constantly updated in order to harmonize the same with the laws and rules in force and with the changes occurred within the corporate organization.



In order to avoid the risks of committing any of the offences provided for by D.Lgs. No. 231/01, Astaldi S.p.A. and each of its strategically important subsidiaries, has appointed a Supervisory Body, whose members meet the requirements of autonomy, independence and professionalism in accordance with the above laws and regulations.

As to Astaldi S.p.A., the members of the Supervisory Bodies are: Mr. Maurizio Poloni, Lawyer, Non-executive / Independent member of the Board of Directors and Mr. Marco Annoni, Mr. Giorgio Luceri, Ms. Nicoletta Mincato and Prof. Vittorio Mele – the latter acting as Chairman of the Supervisory Body – as Company's external experts.

The Supervisory Body has adopted a set of rules and is classed as a top staff unit reporting directly to the Chief Executive Officer the outcomes of the audits, possible criticalities which may be found, and possible remedies and improvements which, if having a particular significance, may be submitted to the Board of Directors for consideration.

The Supervisory Body avails itself of the Internal Audit Officer in order to perform its activities and to ensure that its resolutions relating to the corporate divisions involved are implemented.

The Supervisory Body's activities, aimed at monitoring the effectiveness and efficiency of and compliance with the "Organization, Management and Control Model as per D.Lgs. No. 231/01", continued in 2011.

Nine meetings of the Supervisory Body were held, and the following activities have been carried out:

- a) verification of the actual implementation of the Model by the corporate departments – following to approval of a specific plan - by means of specific audits over a sample of duly selected domestic and foreign projects and corporate processes, and by examining the results of audits carried out, for Internal Auditing System purposes, considered as relevant in order to assess the compliance with the provisions of D.Lgs. 231/01;
- b) examination of the outcomes of the audits carried out, definition of corrective measures implemented in order to solve the criticalities found (follow-up);
- c) training of personnel in matter of D.Lgs. 231/01, carried out: directly by the Supervisory Body or entrusted to the Internal Audit Officer and to peripheral Italian and foreign units according to the guidelines set by the Supervisory Body itself;
- d) carrying out, by means of the Internal Audit Officer, inquiries as per art. 13 of the Code of Ethics in connection with alleged infringements of the Organization, Management and Control Model;
- e) revision of the Code of Ethics and of the Organization, Management and Control Model as per D.Lgs. No. 231/01 for the purpose of harmonizing the same with the new provisions of T.U.F. (the Italian Financial Services Act), with CONSOB regulations connected therewith and, in matter of "offences against the environment" following to the extension of the scope of application of said Decreto, also with the new provisions governing such specific cases of offences (art. 25-undecies);
- f) information on the progress of the internal audit system analysis project, as far as supplementary controls are concerned, for compliance with D.Lgs. 231/01;
- g) meetings held jointly by the Internal Audit Committee and the Board of Auditors, for mutual exchange of information on control activities carried out;
- h) closer examination of issues concerning corporate groups, aimed at updating protocols and guidelines taking into account the Group's equity investments;
- i) monitoring of the activities carried out by the Group relating to the compliance with the provisions of D.Lgs. 231/01.

#### **11.4 AUDITING FIRM**

*The auditing task entrusted to the company Reconta Ernst & Young S.p.A. expired upon auditing the individual financial statements and the consolidated financial statements relating to fiscal year 2010. Therefore, during the Shareholders' Meeting held on April 18, 2011, it was resolved, upon proposal made by the Board of Auditors, to entrust the statutory audit of accounts for the period 2011-2019 to KPMG S.p.A..*

#### **11.5 MANAGER IN CHARGE OF DRAWING UP CORPORATE ACCOUNTING DOCUMENTS**

The office of "Manager in charge of drawing up the corporate accounting documents" has been being held by Paolo Citterio, General Manager Administration and Finance since July 31, 2007.

It is reminded that, pursuant to the Company's By-laws, the Manager in charge of drawing up the corporate accounting documents was appointed as such by the Board of Directors after hearing the Board of Auditors' previous opinion. Moreover, it is hereby reminded that, still in accordance with the provisions of the Company's By-laws, anyone meeting the honour requirements provided for by the laws in connection with directors, and having accrued an adequate professional experience on the basis of a three-year period activity as manager of the administrative, accounting, financial or audit sector of a company listed in a regulated market or of a company carrying out the financial, insurance or banking activity or in a company whose corporate capital amounts to not less than 2 million Euros or having carried out a three-year activity as accounting auditor in any of the auditing companies registered with the special roll kept by Consob, may be appointed as Manager in charge of drawing up corporate accounting documents.

The Company further adopted an Internal Regulation setting forth in detail the functions, means and powers of the Manager in charge of drawing up corporate accounting documents, as well as his relationships with other Company's offices and bodies.

### **12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES**

It is underlined that the Board of Directors, during its meeting held on November 10, 2010, in agreement with the provisions of Consob Regulation in matter of procedures governing the "transactions with related parties", approved by Consob resolution no: 17221 of March 12, 2010, and subsequently amended by resolution dated June 23, 2010, approved, by the favourable vote expressed by the committee of independent directors set up for this purpose, the new internal corporate procedures for the identification, approval and implementation of transactions with related parties carried out by Astaldi S.p.A. on a direct basis or through its subsidiaries.

On that occasion, the Related Parties Committee was further set up, pursuant to the above, formed of the following independent directors:

- |                             |                      |
|-----------------------------|----------------------|
| ▪ Eugenio Pinto (President) | independent director |
| ▪ Maurizio Poloni           | independent director |
| ▪ Giorgio Cirila            | independent director |

#### **In short, such procedures:**

1) designate transactions of "lesser" and "greater" importance.

As to transactions of lesser importance, such procedures provide that:

- (i) the competence to resolve thereupon falls within the sphere of competence of the Board of Directors or the Chief Executive Office within the powers conferred upon the latter, on an alternative basis;
- (ii) a well-grounded non-binding opinion, to be expressed by the Related Parties Committee mentioned above, is required;
- (iii) said Committee may avail itself of independent experts to be selected by the same;

- (iv) an *ex ante* information be promptly given to the corporate body having competence to resolve thereon and to said Committee, so that the latter may express its own opinion.
- While, as far as concerns the transactions of greater importance, such procedures provide that:
- (i) a reservation of competence to resolve thereon be attributed to the Board of Directors;
  - (ii) said Committee's binding opinion is required.
- 2) set forth the methods for examination and approval of transactions with related parties, as well as the formation and rules of operation of the "Related Parties Committee" which, consistently with Consob's recent recommendations, is formed exclusively of independent directors both in the event of transactions of "lesser" and "greater" importance.
  - 3) establish the methods and timing according to which said Committee, as well as the management and control bodies, are provided with the information on transactions before the relevant resolution, and during and after implementation of such transactions;
  - 4) set the rules governing the cases in which the Company examines and approves transactions with Italian or foreign subsidiaries;
  - 5) designate the cases of "default exemption" from the rules and the cases of "optional exemption".

It is understood that the Company shall describe in detail all said transactions in the Directors' Report. Closer details on this matter are set forth in the "Procedures governing the transaction with related parties" published in the Company's website ("Governance/Documents" tab).

\* \* \* \* \*

In relation to the specific case provided for by Implementation Criterion 9.C.2 of the Self-Governance Code, in which a Director has interests on his/her own account or on the account of third parties, it is specified that the Company's Board of Directors shall adopt, from time to time, the operational solutions it may consider as more appropriate (such as, by way of example, such director shall be prevented from voting or asked to temporarily leave the meeting at the time when resolution is taken)

### **13. APPOINT OF AUDITORS**

The Company By-Laws provide for the list vote mechanism in order to guarantee the presence of representatives of minority shareholders in the Board of Auditors.

As expressly set forth by the By-laws, the lists must be filed at the Company's registered office, according to the terms and manner provided for by applicable laws and regulations, jointly with the documents required by the laws and the Company's By-laws.

Only shareholders globally holding, individually or jointly with the other shareholders, a number of shares representing at least 1% (or the lowest percentage provided for by the provisions of applicable laws and regulations) of the company's share capital with voting right in shareholders' ordinary meetings, are entitled to file lists.

The members of the Board of Auditors are elected as follows.

- two standing and two alternate auditors are drawn, in the progressive number in which they are listed in the corresponding sections of the list, from the list that has obtained the highest number of votes cast by the shareholders attending the meeting.
- the remaining standing member, who shall also be appointed as Chairman of the Board of Auditors, and the other alternate member are drawn from the list that ranked second in number of votes, among the lists submitted and voted by the shareholders holding no relationship with the reference shareholders in compliance with the laws and regulations in force, on the basis of the progressive number with which they were listed in the corresponding sections of the list.

In the event two or more lists filed by minority shareholders have obtained the same number of votes, the candidates senior in age among those appearing under number one in the corresponding sections of the lists obtaining an equal number of votes are appointed as Standing Auditor and Alternate Auditor. In the event only one list is submitted, all the standing and alternate auditors are drawn therefrom, to be elected according to the order in which they are listed. Also in this case, the title of Chairman of the Board of Auditors is attributed to the person registered as first in the list.

In the event an Auditor falls from office, for any reason whatsoever, the same is replaced by the first alternate auditor elected in the same list, by previously verifying fulfilment of the above requirements.

In the event the Standing auditor drawn from the list which ranked second in number of vote falls from office and can not be replaced, for any reason whatsoever, by the alternate auditor appointed from that same list, the same shall be replaced – by previously verifying fulfilment of the above requirements – by the candidate registered immediately thereafter within that same list or, in default, by the candidate registered as first in the list which ranked second in number of votes among the lists filed by minority shareholders.

For closer details on other aspects connected with the appointment of the Board of Auditors please refer to art. 26 of the By-laws of Astaldi S.p.A. published in the Company's website ("Governance/Documents" tab).

## 14. AUDITORS

The Board of Auditors presently holding office for the three-year period 2009/2011, the composition of which is described in closer detail in Table 4 attached hereto, was appointed during the Shareholders' Meeting held on April 24, 2009.

It is underlined that, on such occasion, **2 lists** were filed, in accordance with the provisions of the By-laws and of art. 148 of T.U.F..

**The first one** was filed by the shareholder FIN.AST. S.r.l., proposing Prof. Pierpaolo Singer and Dr. Antonio Sisca as candidates for Standing Auditors, and Dr. Massimo tabellini and Dr. Falvio Pizzini as candidates for Alternate Auditors;

The second one was filed by Fideuram Investimenti – Società di Gestion del Risparmio S.p.A., ARCA Società di Gestion del Risparmio S.p.A., Ersel Asset Management SGR S.p.A., Fideuram Gestions S.A., Pioneer Investment Management SGRpA, Pioneer Asset Management S.A., Monte Paschi Asset Management SGR S.p.A., Interfund Sicav Società d'Investissement, which proposed Dr. Pierumberto Spanò as candidate for Standing Auditor and Dr. Marco Rigotti as candidate for Alternate Auditor.

The first list obtained the favourable vote of 85.08% of the Company's share capital attending the Meeting and the second list obtained the favourable vote of 1,900,545 shares, equivalent to 3.13% of the Company's share capital attending the Meeting.

Moreover, during the next Shareholders' Meeting to be held on April 24, 2012, resolutions will be taken on the appointment of the Board of Auditors for the three-year period 2012/2014.

\* \* \* \* \*

During its meeting held on February 25, 2011, the Board of Directors, pursuant to the Implementation Criterion 10.C.2 of the Self-Governance Code, deemed that independence requirements are still met by its members, such assessment having been carried out by application of all the criteria provided for by the subject-matter Code in matter of independence of Directors.

Moreover, the Company complies with the principles of the Self-Governance Code according to which the auditor who, on his/her own account or on the account of third parties, has an interests in any of the transactions carried out by the Company, shall promptly give comprehensive notice thereof to the other Auditors and to the Chairman of the Board of Directors, setting forth in detail the nature, origin and scope of his/her interests (Implementation Criterion 10.C.4).

Moreover, the Board of Auditors supervised the independence of the auditing firm, thus verifying both compliance with the laws and regulations governing the matter, and the nature and the scope of services, other than the audit of accounts, rendered to the Company and its subsidiaries by said auditing firm and the entities belonging to its group (Implementation Criterion 10.C.5).

The Board of Auditors, in order to carry out its activities, availed itself of the collaboration and coordination of the Internal Audit Officer, who is also the Internal Audit Department Manager. Moreover, the Board of Auditors acted in coordination with the Internal Audit Committee, constantly exchanging information with the latter, by both causing the Chairman of the Board of Auditors to attend the meetings of said Committee, and by means of meetings held on a joint basis whenever the topics discussed and the corporate offices interviewed were considered of common interests taking into accounting their respective sphere of competence (Implementation Criteria 10.C.6 and 10.C.7).

It is hereby reminded, as set forth above, that consequently to the coming into force of art. 19 of D.Lgs. 39/2010, and in accordance with the Communication No. 18916 by Borsa Italiana S.p.A., the supervision in matter of audit of accounts, as per letters d) and e) of art. 8.C.3 of the Self-Governance Code for listed companies, is entrusted to the Board of Auditors on an exclusive basis.

## **15. RELATIONS WITH SHAREHOLDERS**

The Company, also considering its admission to the listing on the STAR segment of the Telematic Stock Market, appointed, since 2002, Alessandra Onorati as **Head of Investor Relations** ("Investor Relator"), who is also responsible for the relevant corporate structure.

Moreover, in order to promote dialogue with the shareholders and the market, the Company regularly makes available on its website, all information of both an accounting nature (financial statements, half-yearly and interim reports) and of general interest to shareholders (such as, for example, press releases, the corporate Code of Ethics, the Model of Organization, Management and Control as per D.Lgs. No. 231/01, Directors' Reports on the topics of Shareholders' Meetings agenda, etc.).

## **16. SHAREHOLDERS' MEETINGS (as per art. 123-bis, paragraph 2(c) of T.U.F.)**

Pursuant to art. 10 of the By-laws presently in force, Shareholders' Meetings shall be called by the Board of Directors by notice to be published according to the terms and manner provided for by the law. The Company's By-laws further provide that the same notice may also set forth a different date for second call meeting, should the first call meeting be unattended; in the case of Shareholders' Extraordinary Meetings, that same notice may also set forth the date for the third call meeting.

The Shareholders' Meeting is competent for fulfilling the tasks as per Section 2364 of the Italian civil code; moreover, in accordance with the provisions of art. 2365, second paragraph, of the Italian civil code, art. 22 of the By-laws expressly attributed to the Board of Directors the competence to resolve upon the following:

- (i) merger and splitting, in the events provided for by sections 2505 and 2505-bis, Italian civil code, in the terms and manner provided for therein;
- (ii) setting up and closing down of secondary offices, also abroad;

- (iii) designation of the directors having the power to represent the Company;
- (iv) decrease the share capital in the event a shareholder withdraws;
- (v) harmonization of the Company's By-laws with law provisions;
- (vi) relocation of the registered office within the national territory.

With reference to the Shareholders' rights and, more particularly, their entitlement to attend Shareholders' meetings, the By-laws presently in force, in accordance with the provisions of section 2370, first paragraph of the Italian civil code, and art. 83-sexies of T.U.F., expressly provide that *"Shareholders' meetings may be attended by those who are entitled to vote in accordance with the appropriate attestations issued and forwarded by the brokers pursuant to the law"*.

Moreover, the Company, pursuant to art. 135-novies, paragraph 5, of T.U.F. and art. 12 of the Company's By-laws, makes available to the shareholders a specific section of its Internet website through which they may electronically deliver the proxies with power to vote, by using the form of proxy made available therein (Governance/Shareholders' Meeting" tab).

At present, the Company's By-laws do not provide, in connection with Shareholders' Meetings, for any procedure for casting votes by electronic means or any audiovisual connection.

\* \* \* \* \*

According to the provisions contained in Art. 13 of the Company By-Laws – according to which “the operation of the Shareholders’ Meeting, both ordinary and extraordinary, is governed by a regulation approved by the Shareholders’ Ordinary Meeting and valid for all subsequent ones, until amended or replaced” – the Shareholders’ Ordinary Meeting of March 11, 2002 approved the **“Shareholders’ Meeting Regulation”**, subsequently updated by resolution of November 5, 2010, which sets clear and univocal rules for orderly and functionally holding Shareholders’ Meetings, without being, at the same time, prejudicial to each Shareholder’s right to express his/her own opinion and to formulate requests for closer detail and explanations regarding the topics of the agenda.

In fact, in relation to the above, the Shareholders' Regulation provides that the those entitled to cast votes, may ask to speak in connection with the topics of the agenda, in order to make remarks and proposals or to ask for additional information, until the Chairman of the Meeting closes the discussion of such topic. The Chairman of the Shareholders' Meeting, or those providing the same with assistance, shall answer the relevant questions, and the Shareholders' Meeting Regulation provides that those who asked to speak may concisely reply thereto.

\* \* \* \* \*

It is underlined that the Board of Directors, in order to ensure that the shareholders are given proper information so as to take part, with full knowledge, in the resolutions to be taken by the Shareholders' Meeting, makes available to the Shareholders all the documents and reports relating to the topics of the agenda, by forwarding such documents to Borsa Italiana S.p.A. and by publishing the same in its own Internet website.

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

**(as per art. 123-bis, paragraph 2(a) of T.U.F.)**

No corporate governance practice is provided for in addition to those already described above.



## **18. CHANGES OCCURRED SUBSEQUENTLY TO CLOSING OF REFERENCE FINANCIAL YEAR**

No change in Company's corporate governance structure occurred since closing of the financial year.

Rome, this 16<sup>th</sup> of March, 2012

The Chairman of the Board of Directors  
(Paolo Astaldi)

# ***SUMMARY TABLES***

**Table 1: INFORMATION ON SHAREHOLDING STRUCTURE**

<b><i>SHARE CAPITAL STRUCTURE as at December 31, 2011</i></b>				
	Number of shares	% of share capital	Listed (mention markets) / Not listed	Rights and Obligations
Common shares	98,424,900	100%	MTA - STAR	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

**TABLE 2 BOARD OF DIRECTORS' AND COMMITTEES' STRUCTURE AS AT DECEMBER 31, 2011**

Board of Directors in office as at December 31, 2011									Internal Audit Committee		Remuneration Committee	
Office	Members	in office from until	Executive	Non executive	Independent pursuant to the Self-Governance Code	Independent pursuant to the T.U.F. (Italian Financial Services Act)	% ****	Number of other positions	***	****	***	****
Chairman	Paolo Astaldi	Board of Directors appointed by the Shareholders' Meeting of April 23, 2010 for financial years 2010/2012 Therefore, the Board of Directors' term of office expires upon approval of the Company's financial statements as at December 31, 2012	x				100%	1				
Deputy Chairman	Ernesto Monti					X	100%	5			x	100%
Deputy Chairman	Giuseppe Cafiero		x				100%	-				
Chief Executive Officer	Stefano Cerri		x				100%	-				
Director	Caterina Astaldi			x			71%	1				
Director	Pietro Astaldi			x			57%	1				
Director	Luigi G. Cavalchini			x			100%	1				
Director	Giorgio Cirila			x	x	x	85%	1	x	100%		
Director	Paolo Cuccia			x	x	x	85%	1				
Director	Mario Lupo			x	x	x	85%	-	x	100%		
Director	Eugenio Pinto			x	x	x	71%	4	x	100%	x	100%
Director	Maurizio Poloni			x	x	x	100%	-			x	100%
Quorum required for filing lists: 2,5%												
Number of meetings held during the period			BoD: 7		Internal Audit Committee: 5				Remuneration Committee: 3			

**NOTES**

\* The Board of Directors holding office since December 31, 2010 was appointed on the basis of one sole list filed by the majority shareholder Fin.Ast. S.r.l.

\*\* This column shows the number of positions as director or auditor held by the individual concerned in other companies listed on regulated markets, in Italy or abroad, in finance, banking and insurance companies as well as other large-size companies. The subject-matter positions are shown in Table 3.

\*\*\* The "X" mark means that the Director is a member of the Committee.

\*\*\* This column shows the percentage of each of the directors' attendance at BoD's and Committee's meetings held in 2011. It should be noted that the percentage shown refers to the number of meetings each director or committee member has attended since the date of his/her appointment.

**TABLE 2 BIS: BOARD OF DIRECTORS' AND COMMITTEES' STRUCTURE AS AT DECEMBER 31, 2011**

<i>Directors who ceased to hold office during fiscal year 2011</i>									<i>Internal Audit Committee</i>		<i>Remuneration Committee</i>	
<i>Office</i>	<i>Members</i>	<i>in office from until</i>	<i>Executive</i>	<i>Non executive</i>	<i>Independent pursuant to the Self-Governance Code</i>	<i>Independent pursuant to the T.U.F. (Italian Financial Services Act)</i>	<i>% *</i>	<i>Number of other positions</i>	<i>**</i>	<i>*</i>	<i>**</i>	<i>*</i>
<i>Director</i>	Vittorio Di Paola	From April 23, 2010 until February 25, 2011	x				-	-	-	-	-	-
<i>Director</i>	Piero Gnudi	From April 18, 2011 Until Nov. 29, 2011		x	x	x	100%	-	-	-	-	-

## NOTES

\* This column shows the percentage of each of the directors' attendance at BoD's and Committee's meetings held in 2010. It should be noted that the percentage shown refers to the number of meetings each director or committee member has attended until the **same ceased to hold office**.

\*\* In this column, the "X" mark means that the director is a member of the Committee.

**TABLE 3 NUMBER OF POSITIONS AS DIRECTOR OR AUDITOR HELD BY EACH DIRECTOR IN OTHER COMPANIES LISTED ON REGULATED MARKETS, IN ITALY OR ABROAD, IN FINANCE, BANKING AND INSURANCE COMPANIES OR OTHER LARGE-SIZE COMPANIES AS AT DECEMBER 31, 2011:**

<b>Name and Surname</b>	<b>Other offices held pursuant to Article 1.3 of the Self-Governance Code</b>
Paolo Astaldi	Chief Financial Officer of Fin.Ast S.r.l.
Ernesto Monti	Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Director of Alitalia S.p.A., Unicredit MCC S.p.A., Erg Renew S.p.A. (formerly known as Enertad S.p.A.), Ariscom Compagnia di Assicurazioni S.p.A.
Giuseppe Cafiero	---
Stefano Cerri	---
Caterina Astaldi	Director of Fin.Ast. S.r.l.
Pietro Astaldi	Director of Fin.Ast. S.r.l.
Luigi Guidobono Cavalchini	Member of the Advisory Board Private of Unicredit S.p.A.
Giorgio Cirila	Director of IMMSI S.p.A.
Paolo Cuccia	Director of Bulgari S.p.A.
Mario Lupo	---
Eugenio Pinto	Chairman of the Board of Auditors of Eni Adfin S.p.A. and Stogit S.p.A. and SNAM Rete Gas S.p.A.; Standing Auditor of Alleanza Toro S.p.A.
Maurizio Poloni	---



**TABLE 4 BOARD OF AUDITORS STRUCTURE AS AT DECEMBER 31, 2011**

Office	Members	in office from until	List	Independence pursuant to the Code	Percentage of attendance at Board of Auditors meetings	Number of other positions
Chairman	Pierumberto Spanò	Board of Auditors appointed by the Shareholders' Meeting of April 24, 2009 for financial years 2009/2011, holding office until approval of the Company's financial statements as at December 31, 2011	minority	x	100%	15
Standing Auditor	Pierpaolo Singer		majority	x	93%	1
Standing Auditor	Antonio Sisca		majority	x	100%	7
Alternate Auditor	Marco Rigotti		minority	x	-	7
Alternate Auditor	Massimo Tabellini		majority	x	-	6
Alternate Auditor	Flavio Pizzini **		-	-	-	-
Number of meetings held in 2011: 13						
Quorum required for filing lists by minorities for the election of one or more standing auditors (pursuant to Art. 148 of the Italian Financial Services Act). In accordance with the Company's By-laws, only shareholders who individually or jointly with other shareholders represent at least 1% of the share capital are entitled to file lists.						

**NOTES**

\* This column shows the number of offices as director or auditor held by the concerned individual considered as significant to all intents and purposes of art. 148 bis of TUF.. The full list of positions held is published by Consob in its own Internet website pursuant to art. 144-quinquiesdecies of the Issuers' Regulations issued by Consob.

\*\* died in August 2011.