



# **CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT**

pursuant to Art. 123-bis of Consolidated Finance Act

(traditional control and management model)

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

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

Financial year: **2014**

Date of approval: 10 **March 2015**

## 1. ISSUER'S PROFILE

The corporate governance structure adopted by Astaldi S.p.A., an Italian company with shares admitted to trading on Borsa Italiana S.p.A. markets and with corporate bonds admitted to trading on the Luxembourg Stock Exchange, is based on a "traditional" system of management and control and is made up of the following company bodies: the Shareholders; the Board of Directors; the Board of Statutory Auditors; as well as by the Independent Auditors and Supervisory Board pursuant to Legislative Decree 231/2001.

Astaldi S.p.A., as a company listed on the STAR market segment, adheres to the "Code of Conduct for Listed Companies" (hereinafter called the Code of Conduct) issued in 1999 by Borsa Italiana S.p.A., and subsequently amended by the Corporate Governance Committee.

Astaldi S.p.A. governance, also this year, is in line with both the principles of the Code of Conduct, the recommendations made by Consob and more broadly with international best practices.

Here below follows the description of the corporate governance system of Astaldi S.p.A as of 31.12.2014. After the end of the 2014 Financial Year, at their Extraordinary General Meeting of 29 January, the shareholders introduced the so called "increased voting rights" bypassing the "one share-one vote" principle to favour those shareholders who wish to invest in the Company over a medium to long term period. Since August 2014, in fact, listed companies are allowed by the Italian legislative body the right to grant shareholders who request it an increase of voting rights for the shares entered in a special List for a period of time set by the By-laws and in any case not exceeding two years (Art. 127-*quinquies* Consolidated Finance Act). This gives a wide autonomy to listed companies wishing to avail themselves of this new law. Therefore, reference should be made to paragraph 18 herein "Events after the reporting period" for a more detailed discussion of the options adopted by the Company regarding the increased voting rights mechanism.

## 2. INFORMATION ON THE COMPANY'S SHAREHOLDING STRUCTURE (pursuant to Art. 123-bis, subsection 1, Consolidated Finance Act)

(as of 10/03/2015)

### a) Share capital structure (pursuant to Art. 123-bis, subsection 1, a, Consolidated Finance Act)

- Amount in Euro of subscribed and paid share capital: € 196,849,800.00.

- Type of shares making up the share capital: **ordinary shares with voting rights**

The above share capital is divided into 98,424,900 **ordinary shares** with a nominal amount of € 2 per share.

<b>SHARE CAPITAL</b>			
	no. of shares	% of share capital	Stock market
Ordinary shares	<b>98,424,900</b>	<b>100%</b>	<b>Italy –STAR Segment</b>

On 23 April 2013, the Shareholders approved a capital increase excluding the option rights pursuant to Art. 2441, subsection 5, Italian Civil Code, for equity-linked bonds only, reserved for both Italian and foreign qualified investors. Bondholders have the right to request the conversion of bonds into already

existing or newly-issued ordinary shares, while the Company may redeem the capital through the delivery of shares or cash, or a combination of both. Here below is a summary table:

<b>OTHER FINANCIAL INSTRUMENTS</b> <i>(giving the right to subscribe to newly-issued shares)</i>				
	Stock market	no. of current convertible bonds	Type of shares used for the conversion	no. of shares for the conversion
Convertible bonds	<b>Luxembourg - MTF</b>	<b>130,000</b>	<b>ordinary</b>	<b>17,568,517</b>

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

**b) Restrictions on the transfer of shares (pursuant to Art. 123-bis, subsection 1, b, Consolidated Finance Act)**

None.

**c) Significant Equity investments (pursuant to Art. 123-bis, subsection 1, c, Consolidated Finance Act)**

Investors holding shares for an amount exceeding 2% of the Company's capital, as listed in the Shareholders' Register, as well as in the communications received pursuant to Art. 120, Consolidated Finance Act and other information available as of 26 January 2015 are the following:

DECLARANT	DIRECT SHAREHOLDER	no. OF SHARES	%
<b>FIN.AST S.r.l.</b>	<i>FIN.AST. S.r.l.</i>	39,505,495	40.138%
	<i>Finetupar International S.A.</i>	12,327,967	12.525%
		<b>51,833,462</b>	<b>52.663%</b>
<b>Pioneer Asset Management S.A.</b>	<i>Pioneer Asset Management S.A.</i>	4,990,821	5.070%
<b>UBS Group AG</b>	<i>UBS AG</i>	4,560,244	4.633%
	<i>CCR ASSET MANAGEMENT</i>	119,831	0.122%
	<i>UBS GLOBAL ASSET MANAGEMENT (AUSTRALIA) LIMITED</i>	2,813	0.003%

	<i>UBS GLOBAL ASSET MANAGEMENT (UK) LIMITED</i>	3,589	0.004%
		<b>4,686,477</b>	<b>4.762%</b>
<b>Pictet Asset Management Ltd</b>	<i>Pictet Asset Management Ltd</i>	2,065,633	2.099%
<b>FMR LLC</b>	<i>FMR LLC</i>	1,999,104	2.031%
	<b>TOTAL</b>	<b>65,575,497</b>	<b>66.625%</b>

On 12 January 2015, after the end of the financial year, FMR LLC increased its share in the Company from 1,999,104 shares (2.031%) to 4,951,136 shares (5.03%), while on 21 January 2015, the shareholder ING Investment Management Belgium SA exceeded the established threshold recording a share of 2.03%, with 2,000,000 shares.

**d) Shares conferring special rights (pursuant to Art. 123-bis, subsection 1, d , Consolidated Finance Act)**

As mentioned above and better clarified in Section 18 herein, at their Meeting of 19 January 2015, amending Article 12 of the By-laws, in accordance with Art. 127- *quinquies* of Legislative Decree No. 58 of 24 February 1998 (Consolidated Finance Act) the shareholders introduced the so called "increased voting rights". Consequently, the shareholders (or other eligible voters) who expressly request it, may be included in a special "List" kept by the Company for the allocation of two votes for each share held, subject to continuous ownership of the said shares for a period of at least 24 months.

**e) Employees' share ownership: voting rights (pursuant to Art. 123-bis, subsection 1, e, Consolidated Finance Act)**

No employees' share ownership scheme has been adopted.

**f) Restrictions on voting rights (pursuant to Art. 123-bis, subsection 1, f, Consolidated Finance Act)**

None.

**g) Shareholders' agreements (pursuant to Art. 123-bis, subsection 1, g, Consolidated Finance Act)**

Regarding the issue of equity-linked bonds, as described above at point 2 a, Fin.Ast. S.r.l., as the controlling shareholder of Astaldi S.p.A., has entered into a commitment in favour of the latter to support

the bond issue and to vote in favour of the share capital increase linked to it and approved by the shareholders of Astaldi S.p.A. at their extraordinary meeting held on 23 April 2013.

**h) Change of control clauses (pursuant to Art. 123-bis, subsection 1, h, Consolidated Finance Act) and statutory requirements on take-over bids (pursuant to Art. 104, subsection 1-ter, and 104-bis, subsection 1)**

Astaldi has signed medium and long-term bank loans and issued bonds containing early redemption clauses in the event of a change of control.

Regarding takeover bids, Astaldi S.p.A.'s By-laws do not waive the requirements of the passivity rule provided for by Art. 104, subsections 1 and 2 of Consolidated Finance Act, nor do they foresee application of the "neutralisation" rules which Art. 104-bis, subsections 2 and 3, of Consolidated Finance Act refers to.

**i) Powers to increase the Company's share capital and authorisation for buyback transactions (pursuant to Art. 123-bis, subsection 1, m, Consolidated Finance Act)**

The Board of Directors of Astaldi S.p.A. has neither been granted any power to increase the Company's share capital pursuant to Section 2443 of the Italian Civil Code, nor is it authorised to issue participating financial instruments.

On 30 April 2014, the Shareholders of Astaldi S.p.A. approved renewal of authorisation for the purchase of treasury shares for a twelve-month period starting from 27 May 2014 and ending Tuesday, 26 May 2015, with reference to the **plan for the purchase and sale of treasury shares**, pursuant to Art. 2357 et seq. of the Italian Civil Code and 132 of the Legislative Decree No. 58, dated 24 February 1998. This was also in light of Consob Resolution No. 16839 of 19 March 2009 aimed at favouring regular trading, avoiding price fluctuations not in line with the market trend and ensuring adequate support to market liquidity.

Therefore, the Shareholders renewed authorisation for the Board of Directors to perform the following for a period of 12 months starting from 27 May 2014:

- purchase of ordinary shares with a nominal amount of € 2 each, within a revolving maximum number of 9,842,490 shares, including those already held, with the additional restriction that the amount of the shares shall not, at any time, exceed € 24,600,000.00 (without prejudice to the limit of payable dividends and available reserves pursuant to Art. 2357, subsection 1, of the Italian Civil Code);
- setting of a minimum purchase price of € 2 per share and a maximum share price not exceeding the average price of the last 10 trading days prior to the date of purchase, plus 10%.

Moreover, the Plan provides that, following the Shareholders' resolution of 18 April 2011, the Board of Directors be authorised, with no time limits, to sell the purchased shares at a price no lower than the average value of the last 10 trading days prior to the day of the sale, decreased by 10%, as well as to place, again with no time limits, treasury shares through swaps in transactions of strategic interest for the Company including, in particular, exchange and/or transfer transactions, provided the value of the shares is not lower than the average carrying amount of the shares held. The shares may also be used with no time limits to service the share option plans and/or stock options waiving, in this case, the aforementioned

criterion for determining the selling price, which shall in no case be less than the so called "normal value" established by the tax laws.

The Board of Directors is also authorised to carry out share loan transactions - in which Astaldi S.p.A. acts as a lender - with its treasury shares.

Furthermore, regarding the sale and/or the disposal of purchased shares, in compliance with the authorisation, with no time limits, previously granted by the Shareholders on 18 April 2011, at their Meeting of 23 April 2013, the shareholders authorized – as regards the "equity-linked" bond issue approved on 23 January 2013 and fully placed on 24 January 2013 (the "Loan") - the Board of Directors – as of 27 May 2013 and with no time limits -, to use shares held for the setting up of a "share depository", in accordance with Loan regulations and in accordance with the limits set forth in Consob Resolution No. 16839 dated 19 March 2009. This was also to satisfy the right of bondholders to ask for the conversion of equity-linked bonds into existing ordinary shares of the Company.

Furthermore, in accordance with the above, the Company held 896,501 own shares as of 31 December 2014.

#### **I) Management and coordination (pursuant to Art. 2497 et seq. of the Italian Civil Code)**

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

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It should be also noted that:

- the information required by Art. 123-bis, subsection 1, i, ("*agreements between the company and the directors ... providing for indemnity in the case of resignation or dismissal without just cause or resignation due to takeover*") is included in Section 9 of the Report regarding the remuneration of directors as well as in the Remuneration Report published pursuant to Art. 123-ter Consolidated Finance Act;
- the information required by Art. 123-bis, subsection 1, l, ("*rules governing the appointment and replacement of directors ... and the amendment of the By-laws, if different from applicable laws and regulations*") is included in Section 4.1 of the Report regarding the Board of Directors.

#### **3. COMPLIANCE (pursuant to Art. 123-bis, subsection 2, a, Consolidated Finance Act)**

As already mentioned in the introduction, Astaldi S.p.A., being a company listed on the STAR segment, adheres to the Code of Conduct set in 1999 by Borsa Italiana S.p.A. subsequently amended by the Corporate Governance Committee.

The latest revision of the Code of Conduct was carried out in July 2014, in order to align it to European Recommendation No. 208 of 9 April 2014, as regards comply or explain and to Consob Recommendation DCG/DSR/0051400 dated 19 June 2014 as regards indemnities and/or other benefits payable to executive directors and general managers.

The Code is available on the website of the Corporate Governance Committee at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>

The Company's governance structure is basically consistent with the recommendations of the Code of Conduct and has been constantly updated. The current governance of the Company is in line with the edition published in July 2014 by the Corporate Governance Committee, as described later herein.

With this in mind and in view of strengthening the principle of comply or explain, the Report outlines the recommendations of the Code of Conduct which have not been adopted, including the reasons and any alternative action taken.

Astaldi S.p.A. and its strategic subsidiaries are not subject to non-Italian laws which may affect the Company's corporate governance structure.

## 4. BOARD OF DIRECTORS

### 4.1 APPOINTMENT AND REPLACEMENT (pursuant to Art. 123-bis, subsection 1, I, Consolidated Finance Act)

The By-laws of Astaldi S.p.A. provide for the "**slate vote**" method for the appointment of the Board of Directors as per current legislation.

Specifically, the By-laws state that shareholders are entitled to submit slates, individually or together with other members who contribute to the **presentation** of the same slate if holding shares representing at least **2.5%** of the share capital having voting rights in the Ordinary Shareholders' Meeting (or less, if this is provided for by applicable laws or regulations).

According to the By-law provisions, the slates, signed by the shareholders presenting them and containing all information legally required, must be **filed** at the Company's headquarters as per rules and deadlines provided for by applicable laws.

Directors are **appointed** as follows:

- 1) from the slate with the highest number of votes cast by the shareholders, selected in the order in which they appear in the slate; their number must be equal to the total number of Board members as established in the Shareholders' Meeting, minus one. Should no slate receive the majority of votes, the Shareholders' Meeting will be convened again for a new vote to be held as per Company's By-laws;
- 2) from the slate second for number of votes which must not be linked to the shareholders who have presented or voted the slate which received the majority of votes, according to the criteria laid down by current rules governing the election of minority Statutory Auditors, one Director is appointed in the person of the first candidate on the slate. In the event that more slates obtain the same number of votes, the Director appointed will be the most senior among the candidates who are first on the slates with an equal number of votes.

If only **one slate** or none at all are presented, the Shareholders will decide on the basis of the majority principle according to current legislation, without following the above procedure.

Regarding the **distribution** of the Directors to be appointed, the slates which have not received a number of votes equal to at least 50% of that required for the submission of said slates will not be considered.

The By-laws provide for the slates to be accompanied, inter alia, by statements by the candidates, who, under their own responsibility, declare to have the **requirements of independence** specified by law.

Furthermore, in order to guarantee the election of the **minimum number of independent Directors** as per Art. 147-ter, subsection 4, Consolidated Finance Act, the By-laws expressly state that *"each slate must contain the names of candidates having the independence requirements established by the law and their number must be at least equal to that of the independent directors who must sit in the Board of Directors by law"*.

In order to ensure balance between genders, Art. 16 of the Company's By-laws provides that each slate containing three or more candidates shall include a number of candidates who, meeting the requirements provided for by law and the By-laws, belong to the gender which is least represented within the Board of Directors, in the proportion of **one-fifth** of the candidates for members of the Board of Directors to be appointed at the first renewal of such managing body after 12 August 2012, and **one-third** of the candidates for members of the Board of Directors to be appointed for the two subsequent terms of office.

Regarding the **resignation of directors**, the By-laws also provide for Art. 2386 of the Italian Civil Code to be implemented, if during the year one or more directors appointed from the **slate receiving the highest number of votes** steps down, provided that the majority consists of directors appointed by the Shareholders' Meeting .

If, however the director appointed from the **slate second for number of votes** steps down during the year, the By-laws provide for replacement as follows:

- a) the Board of Directors shall appoint the new director from the candidates within the same slate that the resigning director belonged to, provided that the shareholders who submitted such slate still hold the share required for submitting it, and at their Meeting to be held thereafter, the shareholders shall resolve upon this according to the majorities provided for by law, in compliance with the same principle. If the resignation of such director occurs after the first renewal of the Board of Directors after 12 August 2012, or during the two subsequent terms of office, and determines any change in the balance of genders within the Board of Directors, replacement shall take place by scrolling down the slate up to a candidate belonging to the least represented gender;
- b) in the event that the new director cannot be appointed from the slate which ranked second in number of votes pursuant to paragraph a, the Board of Directors – in compliance with the provisions governing the balance between genders, in the event that resignation occurs after the first renewal of such managing body after 12 August 2012 or during the two subsequent terms of office - shall appoint the new director from the candidates within the slates which ranked lower than second in number of votes, in progressive order, provided that the shareholders who submitted the slate from which the new director is appointed still hold the share required for submitting the list, and at their Meeting to be held thereafter, the shareholders shall resolve upon this, according to the majorities provided for by law, in compliance with the same principles;
- c) in the event that there is no candidate who has not been appointed previously, or in any case when the provisions of paragraphs a and b cannot be met for any reason, the Board of Directors and the Shareholders at their Meeting to be held thereafter shall appoint the new director in accordance with the majorities as per current law and without the slate vote, however still in compliance with current laws and regulations and the By-laws concerning the minimum number of independent directors and the balance of genders, when the resignation occurs after the first renewal of the Board of Directors after 12 August 2012, or during the two subsequent terms of office.



Furthermore, the By-laws also provide for the entire Board to fall from office and for the directors still in office to urgently convene the Shareholders' Meeting to appoint a new Board if, for any reason, there is no longer a majority of Directors. The Board shall remain in office until the Shareholders have renewed it and until the appointment has been accepted by more than half of the new Directors; until then, the Board of Directors may perform routine administration tasks only.

### **Replacement**

The Board of Directors has decided not to adopt any plan for the replacement of Executive Directors, given the composition of the Company's shareholding structure.

#### **4.2 COMPOSITION (pursuant to Art. 123-bis, subsection 2, d, Consolidated Finance Act)**

The Board of Directors of Astaldi S.p.A. was appointed on 23 April 2013 for the years 2013/2015 and its mandate **shall expire with the approval of the Financial Statements at 31 December 2015.**

The above appointment was made in compliance with the provisions of the By-laws and Art. 147 ter, Consolidated Finance Act, on the basis of:

- a slate submitted by the shareholder Fin.Ast. S.r.l. holder of 39,505,495 shares, representing 40.138% of the share capital;
  
- a slate submitted by the shareholders:
  - Arca SGR SpA, manager of Arca Azioni Italia and Arca BB funds;
  - Eurizon Capital SA, manager of EEF - Equity Italy and EEF - Equity Italy LTE funds;
  - Eurizon Capital SGR, manager of Eurizon Azioni Italia and Eurizon Azioni PMI Italia funds;
  - Pioneer Asset Management SA;
  - Pioneer Investment Management SGR p.A., manager of Pioneer Italia Azionario Crescita and Fondo Pioneer Italia Azionario Paese Emergenti funds,holders, on the date of the meeting of 3,134,788 shares, representing 3.187% of the share capital.

The slate submitted by Fin.Ast. S.r.l. obtained a favourable vote of 71.869% of the share capital represented at the meeting, appointing twelve (12) Directors. The list of the above Investment Funds, as shown above, received a favourable vote of 28.087% of the share capital, appointing one (1) Director.

The Shareholders set the number of the members of the Board of Directors at thirteen (13).

Upon appointment, the Board of Directors was therefore composed of the following members: Paolo Astaldi, Ernesto Monti, Giuseppe Cafiero, Stefano Cerri, Caterina Astaldi, Luigi Cavalchini, Giorgio Cirila, Paolo Cuccia, Mario Lupo, Eugenio Pinto, Chiara Mancini, Nicoletta Mincato and Guido Guzzetti.

The knowledge and professional level of the Directors is widely diversified. Indeed directors with a high level of technical knowledge of the sector the Company operates are flanked by other Directors with a managerial and cultural knowledge apt to guarantee constructive and fruitful Board discussions, in the interests of both the Company and the shareholders.

The appointment of Directors Caterina Astaldi, Chiara Mancini and Nicoletta Mincato enabled at the same time to have an ample gender representation in compliance with the law and By-laws.

The following Board of Directors appointed Paolo Astaldi, Chairman of the Company, Ernesto Monti and Giuseppe Cafiero, Deputy Chairmen and Stefano Cerri CEO. The Board also assessed the existence of the independence requirements pursuant to Art. 3 of the Code of Conduct for Directors Giorgio Cirila, Paolo Cuccia, Mario Lupo, Guido Guzzetti, Chiara Mancini, Nicoletta Mincato and Eugenio Pinto. Director Ernesto Monti declared himself independent pursuant to Art. 147-ter Consolidated Finance Act and was classified as such.

There were several important changes in the Board of Directors in 2014.

Director Guido Guzzetti resigned from the Company's Board of Directors on 1 August owing to new engagements.

Mr. Guzzetti was appointed by the aforementioned meeting of 23 April 2013, as a candidate from the slate with the second highest number of votes, presented by Institutional Investors. He held the position of minority and independent director (pursuant to Consolidated Finance Act and the Code of Conduct) and was also a member of the Control and Risk Committee.

On 1 October 2014, the Board of Directors replaced Mr. Guzzetti in order to bring the number of Directors back to that established at the Shareholders' Meeting on 23 April 2013, pursuant to Art. 2386, subsection 1, of the Italian Civil Code and the By-laws of the Company.

In this regard, the aforementioned Art. 17 of the By-laws provides for the appointment of a new Director from the same slate or, if there are no unelected candidates, from the slate following the one with the second highest number of votes, in the event of resignation from office of the Director appointed in the slate with the second highest number of votes. Failing this, the Board of Directors must replace the outgoing Director with no slate vote, in accordance with the law and the By-laws provisions, regarding the minimum number of independent directors and according to "gender balance".

In view of the fact that only two slates were submitted at the Shareholders' Meeting in which Mr Guzzetti was appointed together with the present Board - one by the majority shareholder Fin. Ast S.r.l. and a one by Institutional investors of which Guido Guzzetti was the sole representative - the Board of Directors replaced the outgoing Director without the slate vote, as provided for in the By-laws.

In order to implement the recommendations from the application criterion 5.C.2 of the Code of Conduct which suggest assigning the selection of suitable candidates to the Appointments Committee in the event replacement of independent directors, the Committee met to discuss replacement of the outgoing Director Guido Guzzetti.

During the meeting held on 1 October 2014, the Appointments Committee selected Piero Gnudi as having a top level profile for the position of Director. On the same date, following the evaluation made by the Committee, the Board of Directors appointed Piero Gnudi, acknowledging his high standing profile and the existence of all the conditions required by law and the By-laws.

The Board also decided that the newly elected Director would be in office until the date of the next Shareholders' Meeting, in application of Art. 2386, subsection 1, of the Italian Civil Code.

On 21 November 2014, Director Mario Lupo resigned. Mr. Lupo was appointed by the shareholders on 23 April 2013 and was selected from the slate with the highest number of votes. Mr. Lupo was a member of the Appointments Committee as an independent non-executive Director.

During the meeting of 17 December 2014, the Board of Directors deferred the selection and appointment of a new Director to replace Mr. Lupo to the next General Meeting.

As already mentioned, the Extraordinary Shareholders' Meeting for the introduction of the increased voting rights was held on 29 January 2015. On that occasion it was necessary to appoint two new Directors in order to bring the number of members of the Board of Directors up to thirteen (13). Therefore the Meeting was convened to replace the outgoing Mr. Lupo and to appoint another Director since the appointment of Mr. Gnudi, co-opted on 1 October 2014, was due to expire, pursuant to Art. 2389, subsection 1, of the Italian Civil code.

Therefore, the majority shareholder proposed Piero Gnudi - thus confirming the appointment - and Filippo Stinellis as candidates for the position of Director.

The Shareholders appointed both candidates and also resolved that both Directors shall remain in office until the natural termination date of the current Board of Directors, and therefore until the General Meeting which will be convened to approve the Financial Statements at 31 December 2015.

As regards the personal and professional traits of each Director, please refer to the information published on the Company's website ([www.astaldi.com](http://www.astaldi.com)) in the "Governance" section - "Board of Directors" subsection.

Please see Table 2 attached hereto in relation to the composition and characteristics of the Board of Directors in office.

#### **Limits of the number of appointments in other companies**

Since 2006, the Board of Directors of the Company has defined, through a specific resolution, the general criteria adopted as regards the maximum number of appointments as director or auditor which may be held by the Company's Directors in other companies listed on regulated markets (including foreign markets), in finance companies, banks, insurance companies or any large-size company, as provided for by Art. 1.C.3 of the Code of Conduct.

Specifically, the Board of Directors set the limit to:

- **6** as the maximum number (cumulative) of appointments as director or auditor for "*non-executive*" and "*independent*" Directors;
  - **4** as the maximum number (cumulative) of appointments as director or auditor for "*executive*" Directors.
- However, the appointments as director or auditor held by the Directors of Astaldi S.p.A. within the Group's companies are not taken into account for the purpose of calculating the above.

#### **Induction Programme**

In order to implement the recommendations contained in application criterion 2.C.2 of the Code of Conduct, the Chairman organised debates with directors, statutory auditors and managers in order to better illustrate the development of the Company's business and favour a better knowledge of the Company's Business Plan.

During 2014, the Company also organised visits to construction sites, meetings for an in depth knowledge of its business and other activities aimed at increasing the Directors' knowledge, especially non-executive and independent directors, about the current activities and business dynamics. In particular, on 10 November 2014 a meeting of the Board of Directors was held in Istanbul, Turkey, in order to allow both Directors and Statutory Auditors to visit the construction sites of the Company on 9 and 10 November,

2014, and to learn more about the operating and organisational procedures related to its industrial production.

#### 4.3 ROLE (pursuant to Art. 123-bis, subsection 2, d, Consolidated Finance Act)

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

In line with By-law provisions, 9 meetings of the Board were held during 2014 which lasted an **average of 2 hours** each, with a limited number of justified absences of both Directors and Statutory Auditors.

Furthermore, in compliance with Stock Exchange regulations, the Board of Directors approved and subsequently communicated to Borsa Italiana S.p.A and the market, with reference to 2015, the **calendar** of the dates of the next meetings of the Board for the approval of the draft financial statements, the interim and quarterly reports (i.e. "*Corporate Calendar 2015*") as shown below and available on the Company's website (Section "*Governance/Financial Calendar*").

DATE	CORPORATE EVENTS	PURPOSE
10 March 2015	Board of Directors	Approval of the draft Separate <b>Financial Statements and Consolidated Financial Statements</b> for 2014
23 April 2015	Shareholders' Meeting	Approval of <b>Financial Statements</b> for 2014
14 May 2015	Board of Directors	Approval of <b>Interim Report on Operations</b> for the first quarter 2015
3 August 2015	Board of Directors	Approval of the <b>Interim Financial Report</b> at 30 June 2015
13 November 2015	Board of Directors	Approval of the 2015 <b>Third Quarterly Report</b>

In 2015, the Board of Directors met on 22 January, in addition to 10 March – the date of approval of this report. The meeting in January was not included in the above Financial Calendar since the Company's accounting documents and/or periodic financial reports were not examined during this meeting.

In order to guarantee a complete and accurate assessment of the issues on the agenda, the **pre-meeting documents** are made available to the Directors and the Statutory Auditors before each meeting (electronically, when possible using an Internet portal) by the Secretary of the Board, on instructions from the Chairman.

There is no need to set a deadline for the forwarding of documents since the means and timeframe of making them available is sufficient to guarantee effective communication.

In any case, in accordance with the recommendations in the Comment to Art. 1 of the Code of Conduct, the Chairman endeavours to ensure that the necessary time is allowed for in-depth debates regarding the items on the agenda.

Furthermore, in accordance with Comment to Art. 1, the good practice to attach an executive summary to bulky and complex documentation has been adopted on some occasions in order to summarise the most important and relevant points.

Finally, in order to stress the importance of Board meetings, the Chairman allowed Company managers to attend on several occasions, in order to provide their in-depth view of the items on the agenda, as required by the application criterion 1.C.6 of the Code of Conduct. This practice provided the Directors with a wider picture of the Company's operations.

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The Board of Directors, in accordance with application criterion 1.C.1. a, of the Code of Conduct, has reviewed and approved the business and financial strategic plans of both the Company and the Group, periodically monitoring their implementation and has defined the governance system of the Company and the Group's structure.

As better defined in Section 11, regarding the "*Internal Control and Risk Management System*", the Board of Directors - in keeping with the guidelines of the Internal Control and Risk Management System defined by the Board, and with the consulting and advisory assistance of the Control and Risk Committee - verifies that the main risks incurred by Astaldi S.p.A. and its subsidiaries are correctly identified and adequately assessed, managed and monitored, thus determining their degree of compatibility with a sound and correct management of the Company, in line with the strategic business and financial targets. During the last quarter of 2014, the Company started a project to better frame the definition of the Group's "*Risk Appetite Statement*" and identify "*Risk Tolerance*" levels in order to ascertain the nature and level of risk compatible with its strategic objectives, as recommended by the application criterion 1.C.1. b, of the Code of Conduct. In other words, it is aimed at strengthening the awareness of corporate structures in the field of risk management and improving the performance and sustainability of the business.

In accordance with the Italian Civil Code the Company has assessed the adequacy of its organisational, administrative and accounting structure and that of its subsidiaries which are strategically important, also taking special care to assess the Internal Control and Risk Management systems following the recommendations as per application criteria 1.C.1. c of the Code of Conduct.

The Company's By-laws have set a quarterly timeline within which the CEO must report to the Board on the activities performed during his/her mandate. On information provided by the Executive Committee, the Board of Directors regularly assessed the Company's performance during the meetings held in 2014, in

compliance with the application criterion 1.C.1., e, of the Code of Conduct, periodically comparing the results achieved with those programmed.

Pursuant to the application criterion 1.C.1., f, of the Code of Conduct, the Board of Directors shall examine and approve the transactions of both the Company and its subsidiaries when these operations have a significant strategic, economic or financial importance, in accordance with both current legislation and the By-laws,.

However, the Board has not set general criteria to identify transactions which have strategic, economic, or financial importance for the Issuer. This is because, due to the distinctive nature of the Company's business, it is more appropriate to assess from time to time the importance of the transactions carried out as part of a periodic disclosure provided by the management to the Board of Directors.

#### **4.4 Board evaluation**

In compliance with the recommendations of the Code of Conduct (application criterion 1.C.1. g), the Board of Directors should assess operation, size and composition of both the Board and its committees at least once a year (i.e. Board evaluation).

In compliance with the recommendations of the Code, the Board has carried out the correct assessments as to the functioning of the Board itself and its Committees, their size and composition, also taking into account professional experiences and gender, as well as seniority of its members.

This assessment was carried out by a specific self-assessment system (i.e. Board Performance Review) which involved all the Directors in the Company.

In particular, the Board members were handed a questionnaire to collect feedback from each of them regarding the following main points of corporate governance:

- the role and impact of the Board regarding the Company's strategic decisions and definition of the management organisational structure, as well as assessment of the strategic scenario and the main risks for the Company;
- relationship between the Directors and the senior executives, with particular reference to independent directors; activities to give the Board Members a better knowledge of the business;
- frequency and duration of the Board meetings, timeliness and completeness of the documentation supplied to the Directors and in-depth debates;
- composition of the internal Committees, with particular reference to the Control and Risk Committee and the Remuneration Committee, as well as reporting to the Board of Directors about the activities carried out;
- least represented gender on the Board;
- role of the Board in determining the remuneration and incentive systems for the management.

The results of the Board Performance Review, presented to the Board during the meeting of 10 November 2014, defined those areas which were found fully satisfactory by the Directors:

- the atmosphere during Board meetings, which enables the Directors' active participation;
- high standard leadership and management of the Board;
- the relationship between the independent Directors and senior executives is positive and constructive;
- understanding and sharing of operational objectives and results;

- the number of women members of the Board

Regarding the application criterion 1.C.4., it should be pointed out that the Shareholders have granted neither general nor preventive authorisation to waive the non-competition clause set by Art. 2390 of the Italian Civil Code.

#### 4.5. EXECUTIVE COMMITTEE

##### THE CEO

During the meeting on 23 April 2013, the Board of Directors appointed **CEO** Stefano Cerri with the responsibility, in particular, to identify, together with the Chairman and the Deputy Chairman Giuseppe Cafiero, the Company's development strategies to be submitted to the Board of Directors and to supervise their implementation in accordance with the directives and resolutions of the Board.

The Board of Directors set the following limits to the powers conferred to Mr Cerri: (i) sign tenders when undertaking contracts and/or concessions, also regarding project financing, up to the amount of € 600 million, execute the awarded contracts and sign any other document necessary for said purpose; (ii) enter into, amend and terminate contracts for the purchase or sale of real estate up to the maximum amount of € 2,600,000.00 per transaction.

Stefano Cerri, CEO (and, as such, taking on the main responsibility for the management of Astaldi S.p.A.), currently holds no other position as director in any other company not part of the Group of which a director of Astaldi S.p.A. is CEO.

Therefore, there is no case of interlocking directorate as foreseen by the application criterion 2.C.5. of the Code of Conduct.

##### CHAIRMAN

All activities of the Board of Directors are coordinated by the **Chairman**.

The Chairman convenes the Board meetings and directs their operations, ensuring that all Directors are provided in advance - except in cases of necessity and urgency - with the documentation and information necessary for the Board to make informed decisions on the matters on the agenda.

There is no **lead independent director** since the Chairman of the Board of Directors has neither been granted exclusive powers which make him/her responsible for the Company's management nor does he/she "control" the Company itself, as better described in Section 4.8.

##### INFORMATION TO THE BOARD

The CEO constantly reports, **at least quarterly** according to the By-laws, to both the Board of Directors and the Board of Statutory Auditors on the main activities carried out in the exercise of his/her powers.

#### 4.6 OTHER EXECUTIVE DIRECTORS

The Chairman Paolo Astaldi, the CEO Stefano Cerri, and the Deputy Chairman Giuseppe Cafiero are the executive members of the Board of Directors, as shown in Table 2 in the Appendix, and have executive roles within the Company.

Following the appointment of 29 January 2015, Filippo Stinellis is also one of the Executive Directors and the Company's General Manager.

#### 4.7 INDEPENDENT DIRECTORS

Since the appointment of 23 April 2013, the Board of Directors has a significant number of Independent Directors.

In 2014, the Directors' turnover had a limited effect on the number of Independent ones.

The current Board has seven Independent Directors, six of them (Giorgio Cirila, Paolo Cuccia, Chiara Mancini, Nicoletta Mincato and Eugenio Pinto) are independent both pursuant to Art. 147-ter Consolidated Finance Act and to the application criterion 3.C.3 of the Code of Conduct.

Director Piero Gnudi was appointed by the Board pursuant to Art. 2386, subsection 1, of the Italian Civil Code, to replace the outgoing director Guido Guzzetti. During the meeting of 10 November 2014, the Board ascertained the existence of the requirements of independence of Director Piero Gnudi both pursuant to Consolidated Finance Act and the Code of Conduct. The outcome of the assessments was communicated to the market in a press release available on the company's web site in the section "*Press Room/Press Releases*".

Still in accordance with the application criterion 3.C.4 of the Code of Conduct, today's Board meeting carried out yearly assessment on the requirements of independence of the above Directors, and there were no changes with the previous situation.

As previously stated, Director Ernesto Monti is independent only as regards Art. 147-ter of the Consolidated Finance Act.

In 2014, the Independent Directors did not deem it necessary to meet in the absence of their other colleagues.

#### 4.8 LEAD INDEPENDENT DIRECTOR

It is important to notice that, since the preconditions in the Code of Conduct (application criterion 2.C.4) did not occur, also in view of the contents of point 4.5. of this Report, the Board decided not to appoint a **Lead Independent Director**.

### 5. HANDLING OF CORPORATE INFORMATION

Under the application criterion 1.C.1., j, of the Code of Conduct, in order to ensure proper internal handling and timely disclosure of all relevant facts occurring within the activities carried out by the Company itself and its subsidiaries and that, at least potentially, are able to influence the price of the shares of the Company ("*price sensitive information*"), the Company relies on the "**Continuous Disclosure**" procedure (recently revised by the Board on 1 August 2012).

Therefore, the above procedure governs the timing and methods for the management of corporate information, further providing, inter alia, that those who become acquainted with the aforementioned information act as a link between their respective area of responsibility and the Company's senior management, so as to allow proper assessment of such facts or information.

A special Evaluation Committee (formed by the heads of the Corporate Affairs department, *Corporate Governance*, Chairman's Office, *Investor Relations* Division and the department involved) will provide,



assistance after a 'careful analysis of the facts', as to the correct interpretation of sector regulations and the possible drafting and dissemination of information bulletins.

## **6. BOARD COMMITTEES (pursuant to Art. 123-bis, subsection 2, d, Consolidated Finance Act)**

In order to facilitate the functioning of the Board of Directors, the Remuneration and Internal Audit Committees were set up in 2002 – the year when Astaldi Shares began being traded. The Internal Audit Committee was subsequently called the Control and Risks Committee in order to align it to the revision of the Code of Conduct made in 2011.

The Appointments Committee was set up in 2013. In addition to the committees recommended by the Code of Conduct, a Committee for Related Party Transactions was also set up, in accordance with the requirements of Consob Regulation No. 17221 of 2010.

## **7. APPOINTMENTS COMMITTEE**

The Company established an Appointments Committee on 23 April 2013.

On its inception the Appointments Committee was composed of three Directors: Ernesto Monti (Chairman), non-executive and independent director pursuant to Art. 147-ter of the Consolidated Finance Act; Eugenio Pinto and Mario Lupo, both non-executive and independent directors, pursuant to Art. 3 of the Code of Conduct.

Following the resignation of Mario Lupo on 21 November 2014, the Board of Directors appointed Chiara Mancini Director of the Committee on 17 December 2014.

### **Appointments Committee: composition and functions (pursuant to Art. 123-bis, subsection 2, d, Consolidated Finance Act)**

The Appointments Committee is currently composed of the following three non-executive directors, the majority of whom are independent:

Ernesto Monti (Chairman)	Non-executive/independent pursuant to Art. 147-ter Consolidated Finance Act
Chiara Mancini	Non-executive/independent
Eugenio Pinto	Non-executive/independent

Regarding the composition and characteristics of the Appointments Committee, please see Table 2 in the Appendix.

### **Appointments Committee: functions**

The functions of the Appointments Committee are: (i) to advise the Board on its size and composition, (ii) to make recommendations about the professional profiles whose presence on the Board is deemed advisable, (iii) to propose candidates for directorship in cases of co-option and to replace independent directors when necessary.

As explained above, the Appointments Committee met on 1 October 2014 in order to select candidates for the Board of Directors in replacement of the outgoing independent minority director Guido Guzzetti.

The Committee identified Piero Gnudi as the eligible candidate for the position.

The meeting was duly recorded in order to implement the recommendations of the application criterion 4.C.1, d, of the Code of Conduct.

## 8. REMUNERATION COMMITTEE

Since February 2002, the Company has established a Remuneration Committee also responsible for any stock option and stock grant plans.

### **Remuneration Committee: compositions and functions (pursuant to Art. 123-bis, subsection 2, d, Consolidated Finance Act)**

The Remuneration Committee is currently formed of the following three non-executive directors, the majority of whom are independent:

Ernesto Monti (Chairman)	Non-executive/independent pursuant to Art 147-ter Consolidated Finance Act
Eugenio Pinto	Non-executive/independent
Giorgio Ciria	Non-executive/independent

As regards the Chairman of the Committee, the Company decided not to apply the Principle 6.P.3 of the Code of Conduct. The reason for such non application stems from the fact that the Chairman of the Remuneration Committee Ernesto Monti, while not an independent director as far as the Code is concerned, but in fact considered independent according to the Consolidated Finance Act, is the most appropriate person in the Board of Directors to chair this Committee thanks to his know-how, professional level and experience.

As recommended by the Code of Conduct, the members of the Committee have adequate knowledge and experience of accounting and finance.

As regards the composition and characteristics of the Remuneration Committee now in office, please see Table 2 in the Appendix.

### **Remuneration Committee: functions**

In compliance with application criterion 6.C.5 of the Code of Conduct, the Committee has the following main tasks:

- to periodically assess the adequacy, overall consistency and the concrete application of the policy for the remuneration of directors and key management personnel on the basis of the information provided by the CEO;
- to submit proposals in this regard to the Board of Directors;
- to submit proposals or express opinions to the Board of Directors on the remuneration of executive directors and other directors who hold special positions and on the establishment of performance targets related to the variable component of the remuneration;
- to monitor the implementation of the decisions taken by the Board of Directors and specifically, to assess the achievement of performance targets.

Three (3) meetings of the Remuneration Committee, attended by all its members, were held during 2014, each lasting about 1 hour.

All meetings were recorded in order to implement the recommendations set by the application criterion 4.C.1, d, of the Code of Conduct.

In view of the issues addressed, the Committee also invited third parties to attend its meetings including, in particular, the Chairman and the Deputy Chairman Mr Cafiero. It is understood that no directors attended meetings in which proposals regarding their remuneration were formulated and approved.

During the three meetings held in 2014, the Committee had both consulting and advisory functions, in particular, in relation to the definition of:

- the short-term management by objectives (MBO) incentive plan, approved in the Board meetings of 14 May and 27 June 2013;
- the stock grant incentive system for the period 2013/2015;
- the achievement of expected targets for the allocation of stock grants for the year 2013;
- targets for the achievement of which stock grants would be awarded regarding the year 2014.

One of the above meetings of the Remuneration Committee was attended by the Chairman of the Company Paolo Astaldi and by the Deputy Chairman Giuseppe Cafiero, on invitation by the members of the Committee.

To carry out its tasks as above, the Committee has been granted access to the necessary information by the relevant corporate offices, with the assistance of the Head of Corporate Affairs, Corporate Governance and Chairman's Office.

## **9. DIRECTORS' REMUNERATION**

### **Remuneration policy**

In today's meeting, the Board of Directors approved, the Remuneration Report, which will be presented to the General Shareholders' Meeting convened to approve the 2014 Financial Statements and setting forth the general policy for 2015, pursuant to Art. 123-ter of the Consolidated Finance Act.

For further details, please refer to the above Remuneration Report which will be uploaded on the Company's website as per current laws.

### **Stock grant remuneration plans**

The General Meeting of 23 April 2013 approved the guidelines for the Company's "**Stock grant Incentive Plan**" for the two year period 2013/2015, as previously defined by the Board of Directors on 22 March 2013, on proposal by the Remuneration Committee of 21 March 2013. Subsequently, the Board of Directors on 2 August 2013 approved the relevant Regulations implementing the Plan, on the basis of the mandate received during the aforementioned General Meeting.

Specifically, the Plan is mainly a system of bonuses based on the **free assignment of Astaldi S.p.A. shares** to six senior executives (i.e. the CEO and five general managers), to be granted on an annual basis over three years upon achievement of the targets annually defined by the Board of Directors, on proposal of the Remuneration Committee.

For further details regarding the Incentive Plan please refer to the "*Information Document pursuant to Art. 84-bis, subsection 1, of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended and integrated regarding the Incentive Plan Astaldi S.p.A. 2013-2015*" published on the Company's website in the section "*Governance/Archive documents*".

It should be noted that the Plan in question envisages specific lock-up periods of the shares annually allocated to the beneficiaries. In this regard, please refer to details to be found in the "*Remuneration Report*" and in the "*Information Document pursuant to Art. 84-bis, subsection 1, of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, as subsequently amended and integrated on the Incentive Plan Astaldi S.p.A. 2013-2015*".

### **Remuneration of Executive Directors**

As regards the remuneration of the Executive Directors of Astaldi S.p.A. please refer to the aforementioned Remuneration Report published on the Company's website as per current laws.

### **Remuneration of key management personnel**

As regards the remuneration of "key management personnel" of Astaldi S.p.A. please refer to the aforementioned Remuneration Report published on the Company's website as per current laws.

### **Incentive systems for the head of the Internal Audit department and for the manager in charge of financial reporting**

No specific incentive plans for the "head of the Internal Audit department and for the "manager in charge of financial reporting" were submitted for 2014.

### **Remuneration for non Executive Directors**

Please note that the remuneration of non Executive Directors is not linked to the results achieved by the Company, nor are they beneficiaries of share-based incentive plans.

### **Indemnities for Directors in the event of resignation, dismissal or resignation following a takeover bid (pursuant to Art. 123-bis, subsection 1, i, Consolidated Finance Act)**

There are no agreements with the Directors of the Company for indemnities in the event of resignation, dismissal without just cause or resignation following a takeover bid.

## **10. CONTROL AND RISK COMMITTEE**

Since February 2002, the Company has appointed a Committee for Internal Control which - following changes to the Code of Conduct in December 2011, having an impact on the Company's organisation - had its name changed by the Board on 1 August 2012 to Control and Risk Committee.

### **Control and Risk Committee: composition and functions**

The current Control and Risk Committee is composed of the following three non executive directors, the majority of whom are independent:

- Eugenio Pinto (Chairman, non-executive, independent, expert in accounting and finance);
- Luigi Guidobono Cavalchini (Non Executive/not independent);
- Nicoletta Mincato (Non Executive/Independent).

Guido Guzzetti is no longer a member of the Committee (non Executive/Independent) following his resignation, handed in during 2014.

Nevertheless, the composition of the Control and Risk Committee continues to be in line with Principle 7.P.4 of the Code of Conduct which recommends, as an alternative option to a committee composed entirely of independent directors, the presence of non-executive directors, mainly independent, if the Chairman of the Committee is one of them. Moreover, experience in accounting and finance must be guaranteed.

The work of the Control and Risk Committee is coordinated by its Chairman in accordance with the organisational procedures governing its operations as defined in the Committees' Regulations.

On 28 January, 14 July and 20 October 2014, the Control and Risk Committee held 3 (three) meetings, of about 3 hours each, which were attended by all its members, in the presence of the Chairman of the Board of Statutory Auditors. All meetings were duly recorded and entered into a specific log.

The Committee meets mainly once every three months and two meetings have already been held during 2015, on 12 and 23 February.

Committee meetings are always attended by the Chairman of the Board of Statutory Auditors, in compliance with application criterion 7.C.3. of the Code of Conduct, and by the Head of the Internal Audit Department, the latter being the Permanent Secretary of the Control and Risk Committee.

On invitation by the Committee - with reference to the items on the agenda according to application criterion 7.C.2. - the meetings held in 2014 were also attended by other executives; more specifically, the manager responsible for corporate accounting, representatives of the Strategic Planning and Management Control, Corporate Risk Management and Administration departments, as well as other Company Departments/Divisions interested in specific issues to be discussed.

### **Control and Risk Committee: functions**

The Committee assists the Board of Directors in planning and evaluating the Internal Control and Risk Management System, as detailed by the application criterion 7.C.1. of the Code of Conduct, giving its

prior opinion about the evaluation, proposals and informative functions for which the Committee is responsible (7.C.2.).

In particular, the Committee performs the following tasks:

- a) assesses, together with the manager in charge of financial reporting and with the assistance of the independent auditors and Board of Statutory Auditors, the correct application of accounting principles and, in the case of groups, their consistency for the purpose of preparing the Company's Consolidated Financial Statements;
- b) expresses opinions on specific aspects regarding the identification of key business risks;
- c) checks the periodic reports regarding evaluation of the Internal Control and Risk Management System. More specifically, with reference to the Internal Control system, it examines – in its preliminary stage - the work plan and periodic reports prepared by the Head of the Internal Audit Department;
- d) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit Department;
- e) may request that the Internal Audit Department - if necessary - perform checks on specific operating areas, prior notification to the Chairman of the Board of Statutory Auditors;
- f) reports to the Board of Directors, at least every six months on the occasion of the annual and interim financial reports, on its activities and on the adequacy of the Internal Control and Risk Management System;
- g) supplies its opinion regarding the appointment, dismissal, remuneration, adequacy of resources of the Head of the Internal Audit Department.

The Control and Risk Committee carried out checks and addressed several issues of different nature over the course of three meetings held in 2014. More specifically, during said meetings, it examined and assessed:

- the main corporate risks, regarding 2014, presented by the Corporate Risk Management Department;
- the proposed Audit Plan 2014, prepared by the Internal Audit Department (hereinafter referred to as "SIA"), based on a structured risk analysis, with preliminary approval by the Board;
- the internal control activities planned and carried out regarding the Audit Plan 2013;
- the impairment test procedure on the Financial Statements at 31.12.2013, together with the Administration Department;
- the assets regarding "contract work in progress" and "amounts due from customers" in relation to the main order backlog;
- detailed examination of the financial dynamics and of the equity and income related aspects of the projects constituting the order backlog;
- the progress of activities in progress compared to the approved audit plan 2014;
- key projects for the Internal Control system such as its revision in the light of Legislative Decree 231, the Fraud and IT Audit (2<sup>nd</sup> phase) on the assessment of anti-fraud controls identified in 2013, the follow-up on actions taken by the Company as a result of the project carried out in 2013 pursuant to Legislative Decree 231 related to offenses under art. 24a ("cybercrime") and 25-*novies* ("copyright violation"), the vulnerability assessment and penetration test;
- the "Internal Audit Handbook" and the Functions of the Internal Audit Department, drafted with the assistance of Ernst & Young Financial Business Advisors, in compliance with international best practices and with the Code of Conduct for listed companies.

The meetings of the Control and Risk Committee, held during 2014, were always attended by the Chairman of the Board of Statutory Auditors. These meetings were recorded and entered in the Committee's log.

In order to carry its tasks, the Control and Risk Committee may invite the representatives of any of the Company's departments to its meetings and may also require the assistance of external consultants.

The resources required for internal control activities, also regarding the implementation of the audit plan, are provided for and quantified in the Internal Audit budget.

The Control and Risk Committee held two meetings on 12 January and 23 February 2015 in the presence of the Chairman of the Board of Statutory Auditors, during which the following points were examined:

- meeting with Corporate Risk Management (CRM) regarding the main business risks (Top Risks);
- assessment and approval of the proposed 2015 Audit Plan;
- assessment of internal control activities planned and implemented in the second half of the year as per approved 2014 Audit Plan;
- assessment, together with the Administration department, of the impairment test regarding the Financial Statements at 31.12.2014;
- assessment of the provisions of application criterion 7.C.2, a, of the Code of Conduct, together with the Manager in charge of financial reporting.

The Committee reported to the Board of Directors on the activities performed in the first and in the second half of 2014.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AND FINANCIAL REPORTING**

### **INTERNAL CONTROL SYSTEM**

The Company considers the maintenance of an effective system of Internal Control and Risk Management necessary for the Company to achieve its targets to be of key importance for the development and management of its business.

An effective system of Internal Control and Risk Management, in line with the best national and international practices, should be aimed at allowing - through suitable identification, assessment and management of risks and related controls - the running of a sound and correct business consistent with the set targets, also in order to meet its own requirements as well as those of shareholders, corporate supervisory bodies and By-laws and regulations.

In this regard, the Company has established its own Internal Control and Risk Management System through a set of rules, procedures and organisational structures designed to allow:

- a) the compliance of all business activities with the objectives the Company's targets and the directives issued by senior management in accordance with internal and external rules and regulations;
- b) the effectiveness and efficiency of corporate activities;
- c) the reliability and accuracy of corporate accounting, information, and economic and financial reporting;
- d) the protection of company assets with the identification of conducts prejudicial to its interest and/or fraud.

The main and current methodological reference used by the company is the C.o.S.O. Report which, adapted to the Company's requirements, is an analytical tool for effectively carrying out the audit and evaluation activities of its internal control system and its various components. It also provides senior management with a clear vision of the aspects of improvement in the internal Control and Risk Management system in terms of effectiveness and efficiency.

Since 2010, following establishment of the Corporate Risk Management Department, the Company has taken steps to codify a structured and integrated risks management system in line with the C.o.S.O. ERM – Enterprise Risk Management Integrated Framework model. This model is becoming increasingly important in the evaluation of the Internal Control System.

The parties involved in the Control and Risk Management system are the Board of Directors, the Control and Risk Committee, the Chief Executive Officer in charge of the Internal Control and Risk Management System, the Board of Statutory Auditors, the independent auditors, the Supervisory Board, the Head of Internal Audit, the manager in charge of financial reporting, the Corporate Risk Management Department, second level executives, the management and all the operating staff within their roles and responsibilities.

The Board of Directors – according to the established guidelines of the Internal Control and Risk Management System, and with the advisory assistance of the Control and Risk Committee - ensures that the main risks undertaken by Astaldi S.p.A. and its subsidiaries are correctly identified and adequately assessed, managed and monitored, determining the degree of compatibility of those risks with a sound and proper management, consistent with the strategic, business and financial objectives.

In 2014, the Board of Directors was requested to assess aspects of corporate governance in relation to the main risks of the Company and the Company's Internal Control system, also through reporting on activities undertaken by the Control and Risk Committee.

In this regard, during the meeting of 28 January 2014, the Board reviewed and approved the Work Plan prepared by the Head of the *Internal Audit*, on the basis of the preliminary investigation conducted by the Control and Risk Committee in the preliminary meeting held on the same date. The Plan lists the objectives, the methodology applied, and the selection of sample contracts for audit activities both in Italy and abroad.

Furthermore, during the meetings of 28 March 2014 and of 10 March 2015, the Board of Directors expressed a generally positive assessment of the adequacy, effectiveness and effective functioning of the system of Internal Control and Risk Management of the Company, with respect to the Company's structure and the risks undertaken, based on the results of the preliminary investigation conducted by the Control and Risk Committee.

In order to achieve a steady improvement and increase in efficiency of the entire system, the Board requested that the improvements to be carried out in the areas requiring specific recommendations, be implemented by the relevant corporate departments.

As regards the specific assessments of the adequacy, effectiveness and efficiency of the Internal Control and Risk Management System, please refer to sections 11.1 and 11.2.

Furthermore, in the Board meeting of 10 November 2014, the Directors reviewed and approved two operating procedures of the IMS (Integrated Management System) - issued by the Internal Audit Department - related to the Internal Audit Handbook and the functions of the Internal Audit Department,



subsequent to the preliminary investigation activities of the Control and Risk Committee and of the Board of Statutory Auditors.

#### **11. A) - INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS CONCERNING FINANCIAL REPORTING: MAIN ASPECTS**

The activities of financial reporting – an integral part of the Internal Control system – are carried out by a specific department whose responsibility is to support the work of the manager in charge of financial reporting.

Management of the risks linked to financial reporting is an integral part of the Internal Control system set up by the Company as a key element for those activities designed to ensure the correctness, accuracy, reliability and timeliness of financial data.

The approach taken by the Company based on the relevant best practices and in particular on the C.o.S.O. Framework derives from a corporate control environment which places particular attention on definition of the main tools of corporate governance. The system of risk management and internal control provides for the formalisation of appropriate administrative and accounting procedures, the definition of roles and responsibilities through a managerial structure and its delegated functions, regulations and internal codes of conduct and the separation of functions.

In particular, the definition of processes and related controls stems from the constant identification and analysis of those endogenous and exogenous factors which may affect the achievement of business targets in order to determine how these risks can be managed (identification, assessment and monitoring), to ensure the proper production of financial information.

Therefore, the Company has set up a series of line and operational controls (first level), and hierarchical and functional controls regarding risk management and compliance with internal and external rules (second level) and internal audit controls (third level). Assessment of the effectiveness of the system to control those risks which may significantly affect the financial reporting process is carried out by testing procedures, both during the annual closing of accounts and the interim reports (half-yearly), characterised by a top-down approach identifying the relevant extent, processes and related accounting entries. In this respect, certain items which are deemed to have a significant economic impact on the Separate and Consolidated Financial Statements are scrutinised through a sampling process. These specific testing operations are carried out by a division reporting to the manager in charge of financial reporting, and the results of the audit and corrective actions suggested shall be submitted to the above manager and to the Board of Directors.

It must be pointed out that, since the introduction of Law 262/05, the Parent has ordered that annual financial and interim (half-yearly) reports of branches and subsidiaries must be accompanied by a written statement signed by their legal representatives and administration managers. This certification is required by the Consob regulation implementing Law 262/05.

The adopted system is monitored and constantly updated.

#### **11.1 DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In the light of the provisions of Art. 7.P.3., a, (i) of the Code of Conduct, during the meeting of 23 April 2013 the Board of Directors appointed the CEO "director in charge of the Internal Control and Risk

Management system" performing the tasks pursuant to art. 7.C.4 of the Code, in accordance with the Company's model of control and risk management and within the guidelines set up by the Board itself.

More specifically the CEO

- identifies the main corporate risks, considering the characteristics of the activities performed by the issuer and its subsidiaries and periodically submits those risks to the attention of the Board of Directors;
- implements the guidelines set up by the Board of Directors, carrying out the layout, implementation and management of the Internal Control and Risk Management system also checking its adequacy and effectiveness on a regular basis;
- adjusts the system according to the working conditions and to the provisions of applicable laws and regulations;
- may ask the Internal Audit Department to carry out audits on specific areas of operation and on the compliance with internal procedures and regulations governing corporate operations, giving at the same time notice thereof to the Chairman of the Board of Directors, to the Chairman of the Control and Risk Committee and to the Chairman of the Board of Statutory Auditors;
- promptly reports to the Control and Risk Committee (or to the Board of Directors) on issues and problems which may have arisen during the fulfilment of his/her duties or about which he/she may have been informed, so that the Committee (or the Board of Directors) may take appropriate actions in connection therewith.

Regarding the application criterion 7.C.4, a, a Corporate Risk Management Department (hereinafter also referred to as "CRM") was set up to provide the Company's management with the necessary support in the decision-making process regarding the reduction of risks throughout the entire corporate business cycle, in the various contracts (traditional contracts, general contracting, concessions and project finance initiatives) and at the various levels of the corporate organisation (head-office, country, project).

The risk management model adopted by the Company is three-dimensional, divided by nature of risk (operational, financial, strategic, compliance related), by level (enterprise, country, project), and by project phase (development, construction and operation).

The line followed by the Corporate Risk Management Department has made it possible to disseminate a risk culture and a common language, also through a new well-established method of assessment of the Group's risks, officially outlined in the guidelines for the quantification and reduction of the main risk/opportunity situations.

During the meeting of 28 January 2014, the Corporate Risk Management Department updated the Control and Risk Committee and the Board of Statutory Auditors on the main corporate risks (Top Risks) at ERM level, as well as on work in progress on projects important for the Company's business. In this regard, please refer to sections relating to the activities of the Control and Risk Committee (section 10) of the Internal Control and Risk Management System (section 11) of the Board of Statutory Auditors (section 13).

During the meeting, the Board of Directors, in view of the provisions in the Code of Conduct for Listed Companies, made its own assessments, allowing each director to express his/her opinion on the Board of Directors' role and influence in scrutinising the strategic framework and main corporate risks, also relying on the preliminary examination carried out by the Control and Risk Committee.

The CEO takes particular care in acquiring information on all the changes/updates in laws and regulations which may have an impact on the Company's business and, therefore, on the Internal Control and Risk

Management System. Therefore, particular attention was drawn to Astaldi's corporate and organisational development path to progressively comply with the provisions of the new Code of Conduct. In fact, during the meeting held on 23 April 2013, the Board of Directors implemented the most important changes in the regulations stemming from the revision of the Code of Conduct, with particular reference to internal audit and risk management activities.

During 2014, the CEO received up-to-date information on the following from the Head of the Internal Audit Department: audit plans and the progress of the activities relating to the Internal Control system; the adequacy of controls in terms of suitability to cope with/reduce the level of risk agreed upon and accepted by senior Management also by recording the meetings held by the Control and Risk Committee and by the Board of Statutory Auditors and through the consolidated reports on the outcome of audit activities foreseen by the Plan.

## **11.2 HEAD OF THE INTERNAL AUDIT DEPARTMENT**

As required by the Code of Conduct (Principle 7.P.3., b.), the "Head of the Internal Audit Department" (hereinafter called "RIA") is Fabio Accardi, Head of the Internal Audit Department (hereinafter "SIA"), formerly responsible for the Internal Audit since 13 May 2009, appointed by the Board of Directors upon proposal of the Director in charge of the Internal Control and Risk Management System, with the approval of the Control and Risk Committee.

Upon approval of the Audit Activity Plan, the Board of Directors checks on a yearly basis that the SIA has the resources (internal and/or external experts) needed to implement the Plan.

In this regard, the SIA quantifies the financial resources needed to carry out its duties in relation to the activities to be undertaken during the year.

The Head of SIA reports directly to the Board of Directors and, in accordance with the provisions of the aforementioned application criteria

- verifies, both regularly and in connection with specific situations, and in compliance with international standards, the activities, the effectiveness and efficiency of the Internal Control and Risk Management System through an audit plan approved by the Board of Directors, based on an organised analysis and prioritising the main risks;
- is not responsible for any operational area;
- has direct access to all information considered useful to carry out the task;
- presents periodical reports containing specific information on activities and on the adequacy of controls in terms of their suitability to cope with/reduce the level of risk agreed upon and accepted by senior management. The periodical reports focus on the assessment of the Internal Control and Risk Management System activities;
- prepares timely reports on events of major importance;
- forwards the above reports to the Chairmen of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors as well as to the Director in charge of the of Internal Control and Risk Management System;
- assesses, within the audit plan, the reliability of IT systems, including accounting systems.

Moreover:

- works alongside the Supervisory Board of Astaldi (the Parent) in updating the Organisational, Management and Control Model pursuant to Legislative Decree 231/01, and also provides support in monitoring and inspection activities to check on the compliance with the Model itself;
- carries out audits pursuant to Legislative Decree 231/01 upon instructions given by the Supervisory Board of Astaldi;
- carries out investigations in connection with reports of infringement of the Company's Code of Ethics, reporting to the Supervisory Board should the information received envisage a breach or alleged breach of the Organisational Model pursuant to Legislative Decree 231/01;
- is also responsible for Internal Control activities in the subsidiaries and associate companies, with the following responsibilities:
  1. to assist the Management and the Supervisory Boards of the Company in the preparation and updating of the Organisational Models pursuant to Legislative Decree No. 231/01;
  2. to perform, on behalf of the Supervisory Boards, audits pursuant to Legislative Decree No. 231/01;
  3. to carry out investigations in relation to reports of violations of the Code of Ethics, reporting to the Supervisory Board cases which can be construed as an infringement or suspected infringement of the Organisational Model pursuant to Legislative Decree No. 231/01.

Audit activities falling under the responsibility of SIA are listed in the "Internal Audit Handbook" which has become an operating procedure of the SGI (Integrated Management System) after having being vetted by the Control and Risk Committee and the Board of Statutory Auditors and approved by the Board of Directors in the meeting of 10 November 2014. In particular, the procedures defined in the Handbook are applicable to all companies of the Group for the activities regarding the Internal Control and Risk Management system according to international standards. During the Board meeting of 28 January 2014 the Audit plan for 2014 was submitted and approved after having been vetted by the Control and Risk Committee. Prepared by SIA in accordance with the Code of Conduct, the Plan is based on the analysis and the prioritization of the main corporate risks.

During the aforementioned meeting the Board:

- agreed on the operating procedures for the audit and on the criteria adopted for the selection of sample projects and operations to be scrutinised;
- assessed the resources needed by the Internal Audit department for its activities, focusing on the foreign sector and taking into account the increased involvement of SIA in this field. All these decisions were made in line with the Code of Conduct for listed companies (independence of functions).

The results are periodically submitted to the Head of the Internal Audit Department, to senior management, to the Control and Risk Committee, to the Board of Statutory Auditors, to the Supervisory Board pursuant to Legislative Decree. 231/01, and to the Board of Directors on the basis of the policy on information to be supplied to the Company's management and controlled bodies established in SIA's operational procedures regarding Internal Audit functions (recording of meetings with the Supervisory and Control Bodies, Audit Reports, interim Reports on activities in progress).

In the reports, the Head of the Internal Audit Department expressed an assessment on the Internal Control system as regards the Company's activities and the selected projects both in Italy and abroad.

With reference to activities relating to the Internal Control system, a series of projects were finalized in 2014 by the SIA with the assistance of external consultants who met the requirements regarding professional level, independence and organisation. In particular:

- a) revision of Astaldi S.p.A.'s implementation of Legislative Decree 231;
- b) Fraud and IT Audit (2<sup>nd</sup> phase) on the assessment of anti-fraud controls for the year 2013;
- c) follow-up on actions taken by the Company regarding the project carried out under Legislative Decree 231 in 2013 with reference to the offenses under art. 24a ("cybercrime") and 25-novies ("violation of copyright") and vulnerability assessment and penetration test;

The activities referred to in paragraphs b and c were carried out in accordance with the provisions of the Code of Conduct application criteria 7.C.5., g.

Finally, the Control and Risk Committee held two meetings on 12 January and 23 February 2015, in the presence of the Chairman of the Board of Statutory Auditors. Please refer to point 10. for the meetings' agendas. In order to carry out the tasks, the Head of the Internal Audit Department has access to all relevant information, as specified in the operating procedure of the SGI on the Responsibilities of SIA, approved by the Board of Directors on 10 November 2014.

The resources required for Internal Control activities, including those regarding implementation of the Audit Plan, are provided for and quantified in the budget of the Internal Audit Department.

### **11.3 ORGANISATIONAL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001**

With reference to the additional actions taken to strengthen the governance system, the Board of Directors of Astaldi S.p.A. and that of the strategically important subsidiaries and associate companies have adopted their own "Code of Ethics" which establishes general principles and rules of conduct aimed at regulating the activities of employees and assistants, also regarding the relations with shareholders, the Public Administration, suppliers, contractors and subcontractors.

In particular, the Code provides for:

- the general principles and reference values which Astaldi S.p.A. and the companies within the Group must comply with when carrying out their activities;
- the rules of conduct that the Company's representatives, executives and personnel must observe when relating with business, entrepreneurial and financial parties;
- the main ways in which the Code is implemented within the Company.

Furthermore, the Board of Directors of Astaldi S.p.A. and that of its strategically important subsidiaries and associate companies have adopted their own "Organisational, Management and Control Model pursuant to Legislative Decree 231/01" which, by identifying areas and corporate activities potentially at risk of the offences envisaged by the Decree, aims to protect the Company in the event of offences referred to in Legislative Decree 231/01 by administrators, employees and consultants of the Company itself.

More specifically, the Model defines:

- "sensitive" corporate activities to be analysed and monitored, i.e. those activities within which, by their own nature, the offences pursuant to Legislative Decree 231/01 may be committed;
- the protocols (i.e. the principles) for the protection of sensitive activities from risks of offences under Legislative Decree 231/01;
- how the financial resources to be used for the prevention of offences are managed;

- the rules to define the Supervisory Board and the assignment of specific control tasks in order to guarantee a correct functioning of the Model;
- the information flow to the Supervisory Body;
- information, training, awareness raising and dissemination activities at all levels on the rules of conduct and procedures;
- responsibilities for the approval, integration, amendments and implementation of the Model, as well as the assessment of its operations and compliance with the Code of Conduct within the Company, and its regular updating.

The macro-categories of offences that the Organisational Model of Astaldi S.p.A. aims to prevent are:

- crimes against the Public Administration and against property of the State or other public body;
- handling of stolen goods and money laundering;
- corporate crime (including corruption between private business entities), insider dealing and market manipulation;
- offences against the person, committed in breach of the laws and regulations in matter of occupational safety;
- cybercrime;
- organised crime offences and obstruction of justice;
- environmental crimes;
- employment of illegal foreign nationals.

The "Code of Ethics" and the "Organisational, Management and Control Model pursuant to Legislative Decree No. 231/01" are constantly updated according to current legislation and the changes within the Company's organisation.

In this regard, at its meeting of 28 March 2014, the Board approved a review of the Organisational, Management and Control Model pursuant to Legislative Decree No. 231/01 for updating the risk assessment on "cybercrimes" and "violation of copyright", the latter related to IT, with the support of the consulting firm Macfin Management Consultants S.r.l.

Activities on vulnerability assessment were also carried out with the aim to test the security of computer systems, through research techniques and consequent vulnerability and a simulation of cyber attacks (penetration test).

During the aforementioned meeting, the Supervisory Board's 2014 Budget was approved by the Board of Directors in connection with the activities of the said Board specified in its Work Schedule.

The activities planned by the Supervisory Board for the current financial year included the kick-off of a project for an analysis of the general layout of the Company's Code of Ethics and Organisational Model, adopted since 2003, in order to verify if, by implementing the above project, there is space for improvement taking into account court findings and current best practices. However, it should be noted that the Company's structure pursuant to Legislative Decree 231 has since been updated following the new rules and regulations and the corporate organisational changes that have occurred over the years.

In the Board meeting of 1 August 2014, in accordance with the Organisational Model, paragraph 5.5., - information - the Supervisory board prepared its regular report summarising the activities carried out in accordance with the schedule of activities approved during the year. Today's Board of Directors, which approved this report, drafted the periodic summary report regarding the year 2014.

The Company's Code of Ethics and Organisational Model are published in the Company's official website at:

[www.astaldi.com/governance/documents](http://www.astaldi.com/governance/documents)

For the prevention of any of the risks/offences pursuant to Legislative Decree 231/01, Astaldi S.p.A. and each of its strategically important subsidiaries and associate companies, appointed its own Supervisory Board, whose members meet the requirements of autonomy, independence and professional level in accordance with the above laws and regulations.

With reference to Astaldi S.p.A., with effect from 27 June 2013, the members of the Supervisory Board are Piero Spanò, Chairman, Nicoletta Mincato, lawyer and independent non-executive director and, as external consultants, Marco Annoni and Giorgio Luceri, lawyers.

The Supervisory Board, which has its own budget and a special regulation, is a senior management unit reporting directly to the CEO about results, critical issues, corrective actions and improvements which, in the case of particularly significant events, may be brought to the attention of the Board of Directors.

#### **11.4 INDEPENDENT AUDITORS**

Auditing of Astaldi S.p.A. accounts is carried out by KPMG S.p.A. for the years 2011-2019.

#### **11.5 MANAGER IN CHARGE OF FINANCIAL REPORTING**

The manager in charge of financial reporting is appointed by the Board of Directors with the approval of the Board of Statutory Auditors as per art. 23 bis of the Company's By-laws. Furthermore, according to said By-laws, the appointee must have the integrity requirements for administrators established by current legislation, as well as an adequate professional level with at least three years in a managerial position in administration, accounting, finance or control in a listed company or in finance, banking or insurance, or in a company whose paid-up capital is not less than € 2 million. As an alternative, the appointee may also have been an auditor in an auditing firm listed in the special Consob register.

The Company also has an Internal Regulation with a detailed job description, available resources and powers of the manager in charge as well as on which basis he/she will relate with other bodies and departments within the Company.

Paolo Citterio, General Manager of Administration and Finance has held the position of "Manager in charge of financial reporting" pursuant to art. 154-bis of Consolidated Finance Act, since 2007.

On the occasion of the latest renewal of the Board of Directors on 23 April 2013, the newly appointed Board confirmed Paolo Citterio in his position.

#### **11.6 COORDINATION BETWEEN INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

In order to be effective, a control system must be integrated, i.e. its elements must be coordinated and interdependent with each other, and the system as a whole must be integrated into the overall organisational structure of the Company.

The legislation and the new Code of Conduct consider the Internal Control and Risk Management system as a unitary system in which the risk is the underlying principle. In order to be effective, the control system must be integrated within its parts, i.e. it must foresee both procedures and flows of coordination between the various corporate bodies in the same system (Board of Directors, Director in charge of the Internal Control and Risk Management system, Control and Risk Committee, Board of Statutory Auditors, Head of Internal Audit, Manager in charge of financial reporting, Chief Risk Officer, and all other corporate departments with specific tasks in relation to internal Control and Risk Management).

In this regard, Astaldi operates in accordance with the provisions of the new Code of Conduct, as outlined in the previous sections of the Corporate Governance report.

In particular in the following areas:

- coordination of the activities carried out by the Internal Audit Department and the Corporate Risk Management Department, taking into account that the modern concept of audit is focused on corporate risks, on their detection, assessment and monitoring.
- with specific reference to financial reporting, the coordination of activities carried out by the Internal Audit Department and the operating division providing support to the Manager in charge of financial reporting;
- coordination between SIA's activities and second level departments regarding the specific risks monitored by them (e.g. safety and the environment).

The Internal Audit Handbook, an operating procedure of SIA, falls expressly under the rules on information flow: a) reporting to second level departments, in order to promote integration between the main actors of the control system; b) sharing intervention on assurance, maximising synergies and sharing the outcomes of their activities.

More generally speaking, please refer to sections 10, 11.1, 11.2, 11.3,14, as regards the coordination of all parties involved in the Internal Control and Risk Management system i.e. Control and Risk Committee, Board of Statutory Auditors, Supervisory Body, Director responsible for the Internal Control and Risk Management system, Head of the Internal Audit Department.

## 12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

During the meeting held on 10 November 2010, the Board of Directors, in line with the provisions laid out by the Consob Regulation No. 17221 of 12 March 2010 (subsequently amended by the resolution of 23 June 2010 regarding procedures governing "**related party transactions**"), approved, with the favourable vote expressed by the ad hoc committee of independent directors, the new corporate procedures for the identification, approval and implementation of transactions with related parties carried out directly by Astaldi S.p.A. or through its subsidiaries. The procedure was subsequently amended by the Board of Directors on 11 November 2011.

Upon such approval and pursuant to the relevant rules and regulations, the Company has established a Related Parties Committee comprising the following independent directors:

- |                            |                      |
|----------------------------|----------------------|
| ▪ Eugenio Pinto (Chairman) | independent director |
| ▪ Paolo Cuccia             | independent director |
| ▪ Giorgio Cirila           | independent director |



The above procedures

1) single out transactions of "lesser" and "greater" importance.

Transactions of "lesser" importance are subject to:

- (i) ex ante suitable information, provided promptly to the decision-making body and to the Committee which must express its opinion;
- (ii) the appointment by a Committee of independent experts of its own choice;
- (iii) a non-binding opinion of the Related Party Committee;
- (iv) the decision taken by the Board of Directors or alternatively by the CEO under the powers conferred to him/her.

For operations of "greater" importance, in addition to the above, the procedures require:

- (i) the binding opinion of the Related Party Committee;
- (ii) that the Board of Directors have decision-making powers.

- 2) establish procedures for the performance and approval of operations, as well as the composition and functions of the aforesaid Related Party Committee which, as laid out by Consob comprises solely independent directors both in the case of operations of "lesser" and "greater" importance.
- 3) establish procedures and timetables to supply all information before, during and after the above mentioned operations to the Related Party Committee and to all departments responsible for administration and control;
- 4) define the rules to be applied in cases in which the Company examines or approves operations of both Italian or foreign subsidiaries;
- 5) define cases of "default exemption" or "optional exemption."

The Company shall supply detailed information on all said operations in its Financial Statements. For details please refer to the "*Procedures governing transactions with related parties*" on the company website (Section "*Governance/Archive documents*").

\* \* \* \* \*

In relation to cases in which a **Director declares an interest**, be it direct or on behalf of third parties, the Board of Directors, in accordance with the current regulations, shall adopt from time to time solutions deemed to be the most appropriate (such as the exclusion from the vote and/or request that the Director temporarily leave the meeting).

### **13. APPOINTMENT OF STATUTORY AUDITORS**

The By-laws provide a "slate vote" procedure in order to ensure the presence of representatives of minority shareholders in the Board of Statutory Auditors.

**The slates**, accompanied by the documentation required by the current legislation and the Company's By-laws, must be filed at the corporate offices according to the terms and deadline established by the laws in force.

The slates may be presented only by those shareholders who alone or together with other shareholders, hold shares with voting rights representing at least **1% of the share capital** (or less than 1% if applicable in accordance with the current laws or regulations).

The members of the Board of Statutory Auditors are **appointed** as follows.

- two standing and two alternate members are chosen from the slate that has received the highest number of votes cast by shareholders present at the meeting in the progressive order in which the names have been included in the corresponding sections of the slate;
- the remaining auditor, who will also be appointed Chairman of the Board and the other alternate member are chosen in the progressive order in which they are listed in the corresponding sections of the slate with the second highest number of votes expressed by the shareholders who are not connected to the majority shareholders pursuant to the regulations in force.

In the event that more minority slates have obtained the same number of votes, the Standing member and the Alternate member will be selected on a seniority basis among those candidates who are first in the above mentioned lists.

In the case that only one slate is presented, all Standing and Alternate members will be selected from it and appointed according to the order in which they are listed. Also in this case, the person registered first in the slates will be appointed Chairman of the Board of Statutory Auditors.

In order to ensure the balance between genders, Art. 25 of the Company's By-laws provides that each slate containing three or more candidates shall include a number of candidates who, meeting the requirements provided for by the law and the By-laws, belong to the gender which is the least represented in the Board of Statutory Auditors, in the proportion of **one-fifth** of the candidates to be appointed at the first renewal subsequent to 12 August 2012, and **one-third** of the candidates to be appointed for the two subsequent terms of office.

In order to ensure effective equality, the balance between genders in corporate positions is expressed by the one-fifth of the standing members belonging to the gender which is the least represented, appointed at the first renewal of the Board of Statutory Auditors on 24 April 2012.

In the event of **resignation** for any reason by a Standing Auditor, the first Alternate member elected in the same slate will be appointed after assessment of the existence of the legal and By-laws requirements. However, if the resignation, for any reason occurs after the first renewal of the Board made after 12 August 2012 or during the two subsequent terms, the replacement will have to take into account the balance between genders represented in the Board of Statutory Auditors as established by Art. 25 of the Company's By-Laws.

If the Standing Auditor drawn from the slate which ranked second in number of votes resigns and cannot be replaced for any reason by the Alternate Auditor appointed from the same slate, the former shall be replaced by the candidate registered in the same slate immediately after or, if this is not possible for any reason, by the candidate in the slate which ranked second in number of votes among the slates presented by minority shareholders, verifying first that the requirements laid out by the law and By-laws are met. However, in the event the resignation, for any reason, of the Standing Auditor drawn from the slate which ranked second in number of votes, occurs after the first renewal of the Board after 12 August 2012, or during the two subsequent terms of office, replacement shall take place by taking into account

the balance between genders within the Board of Statutory Auditors in accordance with the provisions of Article 25 of the Company's By-laws.

For further information relating to the appointment and replacement of members of the Board of Statutory Auditors, please refer to the provisions of Art. 25 of the By-laws of Astaldi S.p.A. published on the Company's website (Section "*Governance/Archive documents*").

#### **14. BOARD OF STATUTORY AUDITORS: COMPOSITION AND FUNCTIONS (pursuant to Art. 123-bis, subsection 2, d, Consolidated Finance Act)**

The Board of Statutory Auditors was appointed for the financial years 2012/2014 during the Shareholders' Meeting of 24 April 2012. For its composition please see Table 4 in the Appendix.

During the aforementioned meeting 2 slates were presented in compliance with the By-laws and Art. 148 Consolidated Finance Act.

The first slate was presented by the shareholder FIN.AST S.r.l., which proposed Lelio Fornabaio and lawyer Ermanno La Marca as Standing Auditors, and Giulia De Martino and Francesco Follina as Alternate Auditors.

The second slate was presented by the following shareholders: Allianz Global Investors Italia SGR S.p.A., ANIMA SGR S.p.A., AZ Fund Management S.A., Ersel Asset Management SGR S.p.A., Eurizon Capital SGR S.p.A., Pioneer Asset Management S.A., Pioneer Investment Management SGR S.p.A., Eurizon Capital SA, ARCA SGR S.p.A., JP Morgan Asset Management LTD proposing Daria Beatrice Langosco Di Langosco as Standing Auditor and Andrea Lorenzatti as Alternate Auditor.

The outcome of the vote was the following: the first slate obtained 2 (two) votes for a total of 51,618,462 (fifty-one million six hundred and eighteen thousand four hundred and sixty-two) shares i.e. 75.06% of the share capital represented at the meeting, and the vote of the second slate obtained 114 votes (one hundred and fourteen) of shareholders for a total of 14,928,888 (fourteen million nine hundred and twenty eight thousand eight hundred and eighty eight) shares, i.e. 21.70%.

The members of the outgoing Board of Statutory Auditors were Daria Beatrice Langosco Di Langosco (Chairperson), Lelio Fornabaio and Ermanno La Marca, and the three Alternate Auditors Giulia De Martino, Francesco Follina and Andrea Lorenzatti.

Although appointed before the legislation on gender quotas became effective (Law No. 120 of 12 July 2011) the composition of the Board is in line with the provisions pursuant to art. 148, subsection 1-bis, Consolidated Finance Act, as amended by the above law, which requires that at least one-fifth of the members of the Board of Statutory Auditors be the expression of the least represented gender.

The Board of Statutory Auditors shall be appointed at the next Shareholders' Meeting convened to approve the Financial Statements for 2014.

\* \* \* \* \*

The Board of Statutory Auditors verified the independence of its members, during the meeting of 5 March 2014, pursuant to application criterion 8.C.1. of the Code of Conduct.

For the composition of the Board of Statutory Auditors, please see Table 4. All Auditors are in possession of the personal and professional requirements, as required by Art. 144-decies of Consob and the By-Laws of Astaldi S.p.A. (Art. 25).

The Chairman convened a series of meetings with directors, statutory auditors and corporate executives to discuss and illustrate the Company's business developments and to better understand the Company's Business Plan.

The Company also adheres to the principles of the Code of Conduct, according to which the Statutory Auditor who directly or on behalf of third parties, declares an interest in a specific operation involving the Company, shall promptly and fully inform the other Statutory Auditors and the Chairman of the Board of Directors about the nature, terms, origin and extent of this interest (application criterion 8.C.3.).

The Board of Statutory Auditors conducts controls on the audit in compliance with Art.19 of Legislative Decree 39/2010 in line with the Italian Stock Exchange notice no. 18916 of 21 December 2010.

The Board of Statutory Auditors also monitors the independence of the Independent Auditors, verifying both compliance with the provisions of law and the nature and extent of services other than auditing provided to the Company and its subsidiaries by said firm and its network.

\* \* \* \* \*

The Board of Statutory Auditors carries out its activities with the assistance of the Head of Internal Audit Department, within the timeframe required by current legislation and by the internal deadlines according to the meetings scheduled during the financial year.

In 2014, the Board of Statutory Auditors met 10 times: 8 January, 5 and 27 March, 7 and 8 April, 24 June, 1 August, 20 October, 19 November (twice).

More specifically, the meeting of 5 March 2014, was convened with the Chairmen of the Boards of Statutory Auditors of the most important subsidiaries, in compliance with Art. 151 Consolidated Finance Act, subsection 2.

On 19 November, there was a joint meeting with the Supervisory Board after the Board meeting.

The meetings of the Board of Statutory Auditors were coordinated by the Chairman and attended by the majority of its members. The average duration of each Meeting was about two hours.

As a rule, the Board of Statutory Auditors meets following the deadlines established by current laws and the Board has already met twice during 2015, on 19 January and 2 March 2015.

The Board also coordinated its activities with the Control and Risk Committee, maintaining a constant exchange of information, through the attendance of the Chairman of the Board of meetings of the said Committee (*application criterion 8.C.5.*).

## 15. RELATIONS WITH SHAREHOLDERS

In the light of its admission to listing on the STAR segment of the Italian Stock Market in 2002, the Company, appointed as **the executive officer for relations with investors** (*Investor Relator*) Alessandra Onorati who is the head of the relative corporate department.

In order to encourage interaction with the shareholders and with the market and to implement the provisions of the law, the Company regularly posts on its website all accounting information (yearly, interim and quarterly reports) and all other information which may be of interest to the shareholders in general (i.e. press releases, the Code of Business Ethics, the Organisational and Control Model pursuant to Legislative Decree no. 231/01, the Reports of the Directors on the items discussed in the meetings).

## **16. SHAREHOLDERS' MEETINGS (pursuant to Art. 123-bis, subsection 2, c, Consolidated Finance Act)**

Under Article 10 of the current By-laws, the Shareholders' Meeting is convened by the Board of Directors by public notice in accordance with current legislation.

The By-laws also provide that the same notice may also indicate another day for a second call, if the first is not attended; in the case of an Extraordinary General Meeting the same notice may also indicate the date of a third call.

The duties of the Shareholders' Meeting are established under Art. 2364 of the Italian Civil Code; furthermore, Art. 2365, subsection two of the Italian Civil Code, and Art. 22 of the By-laws expressly grant the Board of Directors the power to take decisions regarding:

- (i) merger and demerger, in the cases falling under Articles 2505 and 2505-bis of Italian Civil Code, in accordance with the terms provided for therein;
- (ii) setting up and closing down of secondary offices, including abroad;
- (iii) appointment of the directors with powers to represent the Company;
- (iv) decreasing of the share capital in the event of withdrawal by a shareholder;
- (v) amendments to the By-laws following regulatory changes;
- (vi) relocation of the registered office within the national territory.

Moreover, pursuant to Art. 135-novies, subsection 5, of Consolidated Finance Act and Art. 12 of the Company's By-laws, the Company dedicates a specific section of its Internet website to the shareholders where they may electronically deliver the proxies with power to vote, by using the proxy form (Section "*Governance/Shareholders' Meetings*").

At present, as regards the Shareholders' Meetings, the Company's By-laws do not establish any procedure for electronic voting or any audiovisual connection.

\* \* \* \* \*

According to Art. 13 of the Company's By-laws "*the activities of both Ordinary and Extraordinary Shareholders' Meetings are regulated by the set of rules approved by the Ordinary Shareholders' Meeting and are valid until amended or replaced*". At the ordinary meeting on 11 March 2002, the shareholders approved the "**Meeting's Rules and Regulations**" subsequently updated by the resolution dated 5 November 2010 which established clear and certain rules for the Meetings' orderly and functioning proceedings without any prejudice to the right of each shareholder to express his/her opinion or to request clarifications on the items on agenda.

Said Rules and Regulations establish that the shareholders with voting rights may ask to intervene in the debate on the items on the agenda in order to submit observations and proposals or to request further information on the subject until the Chairman declares the discussion of said items closed. The Chairman, or the persons assisting him in this task will then supply the appropriate answers and the shareholder will have the right to a short reply.

\* \* \* \* \*

In order to allow the shareholders to deal with the Meetings' resolutions with a clear knowledge of the facts, suitable information will be supplied by the Board of Directors by filing all documentation and reports on the items on agenda for the shareholders' perusal at the Company's registered office and/or on the website ([www.astaldi.com](http://www.astaldi.com), section governance/shareholders' meeting) and at the authorised storage system ([www.1info.it](http://www.1info.it)) according to the schedule set by current legislation.

\* \* \* \* \*

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to Art. 123-bis, subsection 2, a, Consolidated Finance Act)**

No corporate governance practice has been established in addition to those already described above.

## **18. EVENTS AFTER THE REPORTING PERIOD**

As mentioned in the introduction, the new financial year opened with an important change in governance.

With the introduction of Art. 127-quinques Consolidated Finance Act by Legislative Decree No. 91 of 24 June 2014 – the so called "competitiveness decree" – amended and converted by Law 116 of 11 August 2014, the Italian law makers have bypassed the traditional principle of "one share - one vote" in order to promote medium to long-term equity investment thus rewarding "loyal" shareholders by increasing their voting rights.

The Company's Board of Directors has deemed appropriate to present to the General Shareholders' Meeting a new law introduced by the Italian legislation through which an increased weight of the voting rights would favour those shareholders who contribute to support the Company's growth in the medium to long period through a long-term investment.

This law is in line with the EU policy aimed at favouring medium to long-term investments also with a view of reducing the volatility of stock markets through a more efficient pricing process.

It is worth pointing out that this action is in fact a concrete integration within the Italian legislation of a principle, shared at EU level, which aims at promoting systems that align corporate medium to long-term interests with those of both "retail" and institutional investors.

This new legal framework clearly favours the adoption of measures which facilitate the presence of stable investors and the Company feels that the aim it could pursue by introducing this is a higher level of loyalty among its shareholders who are encouraged to keep their investment for a longer period of time.

This is even more important in the case of a corporation such as Astaldi S.p.A. which is involved in multi-

year projects in Italy and abroad characterised by medium-long term working cycles and is therefore interested in investors whose intention is to share and accompany the Company's core business on a stable basis.

The Board of Directors, while recognising the Company's interest in this proposal, has considered that the need and the aim to encourage medium-long term investments also exist in the presence of a pre-established control of the corporation since all stable investors would be rewarded, including the minority shareholders who wish to guarantee for themselves more voice and monitoring rights through their medium-long term investments compared to investors making shorter-term investments.

It has therefore been agreed that an increased voting right might favour the presence of stable minority shareholders who could contribute through a greater interest in the appointment of minority representatives to the Board and in the improvement of the Company's governance.

Therefore, the Board Meeting of 17 December 2014 resolved to convene an Extraordinary Shareholders' Meeting for 29 January 2015 to submit the change in the Company's By-laws introducing the increased voting rights mechanism for its approval.

The Company's new By-laws establish the granting of two votes to each share included in a special List regularly updated by the Company. These shares must be kept unsold for a period of at least 24 months starting from the date in which they were included in the said List.

Applications by shareholders in this regard may include all or only a part of the shares owned and will be made through an authorised intermediary who forwards the application to the Company as laid out by the norms or by equivalent documentation considered acceptable by the Rules and Regulations.

With reference to the above, for organisational purposes, the Company's By-laws establish that both the listing and the updating be carried out on a quarterly basis: 1 March, 1 June, 1 September, 1 December or according to a different timetable if provided for by the current regulations.

Therefore, the applications, even if received before the set date, will be effective only when the List is updated by the Company at the first available date according to the above mentioned timetable and procedures.

As regards exercise of the increased voting rights, the By-laws require that the shareholders send to the Company or produce the relevant notification as per regulations in force – or the equivalent documentation as established by the said regulations – also specifying the duration of the uninterrupted ownership of the shares benefitting of the increased voting rights.

The By-laws also provide for the shareholder entitled to increased voting rights to waive such right, for all or part of the shares which will be automatically deleted from the List thus losing the relevant increased voting right. However, the shareholder has the right to request that the shares be re-included in the List thus starting a new period during which the increased voting rights are restored.

In the case of death of the shareholder, the right to the increased vote remains valid in favour of the heirs, as well as in the event of mergers and demergers. The right to the increased vote extends proportionally to the newly-issued shares both in the case of increase of share capital under Art. 2442 of the Italian Civil Code and in the case of capital increase through the issue of new shares.

The increase in voting rights is calculated through the determination of quorums set up to resolve upon this, according to current legislation and Company's By-laws, that refer to portions of the share capital or

of the share capital with voting rights.

In order to assist shareholders in obtaining all relevant information regarding the increased voting rights mechanism, the Company has set up a special section of the corporate website (Section "Governance/ increased votes") containing all the necessary information.

Rome, 10 March 2015

**Chairman of the Board of Directors**  
**Paolo Astaldi**  
(signed on the original)



# ***SUMMARY TABLES***

**TABLE 1: INFORMATION ON SHAREHOLDING STRUCTURE**

<b>SHARE CAPITAL STRUCTURE as of 31 December 2013</b>				
	Number of shares	% of capital	Listed (indicate markets)/not listed	Rights and obligations
Ordinary shares	98,424,900	100%	MTA - STAR	-
Shares with limited voting right	-	-	-	-
Shares with no voting right	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly-issued shares)</b>				
	Listing market	No. of convertible bonds in circulation	Type of shares used for conversion	no. of shares used for conversion
Convertible bonds	Luxembourg - MTF	130,000	ordinary	17,568,517
Warrants	-	-	-	-

**TABLE 2: BOARD OF DIRECTORS AND COMMITTEES: COMPOSITION AS OF 31 DECEMBER 2014**

Board of Directors													Control and Risk Committee		Remun. Committee		Appointments Committee	
Position	Directors	Year of birth	Date of first app. *	In office from	In office until	Slate **	Exec.	Non-exec.	Indep. Code	Indep. TUF	No. other apps. ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Paolo Astaldi	1960	7/07/1994	23/04/2013	(a)	M	x				1	9/9						
Deputy Chairman	Ernesto Monti	1946	5/09/2000	23/04/2013	(a)	M		x		x	–	9/9			3/3	C	1/1	C
Deputy Chairman	Giuseppe Cafiero	1944	30/07/2004	23/04/2013	(a)	M	x				–	9/9						
CEO • ◇	Stefano Cerri	1960	3/10/ 2000	23/04/2013	(a)	M	x				1	9/9						
Director	Caterina Astaldi	1969	5/07/2001	23/04/2013	(a)	M		x			–	3/9						
Director	Luigi G. Cavalchini	1937	12 /11/2002	23/04/2013	(a)	M		x	x	x	1	8/9	3/3	M				
Director	Giorgio Ciria	1940	23/04/2010	23/04/2013	(a)	M		x	x	x	1	9/9			3/3	M		
Director	Paolo Cuccia	1953	23/04/2010	23/04/2013	(a)	M		x	x	x		8/9						
Director	Piero Gnudi	1938	7/09/1999	23/04/2013	(a)			x	x	x	2	2/3						
Director	Chiara Mancini	1972	23/04/2013	23/04/2013	(a)	M		x	x	x	–	8/9					0/0	M (from 17/12/2014)
Director	Nicoletta Mincato	1971	3/10/ 2000	23/04/2013	(a)	M		x	x	x	–	9/9	3/3	M				
Director	Eugenio Pinto	1959	23/04/2010	23/04/2013	(a)	M		x	x	x	4	9/9	3/3	C	3/3	M	1/1	M
Director	Filippo M. Stinellis	1963	29/01/2015	29/01/2015	(a)		x		x	x	–	0/0						
<b>----- DIRECTORS RESIGNED IN 2014 -----</b>																		
Director	Guido Guzzetti	1955	23/04/2013	23/04/2013	1/08/2014	m		x	x	x	1	6/6	2/2	M				
Director	Mario Lupo	1934	30/04/2004	23/04/2013	21/11/2014	M		x	x	x	1	8/8					1/1	M
<b>No. of meetings held in 2014: 9</b>						Control and Risk Committee: 3					Remuneration Committee: 3				Appointments Committee: 1			
<b>Quorum requested for the submission of lists: 2,5%</b>																		
<b>NOTES</b>																		
The following symbols must be entered in the "Position" column:																		
• This symbol indicates the Director in charge of the Internal Control and Risk Management system.																		
◇ This symbol indicates the Director responsible for the management of the Issuer (Chief Executive Officer or CEO).																		
* The date of first appointment of each Director is the date in which he/she was appointed for the first time (ever) in the Issuer's Board of Directors.																		
** This column shows the slate from which each director was chosen ("M" majority list; "m" minority list; "Board": the list submitted by the Board of Directors).																		
*** This column shows the number of positions as director or auditor held in other companies listed on regulated markets, including foreign, financial, banking, insurance markets or large companies. These positions are listed in detail in the report on corporate governance. Table 3 details the tasks.																		
(*) This column indicates the attendance of directors at the meetings of the Board and Committees (indicate the number of meetings attended against the total number of meetings to which he/she could participate in; e.g. 6/8, 8/8 etc.).																		
(**) This column shows the position of the Director within the Committee: "C": Chairman; "M": member.																		
(a) Director in office until approval of the 2015 Financial Statements.																		

**TABLE 3: NUMBER OF POSITIONS AS DIRECTOR OR AUDITOR HELD BY EACH BOARD MEMBER IN OTHER COMPANIES LISTED ON REGULATED MARKETS, IN ITALY OR ABROAD, IN FINANCE, BANKING AND INSURANCE COMPANIES OR OTHER LARGE COMPANIES AS OF 31 DECEMBER 2014:**

<b>Name Surname</b>	<b>Other offices held pursuant to Article 1.3 of the Code of Conduct</b>
Paolo Astaldi	CEO of Fin.Ast S.r.l.
Ernesto Monti	None
Giuseppe Cafiero	None
Stefano Cerri	Director of A4 Holding S.p.A.
Caterina Astaldi	Director of Fin.Ast. S.r.l.
Luigi Guidobono Cavalchini	Member of the Board of Directors of Reale Mutua Assicurazioni
Giorgio Ciria	CEO of IMMSI S.p.A.
Paolo Cuccia	None
Mario Lupo	None
Guido Guzzetti	Director of SAIPEM S.p.A.
Piero Gnudi	Chairman of the Board of Directors of FONSPA CREDITO FONDIARIO S.p.A. and Extraordinary Commissioner of ILVA in Extraordinary Administration
Chiara Mancini	None
Nicoletta Mincato	None
Eugenio Pinto	Chairman of the Board of Statutory Auditors of Stogit S.p.A. and Snam Rete Gas S.p.A.; Statutory Auditor of Finmeccanica S.p.A.; Statutory Auditor of Finmeccanica Global Services S.p.A.
Filippo Stinellis	None

**TABLE 4: BOARD OF STATUTORY AUDITORS: COMPOSITION AS OF 31 DECEMBER 2014**

Board of Auditors									
Position	Member(s)	Date of birth	Date of first appointment*	In office since	In office until	Slate **	Indep. Code	Attendance of Board meetings ***	No. of other appointments ****
Chairperson	<i>Daria Beatrice Langosco di Langosco</i>	1952	24/04/2012	24/04/2012	(a)	M	x	9/9	1
Standing auditor	<i>Lelio Fornabaio</i>	1970	24/04/2012	24/04/2012	(a)	M	x	9/9	16
Standing auditor	<i>Ermanno La Marca</i>	1972	24/04/2012	24/04/2012	(a)	M	x	8/9	0
Alternate auditor	<i>Andrea Lorenzatti</i>	1975	24/04/2012	24/04/2012	(a)	M	x	-	0
Alternate auditor	<i>Giulia De Martino</i>	1978	24/04/2012	24/04/2012	(a)	M	x	-	7
Alternate auditor	<i>Francesco Follina</i>	1959	24/04/2012	24/04/2012	(a)	M	x	-	5
Number of meetings held: 9									
Quorum required for the presentation of slates by minority shareholders for the election of one or more members (art. 148 Consolidated Finance Act): pursuant to the By-laws are entitled to submit slates only those shareholders who, alone or together with other shareholders represent at least 1% of the share capital.									

**NOTES**

\* The date of first appointment of each Director is the date in which he/she was appointed for the first time (ever) in the issuer's Board of Directors.

\*\* This column shows the slates from which each auditor was selected ("M": majority; "m" minority).

\*\*\* This column shows the attendance of meetings of the Board of Statutory Auditors (indicate the number of meetings attended against the total number of meetings which he/she could participate in; e.g. 6/8, 8/8 etc.).

\*\*\*\* This column shows the number of positions as director or auditor held by each member of the Board of Statutory Auditors in accordance with art. 148-bis Consolidated Finance Act and related implementation provisions of the Consob Regulations. The full list of offices is posted by CONSOB on its website pursuant to Art. 144-*quinquiesdecies* of the Consob Issuer Regulations.

(A) Auditor in office until the approval of the 2014 financial statements.