



**ASTALDI SOCIETÀ PER AZIONI**

**REPORT ON REMUNERATION**

PURSUANT TO ART. 123-*TER* OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY  
1998 AND ART. 84-*QUATER* OF CONSOB REGULATION NO. 11971/99

## Introduction

This Report, approved by the Board of Directors, dated 14 March 2017, at the proposal of the Appointments and Remuneration Committee, is broken down into two sections:

- (i) the first section illustrates the policy of Astaldi S.p.A. (hereinafter also the “Company”) in the matter of remuneration of the members of the board of directors, of general managers, and of other Executives with Strategic Responsibilities, with reference to 2017;
- (ii) the second section provides detailed information on the compensation paid to the aforementioned parties in the 2016 financial year.

The Report is drawn up pursuant to art. 123-*ter* of the consolidated finance act – TUF and art. 84-*quater* of CONSOB’s Issuers’ Regulations, and on the basis of Scheme 7-*bis* of Annex 3A to the aforementioned Issuers’ Regulations. In its drafting, it took into account the recommendations of the 2009 European Commission in the matter of directors of listed companies (2009/385/EC), as well as the recommendations in the matter of remuneration contained in the Code of Conduct of the “Corporate Governance Committee,” to which Astaldi adhered.

For the sake of completeness, it is also specified that pursuant to art. 13 of the CONSOB Regulation on related parties no. 17221 of 12 March 2010 and subsequent modifications, and art. 6.3 of the “Procedure for Regulating Transactions with Related Parties” of Astaldi S.p.A., the decisions in the matter of the remuneration of directors, standing auditors, and board members vested with particular assignments, as well as of the “other Executives with Strategic Responsibilities,” are exempt from the procedural and communication obligations provided for by the regulations on related parties, if: (i) the Company has adopted a remuneration policy; (ii) the definition of the remuneration policy has seen the involvement of a committee composed exclusively of non-executive directors, mostly independent; (iii) a report illustrating the remuneration policy is submitted for the consultative vote of the shareholders’ meeting; (iv) the assigned remuneration is consistent with said policy. Consequently, where exceptionally the Board of Directors deems it necessary to deviate from the policy approved earlier by the shareholders’ meeting, any decisions in this regard shall be subjected fully to the related parties Procedure, and disclosure thereof shall be made to the market, pursuant to the regulations and the Procedure itself.

In keeping with the provisions of art. 123-*ter* TUF, the first section hereof shall be submitted for the consultative vote of the shareholders’ meeting called to approve the financial statements at 31 December 2016.

## SECTION I

### COMPANY'S POLICY IN THE MATTER OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, OF THE GENERAL MANAGERS, AND OF THE OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES FOR THE 2017 FINANCIAL YEAR

Astaldi's remuneration policy illustrated in this Section is defined in such a way as to attract, motivate, and secure the loyalty of the resources most suited to successfully running the Company and incentivise achievement of the strategic goals.

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#### **1. Procedure for the adoption and implementation of the remuneration policy**

##### ***1.1 Bodies and parties involved in preparing, approving, and implementing the policy***

The definition, implementation, and monitoring of the Company's remuneration policies is the result of a process marked by the coordinated involvement of various parties.

In implementation of the recommendations of the Code of Conduct (*Principle 6.P.4*), the policy for the remuneration of directors and of the other Executives with Strategic Responsibilities was defined by the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

The Board of Statutory Auditors formulates the opinions required by the regulations in force with regard to the remuneration proposals of the executive directors, verifying compliance with the regulations applicable from time to time.

Pursuant to art. 123-ter, subsection 6, of the consolidated financial law – TUF, the Shareholders' Meeting expresses its opinion yearly, by non-binding vote, on "Section I" of the Report on remuneration.

#### **Role, composition, and function of the Appointments and Remuneration Committee**

The governance system adopted by Astaldi is marked by the presence, since 05 February 2002, of a Remuneration Committee. During 2015, also in light of the variations in the composition of the Board of Directors discussed above, the need emerged to reorganize the committees within the Board, as well as to assess whether it was appropriate to reduce the number thereof, as this organisational solution is deemed to be functional to the Board's more efficient activity. The Board of Directors, at the session of 14 May 2015, decided to combine – in keeping with market practices – the Remuneration Committee with the Appointments Committee, redefining the composition thereof

accordingly. On 20 April 2016, the Shareholders' Meeting renewed the Board of Directors. On the date of its appointment, the Board of Directors met to confer delegated powers and to institute internal committees. The desire expressed by the Board was to maintain, as in the past, a single committee for appointments and for remuneration, calling for the presence of three non-executive directors, the majority of whom independent, in accordance with the following scheme:

- Piero Gnudi (Chairman) non-executive/independent
- Ernesto Monti non-executive/non-independent
- Paola Cuccia non-executive/independent

In application of the recommendations of the Code of Conduct, this committee is given tasks of consultation and making proposals. With specific regard to the issue of remuneration, the committee in question:

- a) periodically assesses the adequacy, overall consistency, and concrete application of the remuneration policy for directors and other Executives with Strategic Responsibilities;
- b) formulates for the Board of Directors proposals in the matter of remuneration;
- c) submits to the Board of Directors proposals, or expresses opinions, on the remuneration of the executive directors, as well as on the fixed remuneration in favour of directors vested with particular assignments.

For more in-depth information on the Appointments and Remuneration Committee, see Section 7 of the "Report on Corporate Governance and on the ownership structure of Astaldi S.p.A. – 2016" published on the company website ([www.astaldi.com](http://www.astaldi.com)).

### ***1.2 List of names of independent experts that may have intervened in preparing the remuneration policy.***

No independent experts intervened for the preparation of the remuneration policy.

## **2. Description of policies in the matter of fixed and variable components of remuneration, with particular regard to indicating the relative weight in the overall compensation, and distinguishing between short- and medium/long-term variable components.**

### ***2.1 Content of the policy***

As already alluded to, the Shareholders in their meeting of 20 April 2016 renewed the Board of Directors, determining the number of its members, their term of office, appointment, and compensation.

### Variable component

In application of the recommendations of the Code of Conduct (*Principle 6.P.2*), Astaldi S.p.A. defines a policy for the remuneration of executive directors and Executives with Strategic Responsibilities in such a way as to bring their interests in line with the pursuit of the priority objective of creating value for shareholders over a medium/long-term horizon; therefore, a significant portion of the remuneration is linked to achieving specific performance targets. In continuity with years past, the Company's choice is to define a policy whose variable component is articulated to deliver: a) a stock grant plan, and b) an MBO plan. The Board of Directors, at the proposal of the Appointments and Remuneration Committee and upon hearing the opinion of the Related Parties Committee, also reserved decision as to any extraordinary bonuses for the directors vested with special assignments and the general managers, in order to incentivise and reward these subjects for achieving important objectives in the Company's interest.

#### ***a) Stock Grant Plan***

The Shareholders at their meeting of 20 April 2016 approved a new Stock Grant Plan for Top Management for the 2016-2018 period. The subsequent Board of Directors meeting of 10 May 2016 approved a "Regulation" which, along the guidelines of the Shareholders' Meeting, defined certain operative profiles of the "Incentive Plan."

In continuity with the previous one, the new "Incentive Plan" also contains a programme of free assignment of Astaldi shares (the "Stock Grant Plan") with the objective of incentivising the contribution towards the creation of value by top management personnel, in line with the principle of alignment of interests between top management and shareholders.

The Plan regards the 2016-2018 period and is based on a system of bonuses paid on a three-year basis, upon the achievement of performance targets defined yearly by the Board of Directors, at the proposal of the Appointments and Remuneration Committee.

The Plan's targets are the CEO, the General Managers, up to a maximum of six, and the "top managers with relevant responsibilities within the Group" up to a maximum of two.

Like the previous one, the described Plan assigns to each performance target, which shall be set by the Board of Directors, a weight: this means that 100% of the bonus will be assigned if all the indicated targets are achieved. Moreover, the assignment of shares is at any rate subordinated to achieving a minimum number of performance targets. Where all the targets are not reached, the bonus

will be reduced in proportion to the weight of the unachieved target as shall be defined by the Board of Directors meeting called upon to identify the performance targets.

The Plan also provides that, upon the achievement of all the targets, the following be assigned, free of charge, for each financial year, in notional terms, up to a maximum of:

- 100,000 shares to the CEO of Astaldi S.p.A.;
- 40,000 shares to each General Manager;
- 40,000 shares to each “top manager with relevant responsibilities within the Group.”

The Board of Directors also estimated that the expected burden for Astaldi on the date of approval of the 2016-2018 Incentive “Plan,” based on the closing price at 16 March 2016 (equal to EUR 4.192) and taking into account that the maximum number of shares that can be assigned for the entire three-year period of validity of the “Plan” (1,260,000 shares), equals about EUR 5,281,920.

After it was installed, the company’s Board of Directors defined the performance parameters for the 2016 financial year.

With reference to the CEO, the Board of Directors decided to correlate the assignment of shares with the achievement of three parameters – Turnover, EBITDA, and Gross Financial Debt – with each having a weight equal to one third of the total of the planned bonus (100,000 shares), and specified that 100% of the bonus would be assigned only if all the indicated targets were achieved; moreover, obtaining the bonus would have to be subordinated to achieving at least two of the prescribed parameters.

As to the General Managers and the “Top managers with relevant responsibilities within the Group” – identified in the figures of the CEOs of the Group’s two main subsidiaries – the Board of Directors decided to add, to the three aforementioned parameters established for the CEO, a fourth parameter diversified in accordance with the respective areas of responsibility, also specifying that each parameter would have a weight equal to 25% of the total (for a maximum amount of the bonus equal to 40,000 shares). It was subsequently specified that, for the purpose of paying the premium, it is necessary for at least two of the three targets on the general corporate indicators to be achieved.

For the purpose of regulating the procedures of sale by the beneficiaries of the transferred shares, at the Board of Directors meeting of 10 May 2016, it was specified that, once the shares are at the beneficiary’s entire disposal, they may be sold by them only in a manner staggered over time, and in such a way that the sale has no significant influence on the stock’s trend. Therefore, the CEO has the possibility of selling up to a maximum of 15,000 shares per month, and the other beneficiaries up to 10,000 shares per month.

The Plan's development is articulated in a number of moments. The "Allocation" of the shares to the Beneficiaries is done with recognition of the right to the corresponding assignment, and therefore upon the outcome of the verification made by the Board of Directors of the results in favour of the Beneficiaries and previously established; the allocation date thus coincides with that on which the Board of Directors approves by its decision the draft of the separate financial statements and the consolidated financial statements, and verifies the achievement of the performance targets set earlier for each financial year.

The "Transfer" of the shares is completed at the moment the shares are transferred to the accounts of the beneficiary, who takes full ownership and possession thereof. The "Transfer" is, however, staggered under a precise lock-up on the shares, with reference to each "allocation." Therefore, the "Transfer" to the "Beneficiaries" of the stock grants, where the prerequisites are met, will take place in accordance with the following timing:

- a) 25% in the same year as "allocation," on the day following the ex-dividend date, or seven days after the approval of the financial statements by the Shareholders' Meeting, should it not decide in favour of a dividend distribution;
- b) an additional 25% in the year following the "allocation," on the same occasions provided for in point a) above;
- c) the remaining 50% two years after allocation, again on the same occasions provided for in point a) above.

The shares allocated to the Beneficiaries, and not yet transferred, shall remain in the Company's name as treasury shares, until the lock-up periods, as described above, expire.

#### ***b) MBO Plan***

Under the approved remuneration policy, by the Shareholders' Meeting's vote in an advisory capacity of 20 April 2016, the Company defined a system of incentives for the top management positions, to be "correlated with the trend and outcomes of transactions deemed to be of strategic value for the Company." At the Board of Directors meeting of 10 May 2016, it was held that the transactions of greatest strategic importance for the Company include the plan of disposal of the assets under concession, and that the beneficiary of the incentive system correlated with this transaction's trend should be the Chairman, given the role the Chairman plays within the Company and the activities undertaken by him to achieve the objective of the sale.

At the subsequent meeting of 27 June 2016, the Board of Directors therefore decided to assign the Chairman a premium in money, to be paid upon the achievement of objectives related to the plan of disposal in accordance with the provisions of the strategic plan, and with the objective of incentivising the production of the greatest cash flow from disposal, so as to significantly reduce the

gross debt, as per the plan, and further specifying that this cash result will have to prevail over the additional purpose – also achievable through the disposal in question – which consists of the benefits that the disposal will bring to the income statement (or the capital gains connected with these sales). All is at any rate within the range of values deemed consistent, based on usual corporate procedures, and upon verification and approval by the Board of Directors. The Board of Directors also decided to bring the duration of the success fee/MBO plan in line with the first phase of the Strategic Plan (April 2016 – December 2018).

As to the values of the premium, the Board of Directors then recognised, as a trigger event, (i) the achievement of cash in, or (ii) the reaching of agreements and/or contracts that directly produce a reduction of the gross debt. In this case, the amount of the gross debt will be made equal to the same amount of cash in, which makes it possible to reduce this debt, and the trigger event will be considered the moment when there will be evidence in the books of the reduced debt in connection with the disposal (derecognition of the debt). The assignment of the bonus will take place in the following manner:

- (i) the bonus will equal 1% of the amount collected and/or of the derecognised debt (of course net of any debts taken on) if the transfer takes place for an amount no greater than the carrying amount;
- (ii) if the sale price is less than 80% of the carrying amount, the bonus will be reduced by 50%;
- (iii) lastly, if the sale price is less than 70% of the carrying amount, the bonus will not be paid;
- (iv) if capital gains are earned, an “extra bonus” equal to 2% of the capital gain will be paid, also specifying that the calculation of this “extra bonus” will be made at the end of the period, based on any overall capital gain.

In any event, there is a cap for the entire period taken into consideration, equal to EUR 6 million.

The Board also gave the Appointments and Remuneration Committee the assignment to verify, along with the preparation and approval of the financial reports (quarterly, interim, and financial statements), the success fee/MBO Plan and to submit the results of this verification to the Board of Directors called upon to authorise the payment of any bonus during the following month, once the payment of the sold assets is received.

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As is known, the “claw back” mechanism was introduced into the Code of Conduct with the 2014 revision; *application criterion* 6.C.1, letter f) in fact allows companies to establish, within their policy, contractual understandings that make it possible to request restitution, in whole or in part, of variable components of remuneration paid (or to withhold sums subject to deferral), determined on the



basis of data that turned out then to be manifestly erroneous. The Board of Directors did not deem it appropriate to rely on this possibility, holding that both the assignment of the stock grants and the payment of monetary benefits derived from the MBO, are subordinate to the achievement of specific parameters, previously verified by the Board of Directors and the Appointments and Remuneration Committee.

#### Fixed component

##### ***2.1.1 Remuneration of the members of the Board of Directors***

The Shareholders' Meeting of 20 April 2016, called upon to decide as to the remuneration to be paid to the members of the Board of Directors, pursuant to art. 2389, subsection 1, of the Italian civil code, established a yearly compensation, for each member of the Board of Directors, equal to EUR 50,000.

#### ***Chairman***

At the session of 10 May 2016, the Board of Directors made the determination of the compensation of the directors vested with special assignments, pursuant to art. 2389, subsection 3, of the Italian civil code.

With reference to the Chairman, the Board of Directors decided to assign, at the proposal of the Appointments and Remuneration Committee, to pay a remuneration equal to EUR 1,200,000, including payment as company manager for EUR 500,000.

#### ***Delegated bodies***

The Board of Directors meeting of 10 May 2016, at the proposal of the Appointments and Remuneration Committee, decided to pay the CEO a compensation equal to EUR 700,000, which includes the compensation as company executive, equal to EUR 400,000.

#### ***Deputy Chairmen***

The Board of Directors meeting of 10 May 2016, at the proposal of the Appointments and Remuneration Committee, decided to pay Deputy Chairman Michele Valensise a compensation equal to EUR 350,000. As to Deputy Chairman Ernesto Monti, the Board of Directors meeting of 10 May 2016, at the proposal of the Appointments and Remuneration Committee, decided to pay compensation equal to EUR 250,000.

##### ***2.1.2 Remuneration of other Executives with Strategic Responsibilities***

As discussed, pursuant to *Principle 6.P.4* of the Code of Conduct, the Board of Directors, at the proposal of the Remuneration Committee, defines the policy for the remuneration of the directors and of the other Executives with Strategic Responsibilities.

Pursuant to the Astaldi procedure on “Transactions with related parties” approved by the Board of Directors on 10 November 2010 and modified by the Board of Directors meeting on 11 November 2015, the term “Executives with Strategic Responsibilities” is to be understood as: (i) members of the Board of Directors, (ii) Standing Auditors, and (iii) General Managers.

Referring to the above, with reference to the members of the Board of Directors, the following is specified with reference to the other Executives with Strategic Responsibilities.

#### ***Board of Statutory Auditors***

As to the members of the Board of Statutory Auditors, the Shareholders’ Meeting of 23 April 2015 set the yearly compensation of the Standing Auditors for the 2015-2017 financial years at EUR 50,000 for the Chairman and EUR 35,000 for each of the Standing Auditors.

#### ***General Managers***

In implementation of the remuneration policy for the 2016 financial year, the outgoing Board of Directors had asked to establish a remuneration which, in continuity with the previous three-year period, took into account such variables as seniority and the geopolitical or sectoral complexity of the territorial area under their purview.

In application of the recommendations of the Code of Conduct, the Board of Directors meeting of 10 May 2016, at the proposal of the Appointments and Remuneration Committee, set the compensation to be paid to General Managers for a segment between EUR 280,000 and EUR 350,000 per year, so as to guarantee an effective diversification correlated with the parameters indicated earlier. It is pointed out that, as in years past, the General Managers shall receive the fixed remuneration as company managers or as collaborators.

Again in continuity with the previous financial years, the General Managers shall also be beneficiaries of the Stock Grant Plan under the conditions described above.

- 3. With reference to the variable components, a description of the performance targets based on which they are assigned distinguishing between short-term and medium/long-term variable components, and information on the link between the variation of the results and the variation of the remuneration. The criteria used for the assessment of the performance objectives underlying the assignment of shares, options, other financial instruments or other variable components of the remuneration.**

With reference to the Stock Grant Plan, as discussed above, the performance targets, upon the achievement of which the shares shall be assigned free of charge, are defined yearly by the Board of Directors, at the proposal of the Remuneration Committee.

With reference to the CEO, the Board of Directors decided to correlate the assignment of shares with the achievement of three parameters – Turnover, EBITDA, and Gross Financial Debt – with each having a weight equal to one third of the total of the planned bonus (100,000 shares), and specified that 100% of the bonus would be assigned only if all the indicated targets were achieved; moreover, obtaining the bonus would have to be subordinated to achieving at least two of the prescribed parameters.

As to the General Managers and the “Top managers with relevant responsibilities within the Group” – identified in the figures of the CEOs of the Group’s two main subsidiaries – the Board of Directors decided to add, to the three aforementioned parameters established for the CEO, a fourth parameter diversified in accordance with the respective areas of responsibility, also specifying that each parameter would have a weight equal to 25% of the total. It was subsequently specified that, for the purpose of paying the premium, it is necessary for at least two of the three targets on the general corporate indicators to be achieved.

#### **4. Purposes pursued with the remuneration policy, the principles underlying them, and any changes in the remuneration policy in comparison with the previous financial year.**

The Company’s remuneration policy – in line with that approved during the last financial year – is structured to guarantee the proper balance between the fixed component and the variable component, depending on the company’s strategic and business objectives.

The main purpose of the Stock Grant Plan, on the other hand, is to incentivise the contribution towards the creation of value by top management, in line with the principle of aligning the management’s and shareholders’ interests. The value creation will thus have to be expressed both through the achievement of set performance targets and through the positive performance of Astaldi stock price.

It is lastly pointed out that the Stock Grant Plan’s temporal horizon is connected to the duration in office of the Company’s Board of Directors being appointed.

#### **5. Policy followed with regard to non-monetary benefits.**

Over time, the Company has identified a set of benefits for the other Executives in addition to those provided for by collective bargaining, with the aim of consolidating the executive's loyalty and allowing the working activity to be carried out in a condition of tranquillity and protection.

**6. Vesting period, deferred payment systems, if any, indicating the deferment periods and the criteria used to determine these periods and, if provided for, the ex post facto correction mechanisms.**

The Stock Grant Plan has a yearly vesting period in that, as discussed above, the assignment of the shares as per the Stock Grant Plan is subordinated to the achievement of certain conditions, represented by the performance targets defined yearly by the Board of Directors at the proposal of the Remuneration Committee, and whose achievement shall be ascertained by the Board of Directors when approving the financial statements regarding the financial year of reference.

**7. Information on any provision of clauses for maintaining financial instruments in the portfolio after their acquisition, indicating the maintenance periods and the criteria used for determining these periods.**

The Stock Grant Plan has a lock-up on the shares; consequently, the transfer of shares with reference to each assignment takes place as follows:

- a) 25% in the year of Assignment, on the day following the ex-dividend date or seven days after approval of the financial statements by the Shareholders' Meeting if it decides not to distribute dividends;
- b) an additional 25% in the year following Assignment, on the same occasions provided for in point a) above;
- c) the remaining 50% two years after Assignment, again under the same conditions provided for under point a) above.

**8. Policy on the treatments established in the event of leaving office or termination of the employment relationship, specifying what circumstances cause the right to arise, and any connection between these treatments and the company's performance.**

The Company does not define in advance a policy on the treatments established in the event of termination of the office or of the employment relationship.

With reference to the Stock Grant Plan, it is pointed out that the Beneficiary must be a CEO, a General Manager of the Company, or another "top manager with relevant responsibilities within the Group."

The effects derived from termination of the administration and employment relationship, at the initiative of Astaldi S.p.A., of the Beneficiary, or by mutual consent, or also due to death or permanent invalidity or other cause, are contained in the Plan's Regulation.

With reference to the MBO Plan, the effects derived from termination of the administration and labour relationship shall be assessed and defined by the Board of Directors during the reference financial year.

**9. Information on the presence of any insurance coverage, or social security or pension coverage, other than obligatory coverage.**

The Company provides, in favour of executive personnel, for insurance policies covering invalidity and/or death caused by occupational or non-occupational accident, or by occupational or non-occupational illness, that are better than that provided for by law and by collective bargaining.

The Company also provides, in favour of executive and non-executive expatriate personnel, for specific health insurance by means of insurance policies valid worldwide.

**10. Any compensation followed with reference to: (i) independent directors, (ii) the activity of taking part in committees, and (iii) the performance of special assignments (Chairman, Deputy Chairman, etc.).**

*Independent directors*

In line with previous mandates, no specific compensation policy for independent directors has been defined.

*Activity of taking part in committees*

The Board of Directors meeting of 20 April 2016 established the internal committees recommended by the Code of Conduct, defining the composition thereof in line with the provisions of the regulations of Borsa Italiana for companies listed on the STAR segment. The Board of Directors then decided to assign each member of the Appointments and Remuneration Committee and of the Control and Risks Committee an attendance fee equal to EUR 500.00 per session.

**11. Whether the compensation policy was defined using the compensation policies of other companies as a reference, and if so, the criteria used to choose these companies.**

Instead of the analysed benchmarks, the Company deemed it appropriate to use a specific model to define its compensation policy.

## SECTION II

### COMPENSATION PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS, TO THE GENERAL MANAGERS, AND TO THE OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES IN THE 2016 FINANCIAL YEAR

As already discussed in the *Introduction*, the second section of the Report provides a detailed disclosure regarding the compensation paid to the members of the Board of Directors and to the other Executives with Strategic Responsibilities during the 2016 financial year.

The data illustrated below are reported in detail in the attached tables, specifying that:

- there are no agreements that provide for compensation in the event of early dissolution of the employment relationship of the parties included in Table 1 attached hereto;
- for the detailed information regarding the 2016-2018 Stock Grant Incentive Plan for Top Management, see Section I hereof, as well as the “*Disclosure on the 2016-2018 Incentive Plan*” published on the company website ([www.astaldi.com](http://www.astaldi.com)) in the section “*Governance/Corporate documents*”.

#### **Board of Directors**

##### *a) Fixed component*

As concerns the fixed component, in implementation of the decisions made by the Shareholders’ Meeting of 20 April 2016, the yearly fixed compensation to Board members equal to EUR 50,000 was paid.

Again as regards fixed emoluments, in line with the decisions made by the Board of Directors meeting of 10 May 2016, at the proposal of the Remuneration Committee and pursuant to article 2389, subsection 3, of the Italian civil code, having heard the opinion of the Board of Statutory Auditors, the remuneration of the directors vested with special assignments – the chairman, the CEO, and two deputy chairmen – equals a total amount of EUR 1,600,000 per year.

##### *b) Variable component*

With reference to the Stock Grant Plan, the Board of Directors meeting of 27 June 2016, upon hearing the opinion of the Remuneration Committee, defined the yearly performance targets whose achievement is correlated to the corresponding assignment.

#### **Other Executives with Strategic Responsibilities**

### ***General Managers***

#### *a) Fixed component*

With reference to 2016 financial year, the General Managers earned a fixed compensation of between EUR 280,000 and EUR 350,000, as proposed by the Remuneration Committee of 10 May 2016.

#### *b) Variable component*

With reference to the MBO Plan, the Board of Directors meeting of 09 November 2016, at the proposal of the Appointments and Remuneration Committee and upon the favourable opinion of the Related Parties Committee, verified the existence of all the conditions for paying the bonus to Chairman Paolo Astaldi for the transfer that had taken place of one of the interests included within the scope of the assets subject to disposal. The bonus's value is equal to 1% of the value of the transfer, paid in accordance with the procedures provided for by the Plan.

With reference to the Stock Grant Plan, the Board of Directors meeting of 27 June 2016, upon hearing the opinion of the Appointments and Remuneration Committee, defined the yearly performance targets whose achievement is correlated with the corresponding assignment.

### ***Board of Statutory Auditors***

With regard to the members of the Board of Statutory Auditors, in implementation of the decisions made by the Shareholders' Meeting of 23 April 2015, the yearly compensation of EUR 50,000 was paid to the Chairman, and EUR 35,000 to each of the Standing Auditors.

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In application of the provisions of art. 123-ter, subsection 4, *letter a)*, TUF, any deviation from the remuneration policy approved for the 2016 financial year was indicated and accompanied by an explanation of the reasons and of the appropriate corrective actions taken to allow guarantee supports to be adopted.

In particular, it is pointed out that on the occasion of the Board of Directors meeting that approved the financial statements draft for the 2015 financial year, the Company also approved the agreement for the consensual termination of the relationships existing between the Company and CEO Stefano Cerri in connection with the conclusion of his term.

The agreement, which covers the termination of the subordinate employment relationship and the relationship as director, established for Stefano Cerri, in addition to severance, a total amount of EUR 3,505,000.00, of which EUR 3,500,000.00 as remuneration of certain commitments subsequent to his leaving, including an 18-month non-compete clause in the major works sector, and EUR

5,000.00 as lump-sum compensation for waiving any other claim with regard to the hired employment relationship. The amount is paid quarterly starting 01 July 2016. The agreement was examined, to the extent under their purview, by the Board of Statutory Auditors, by the Appointments and Remuneration Committee, and by the Related Parties Committee, which expressed their opinion in favour of its execution.

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Rome, 14 March 2017

The Chairman of the Board of Directors  
(Signed: Paolo Astaldi)