



CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE REPORT

pursuant to Art. 123-bis of the Consolidated Finance Act

(traditional control and management system)

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

Web site: **www.astaldi.com**

Financial year this report refers to: **2012**

Date of approval of Report: **13-Mar-2013**

INTRODUCTION

It is underlined that this Report was drawn up in compliance with the provisions of art. 123-bis of the Consolidated Finance Act taking into account the recommendations of the Code of Conduct approved by the Corporate Governance Committee in December 2011, effective from the financial years started in 2012, and in accordance with the guidelines issued by Borsa Italiana S.p.A. in February 2013.

In such respect, the Company has made the implementations connected with its corporate governance as illustrated by appropriate market disclosure set forth in this "Corporate Governance and Shareholder Structure Report".

1. ISSUER'S PROFILE

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

Taking into account the above, the corporate governance model of Astaldi S.p.A., setting forth the main events after the reporting period, is described herebelow.

2. INFORMATION on SHAREHOLDING STRUCTURE (as per art. 123-bis of the Consolidated Finance Act)

a) Share capital structure (as per art. 123-bis, paragraph 1(a) of the Consolidated Finance Act)

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

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

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

On 23 January 2013, the Company's Board of Directors resolved to issue equity-linked bonds reserved to Italian and foreign qualified investors, the Company being entitled to repay the principal amount by Astaldi S.p.A. shares only if the Shareholders at their extraordinary meeting to be held on 23 April 2013 approve a share capital increase without any option rights as per article 2441(5) of the Italian Civil Code, supporting the repayment of the bonds issued. Following approval by the Company's Shareholders as set forth above, the bond holders shall be attributed the right to apply for possible conversion of the bonds into Company's newly and/or already issued ordinary shares.

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

b) Restrictions on the transfer of shares (as per art. 123-bis, paragraph 1(b) of the Consolidated Finance Act)

There are no restrictions on the transfer of shares.

c) Significant shareholdings (as per art. 123-bis, paragraph 1(c) of the Consolidated Finance Act)

The shareholders owning a number of shares representing more than 2% of the share capital, as appearing from the Shareholders' Register, from the notices received pursuant to art. 120 of the Consolidated Finance Act and from other information available are, as at 2 January 2013, the following:

DECLARANT	DIRECT SHAREHOLDER	NUMBER OF SHARES	SHAREHOLDING %
FIN.AST. S.r.l.	<i>FIN.AST. S.r.l.</i>	39,505,495	40.138%
	<i>Finetupar International S.A.</i>	12,327,967	12.525%
		51,833,462	52.663%
Odin Forvaltning AS	<i>Odin Forvaltning AS</i>	4,828,885	4.906%
Pictet Asset Management Ltd	<i>Pictet Asset Management Ltd</i>	2,065,633	2.099%
	TOTAL	58,727,980	59.668%

d) Shares with special rights (as per art. 123-bis, paragraph 1(d) of the Consolidated Finance Act)

No shares with special controlling interests have been issued.

e) Employees' shareholding: manner of exercise of voting rights (as per art. 123-bis, paragraph 1(e) of the Consolidated Finance Act)

No employees' shareholding scheme has been adopted.

f) Restrictions on voting rights (as per art. 123-bis, paragraph 1(f) of the Consolidated Finance Act)

There are no restrictions on voting rights.

g) Shareholders' agreements (as per art. 123-bis, paragraph 1(g) of the Consolidated Finance Act)

Within the framework of the issue of equity-linked bonds, as set forth under point 2 a) above, Fin.Ast. S.r.l., in its capacity as shareholder holding the controlling interest in Astaldi S.p.A., entered into a commitment in favour of the latter to support said issue of bonds and to vote in favour of the share capital increase connected therewith, to be included in the agenda of the Astaldi S.p.A. shareholders' meeting to be held on 23 April 2013.

h) Clauses of change of control (as per art. 123-bis, paragraph 1(h) of the Consolidated Finance Act) and By-laws provisions related to Public Take-over Bids (as per art. 104, paragraph 1-ter, and 104-bis, paragraph 1)

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

In relation to Public Take-over Bids, the By-laws of Astaldi S.p.A. do not contain any provision which is applicable notwithstanding the passivity rule under art. 104, paragraphs 1 and 2, of the Consolidated Finance Act nor do they provide for the application of breakthrough rules in accordance with art. 104-bis, paragraphs 2 and 3, of the Consolidated Finance Act.

i) Powers to increase the Company's share capital and authorisation to purchase Company's treasury shares (as per art. 123-bis, paragraph 1(m) of the Consolidated Finance Act)

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

*On 24 April 2012, the Shareholders of Astaldi S.p.A., with reference to the **plan of purchase and sale of the Company's treasury shares**, pursuant to sections 2357 et seq. of the Italian Civil Code and art. 132 of Legislative decree No. 58 of 24 February 1998, approved the renewal of the authorisation to purchase the Company's treasury shares for a period of twelve months effective from 27 May 2012 and expiring on Friday 24 May 2013, considering that, also in view of Consob Resolution No. 16839 of 19 March 2009, the purposes of favouring the normal course of negotiations, avoiding price fluctuations inconsistent with market trend and ensuring appropriate support to the market trading volume of the Company's treasury shares may still be attained.*

Therefore, the Shareholders considered the possibility of renewing, for a period of 12 months starting from 27 May 2012, the authorisation granted to the Board of Directors:

- *to purchase Company's ordinary shares of a nominal value of Euro 2.00 each, up to a maximum rolling number of 9,842,490 shares, including treasury shares already held by the Company, with the additional obligation that the amount of shares shall never exceed Euro 24,600,000.00 (without detriment to the limit of distributable profits and reserves available under art. 2357, 1st paragraph, of the Italian Civil Code);*
- *to fix a unit price of purchase not lower than Euro 2.00 and not higher than the average price of the last 10 stock market working days immediately preceding the date of purchase, increased by 10%.*

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

The Board of Directors is further authorised to carry out securities lending transactions – in which Astaldi S.p.A. acts as lender – on the Company's treasury shares.

As implementation of said resolution, the Company held 608,187 treasury shares as at 31 December 2012.

I) Management and coordination (as per section 2497 et seq. of the Italian Civil Code)

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

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Finally, it is underlined that:

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

3. COMPLIANCE (as per art. 123-bis, paragraph 2(a) of the Consolidated Finance Act)

Astaldi S.p.A., as a company listed in the STAR Segment, complies with the "**Code of Conduct for listed companies**", drawn up by Borsa Italiana S.p.A.

It is reminded that such Code is made publicly available at the website of Borsa Italiana S.p.A. (www.borsaitaliana.it).

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

4. BOARD OF DIRECTORS

4.1 Appointment and Replacement (as per art. 123-bis, paragraph 1(l) of the Consolidated Finance Act)

Pursuant to the provisions of related legislation, the By-laws of Astaldi S.p.A. provide for the "**list vote**" for the appointment of the Board of Directors.

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

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

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

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

In the event **one sole list** or no list is submitted, the Shareholders shall resolve in accordance with the majorities provided for by the law, without following the above procedure.

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

The By-laws provide that the lists shall be accompanied, *inter alia*, with the candidates' statements by which the same attest, under their own responsibility, their fulfilment or not of the **requirements of independence** provided for by the law.

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

In order to ensure the balance between genders, art. 16 of the Company's By-laws provide that each list containing three or more candidates shall include a number of candidates who, meeting the requirements provided for by the laws and the By-laws, belong to the gender which is less 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 on the occasion of the first renewal of such managing body taking place after August 12, 2012, and **one third** of the candidates for members of the Board of Directors to be appointed for the two terms of office subsequent thereto.

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

While, in the event, during the financial year, of the director appointed from the **list which ranked second in number of votes** leaving office, the By-laws provide for his or her replacement pursuant to the following:

- a) the Board of Directors appoints the new director from the candidates within the same list to which the director leaving office belonged, provided that the shareholders who submitted such list still hold the interest required for submitting the list, and at their meeting to be held thereafter the shareholders shall resolve thereon, in accordance with the majorities provided for by the law, in compliance with the same principle. In the event the termination of such director occurs after the first renewal of the Board of Directors taking place after August 12, 2012, or during the two terms of office subsequent thereto, and determines any change in the balance of genders within the Board of Directors, as per the foregoing article, replacement shall take place by scrolling down the list up to a candidate belonging to the less represented gender;
- b) in the event the new director cannot be appointed from the list which ranked second in number of votes pursuant to paragraph a) above, the Board of Directors – in compliance with the provisions governing the balance between genders, in the event the termination occurs after the first renewal of such managing body taking place after August 12, 2012 or during the two terms of office subsequent thereto - appoints the new director from the candidates within the lists which ranked lower than second in number of votes, in progressive order, provided that the shareholders who submitted the list from which the new director is appointed still hold the interest required for submitting the list, and at their meeting to be held thereafter the shareholders shall resolve, in accordance with the majorities provided for by the law, in compliance with the same principles;
- c) in the event there is no candidate who has not been appointed yet, or in any case when the provisions of paragraphs a) and b) cannot be complied with for any reason whatsoever, the Board of Directors shall appoint the new director, as the same shall be appointed by the shareholders at their meeting to be held thereafter, in accordance with the majorities provided for by the law and notwithstanding the list vote, but still in compliance with the legislation related to the minimum number of independent directors and the provisions on the balance of genders, in the event the termination occurs after the first renewal of such managing body taking place after August 12, 2012, or during the two terms of office subsequent thereto.

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

The Company is not subjected to any additional sector regulations related to the composition of the Board of Directors.

Succession plans

The Company, after proper consideration, did not deem it advisable to adopt any plan for the succession of executive directors.

4.2 Composition (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

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

Such appointment was made in compliance with the provisions of the Company's By-laws and of art. 147-ter of the Consolidated Finance Act, on the basis of one sole list filed by the shareholder Fin.Ast. S.r.l..

The candidates of said list were appointed by the favourable vote of 95.408% of the share capital held by those attending the meeting. While, instead, no minority list was filed, under the provisions of art. 147-ter, paragraph 3 of the Consolidated Finance Act and the Company's By-laws.

In relation to the candidates' personal and professional characteristics, please refer to the information published on the Company's website (www.astaldi.com), Governance/Board of Directors section.

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

During the next Shareholders' Meeting, to be held on 23 April 2013, the Company's Board of Directors shall be renewed and proper resolutions in such respect shall be taken.

Maximum cumulative number of positions held in other companies

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

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

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

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

Induction Programme

The Chairman **invited the Company's executives, and the executives of Group's companies to take part in Board of Directors' meetings periodically held in order to produce proper information in relation to the Company's dynamics and the reference sector in which Astaldi S.p.A. carries out its activity**, as provided for by art. 2.C.2 of the Code of Conduct.

4.3 Board of Directors' Role (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

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

In agreement with the Company's By-Laws, **6 meetings** of the Board of Directors, of an **average duration** of approximately 2 hours each, were held in 2012, with a limited number of absences of Directors and Statutory Auditors, all of which were duly justified.

Moreover, the Board of Directors, pursuant to stock exchange regulations on this matter, approved and subsequently forwarded to Borsa Italiana S.p.A. and to the market, with reference to financial year 2013, the **calendar** setting forth the dates of future Board meetings to be held for the approval of the draft financial statements, interim report and quarterly reports (the so-called "2013 Corporate Calendar"), as set forth below and made available in the Company's website (Governance/Financial Calendar" section).

DATE	COMPANY EVENT	TOPIC
13-Mar-2013	Board of Directors's Meeting	Approval of the 2012 Draft Separate and Consolidated Financial Statements
23-Apr-2013	Shareholders' Meeting	Approval of 2012 Annual Financial Report
14-May-2013	Board of Directors' Meeting	Approval of 2013 First Quarterly Report
2-Aug-2013	Board of Directors' Meeting	Approval of Interim Report at June 30, 2013
13-Nov-2013	Board of Directors' Meeting	Approval of 2013 Third Quarterly Report

Moreover, during 2013, meetings of the Company's Board of Directors were held on the following dates: 23 January 2013, 1 February 2013 and 21 February 2013. Such meetings were not included in the above Financial Calendar since the topics discussed thereat did not concern the Company's accounting documents and/or periodical financial reports.

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

Moreover, Board of Directors' meetings may be attended, upon invitation, by Company's managers so as to provide proper details on the topics of the agenda, in compliance with the provisions of Application Criterion 1.C.6 of the Code of Conduct for Listed Companies.

* * * * *

In particular, in compliance with Application Criterion 1.C.1 of the Code of Conduct for listed companies, the Board of Directors:

- a) examines and approves the Company's and the Group's strategic, business and financial plans, periodically monitoring their application, and defines the Company's corporate governance system and the Group's corporate structure;
- b) defines the nature and the degree of risk compatible with the Company's strategic targets;
- c) evaluates the adequacy of the organisational, management and accounting structure of the Company and of its strategically important subsidiaries, with particular reference to the internal control system and risk management;
- d) defines the frequency, which shall never exceed a period of three months, with which Chief Executive Officer, upon whom powers have been conferred, shall report to the board in connection with the activities carried out while exercising the relevant powers;

The Board of Directors, pursuant to **Application Criterion 1.C.1.(e) of the Code of Conduct**, on the occasion of the meetings held during 2012, regularly evaluated the general operating performance, also on the basis of the information collected from company bodies, thus periodically comparing actual results with planned results.

Pursuant to Application Criterion 1.C.1(f) of the Code of Conduct, the Board of Directors was entrusted with the exclusive task of examining and approving the Company's and its subsidiaries' transactions in advance, whenever such transactions are of a significant strategic financial importance for the Company itself and determined the general criteria to be adopted for the identification of significant transactions. As far as transactions with related parties are concerned, please refer to paragraph 12 here below.

The Board of Directors, in compliance with Application Criterion 1.C.1(g) of the Code of Conduct, properly considered the dimension, composition and manner of operation of the Board itself and of its Committees, by also taking into account the characteristics of professionalism, experience and gender, as well as seniority, of the relevant members.

Such evaluation was carried out by means of a proper self-evaluation system (the so-called Board Performance Review) in which all the Company's Directors were involved.

In particular, during the Board of Directors' Meeting held on 1 August 2012, a specific questionnaire, prepared by the Legal Affairs and Corporate Governance Department and discussed with the Board of Statutory Auditors, was distributed to the Director, by which each Director could express his/her own considerations on the following aspects of the Company's governance:

- *Board of Directors' role and influence on the Company's strategic decisions and in defining management's organisational structure, as well as on the verification of the Company's strategic framework and main risks;*
- *Directors' relationship with the Company's Top Management, with particular reference to Independent Directors, and existence of initiatives aimed at enhancing the Directors' knowledge of the Company's business;*

- recurrence and duration of Board of Directors' meetings, timeliness and completeness of the documents provided to the Directors and closer investigation of the relevant issues;
- composition of internal Committees, with particular reference to the Control and Risks Committee and the Remuneration Committee, and reporting of the activities carried out by the Committees themselves to the Board of Directors;
- Board of Directors' role in determining management's remuneration and reward plan.

Board Performance Review results, illustrated to the Board of Directors during its meeting held on 13 November 2012, confirmed that the Company's Directors consider themselves as fully satisfied in connection with some specific aspects, such as, more in detail:

- the atmosphere in which Board of Directors' meetings are held, which allows the Directors' active participation;
- Board of Directors' leadership and management, which is considered in line with the best standards;
- the relationship between independent Directors and Company's Top Management, which is considered positive and profitable;
- the comprehension and sharing of targets in relation to operations and results.

Shareholders are given information about the outcome of such evaluation by the public of this Report. In such respect, it is underlined that the professionals who will be appointed as Members of the Company's Board of Directors, in view of the forthcoming renewal, have been selected by taking into account the professional characteristics of each one of them, which are considered to be in agreement with the activity carried out by the Company, as set forth in the above-mentioned Board Performance Review.

With reference to **Application Criterion 1.C.4 of the Code of Conduct**, it is underlined that the Shareholders of Astaldi S.p.A. did not authorise, either from a general point of view or as a precautionary measure, any waivers to article 2390 of the Italian civil code.

4.4. Company Bodies

CHIEF EXECUTIVE OFFICER

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

The Board of Directors set the following restrictions to the powers conferred upon Stefano Cerri: (i) signing bids for acquiring works on contract and/or concessions, including those under the form of project financing, up to the amount of Euro 600 million and, in the event of successful bids, entering into the relevant contracts, and signing any other deed necessary therefor; (ii) entering into, amending and terminating contracts for the purchase or sale of real estate up to the maximum amount of Euro 2,600,000.00 per each transaction.

Stefano Cerri, who holds office as Chief Executive Officer (and, as such, taking on the main responsibility for the management of Astaldi S.p.A.) is presently holding no other position as director in any other issuer which is not a Group company, the Chief Executive Officer of which holds office as director of Astaldi S.p.A.. In particular, the situation of interlocking directorate provided for by Application Criteria 2.C.5 of the Code of Conduct adopted by the Company does not occur.

CHAIRMAN

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

No lead independent director has been designated, because the Chairman of the Board of Directors has not been vested with any exclusive power on the basis of which the same is liable for the management of the Company nor controls the same, as set forth in closer detail in paragraph 4.7 below.

REPORTING TO THE BOARD

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

4.5 Other Executive Directors

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

4.6. Independent Directors

The Board of Directors, following its appointment at the Shareholders' Meeting held on 23 April 2010, pursuant to the **Application Criterion 3.C.3 of the Code of Conduct**, deemed that **independence requirements** are met by the Directors Giorgio Cirila, Paolo Cuccia, Mario Lupo, Eugenio Pinto and Maurizio Poloni. Such evaluation was made by taking into account independence parameters set forth in the Code of Conduct itself, as well as significance criteria as defined in the Instructions given by Borsa Italiana S.p.A., considering substance over form.

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

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

Pursuant to **Application Criterion 3.C.4 of the Code of Conduct**, during today's meeting, the Board of Directors carried out the annual assessment of the fulfilment of independence requirements of the above-mentioned Directors, the outcome of which showed no change with respect to the previous situation.

During financial year 2012, independent directors deemed that it was not advisable to hold meetings in the absence of the other directors.

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

4.7. Lead Independent Director

It is underlined that, since the preconditions of the Code of Conduct (Application Criterion 2.C.4) are not met, further taking into account the statements of paragraphs 4.4 of this Report, the Board of Directors deemed not to designate any **Lead Independent Director**.

5. PROCESSING OF COMPANY INFORMATION

Pursuant to **Application Criterion 1.C.1.(j) of the Code of Conduct**, the Company, in order to ensure correct internal management and timely external communication of any significant event taking place within the sphere of activity of the Company and its subsidiaries and which, at least potentially, is capable of significantly affecting the price of the Company's shares (the so-called "price sensitive information"), avails itself of the "**Continuous Disclosure**" procedure (the most recent revision of which by the Board of Directors was made on 1 August 2012).

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

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

6. COMMITTEES WITHIN THE BOARD OF DIRECTORS

(as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

The Company set up a Remuneration Committee, a Control and Risks Committee and a Related Parties Committee.

7. APPOINTMENTS COMMITTEE

The Board of Directors presently in office deemed not to set up any Committee for the appointment of Directors since, at this time, there are no difficulties in identifying candidacies for the appointment of company officers.

8. REMUNERATION COMMITTEE

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

Composition and operation of the Remuneration Committee (as per art. 123-bis, paragraph 2(d) of the Consolidated Finance Act)

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

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

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

During 2012, the Remuneration Committee held 2 meetings, of an average duration of 1 hour, attended by all the members of the Committee.

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

Moreover, following the reappointment of the Company's Board of Directors for the three-year period 2013/2015, the Remuneration Committee shall also be reappointed. The Chairman of such Committee shall meet the independence requirements provided for by Principle 6.P.3 of the Code of Conduct.

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

Remuneration Committee's functions

- In particular, in compliance with **Application Criteria 6.C.5 of the Code of Conduct**, the Remuneration Committee is essentially entrusted with the following tasks:
- periodically assessing the adequacy, the global consistency and the actual application of the policy adopted in matter of remuneration of directors and key management personnel, by availing itself, with respect to such latter aspect, of the information provided by the Chief Executive Officer;
- submitting to the Board of Directors proposals on such matter;
- submitting proposals and expressing opinions to the Board of Directors on the remuneration of executive directors and of other directors performing specific functions, as well as on the determination of performance targets linked to the variable components of such remuneration;
- monitoring the application of the decisions adopted by the Board of Directors itself by checking, in particular, the actual achievement of performance targets;

During the 2 meetings held in 2012, all evidenced by valid minutes, the Committee provided opinions and made proposals, particularly in connection with the following:

- validating the achievement of the parameters required for 2011 stock grant vesting;
- defining the Top Management's reward system;
- defining the parameters upon the achievement of which 2012 stock grant vests.

Said meetings of the Remuneration Committee were attended by the Chairman of the Company, Paolo Astaldi, while the Deputy Chairman, Giuseppe Cafiero, attended only one of them.

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

9. REMUNERATION OF DIRECTORS

General Remuneration Policy

The Board of Directors shall approve, pursuant to art. 123-ter of the Consolidated Finance Act, the Remuneration Report to be submitted to the next Shareholders' Meeting held to approve the financial statements and setting forth 2013 general remuneration policy.

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

Share-based Remuneration Plans

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

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

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

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

Remuneration of Executive Directors

The only executive director to whom a reward plan applies is the Chief Executive Office who, as set forth above, is one of the grantees of the 2010/2012 Stock Grant Plan.

Remuneration of key management personnel

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

Bonus schemes applicable to the Internal Control Officer and to the Manager in charge of financial reporting

With reference to financial year 2012, no specific bonus scheme has been provided for the "internal control officer" and the "manager in charge of financial reporting".

Remuneration of non-executive directors

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

Entitlement due to the Directors in the event of resignation, dismissal or termination of office following to a public take-over bid (as per art. 123-bis, paragraph 1(i) of the Consolidated Finance Act)

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

10. CONTROL AND RISKS COMMITTEE

Effective from 5 February 2002, the Company set up an Internal Control Committee whose name was changed, on the occasion of the Board of Directors' meeting held on 1 August 2012, to Control and Risks Committee, following the amendments to the Code of Conduct for Listed Companies having an impact on the Company's organisation.

Formation and operation of the Control and Risks Committee

The Control and Risks Committee is presently formed of 3 non-executive directors, the majority of whom are independent directors, as follows:

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

The activity of the Control and Risks Committee is coordinated by the Chairman and, during 2012, the Control and Risks Committee held 4 (four) meetings, of an average duration of approximately 2 hours, attended by the majority of its members.

The Committee's meetings are mainly held on a quarterly basis, although, during financial year 2013, three meetings have already been held on 19 January, 22 February and 25 February 2013, respectively.

The Committee meetings are always attended by the Chairman of the Board of Statutory Auditors. Some meetings of said Committee were held jointly with the Board of Statutory Auditors, in compliance with Application Criteria 7.C.3 of the Code of Conduct. Such meetings are attended also by the Internal

Control Department, since the Manager of said Department acts as Secretary of the Control and Risks Committee.

Upon the Committee's invitation – depending on the topics discussed in connection with the provisions of Application Criterion 7.C.2 – the meetings are attended by the following: the Manager in charge of financial reporting, the independent auditors, the Corporate Risk Management Department, other company Offices/Departments involved in the various topics discussed:

Functions attributed to the Control and Risks Committee

The Committee provides the Board of Directors with assistance in connection with the activities of direction and evaluation of the internal audit and risk management system, as set forth in greater detail in Application Criterion 7.C.1 of the Code of Conduct, expressing in such respect its prior opinion on the functions of evaluation, proposal and information attributed to the Committee itself (7.C.2).

More particularly, it fulfils the following tasks:

- a) it reports to the Board of Directors on the adequacy of the internal control and risk management system;
- b) it evaluates, jointly with both the Manager in charge of financial reporting and after hearing the independent auditors and the Board of Statutory Auditors, the suitability of the accounting standards adopted and their homogeneity for the purposes of drafting the consolidated financial statements;
- c) upon request made by the executive director duly entrusted to this purpose, it expresses its opinions preliminarily to initiatives to be taken, on specific aspects concerning the identification of main company risks and the structure, implementation and management of the internal control system;
- d) it examines the periodical reports focusing on the internal control and risk management system; More in detail, with reference to the internal control system, it examines – during the preliminary examination phase – the action plan and the most important periodical reports drawn up by the Manager of the Internal Control Department;
- e) it monitors the autonomy, the adequacy, the effectiveness and the efficiency of the Internal Control System;
- f) it asks – if necessary – the Internal Control Department to carry out specific checks, concurrently informing the Chairman of the Board of Statutory Auditors thereof;
- g) it reports to the Board, at least on a six-monthly basis, on the occasion of approval of the financial statements and of the interim report, on the activities carried out and the suitability of the internal control system;
- h) it carries out additional tasks as may be entrusted to the same by the Board of Directors.

During its 4 meetings held in 2012, the Committee performed control activities and tackled a number of issues including the following which were of greatest interest:

- a) it met the Board of Statutory Auditors and, with the Chief Executive Officer, assessed the consequences of the revision of the Code of Conduct for listed companies (December 2011) on the company internal control system, with specific reference to Internal Control activities;
- b) it acknowledged the results of the internal control system analysis, carried out in 2011 with the collaboration of third-party advisors, which, while confirming the substantial adequacy of the system itself, have underlined an action plan aimed at achieving Company's compliance with the recent changes in laws and regulations as set forth under point a) above;

- c) it examined and discussed the various activities performed in 2011 on the company internal control system, with particular reference to the results of the checks on business and support processes – carried out on a sample of projects executed in Italy and in foreign countries and on duly selected head-office processes – and was informed about the follow-up relating to the audit activities carried out in 2010 concerning remedying actions recommended by the Management. The activities so carried out underlined the adequacy of the internal control system which, tending to improve the effectiveness and efficiencies of controls and the consequent mitigation of the risks to the prevention of which such controls are intended for, was considered adequate, efficient and effective as a whole;
- d) it was informed, by the Manager in charge of financial reporting, as per the provisions of Law No. 262/05, about the results of testing activities – also in terms of remedying measures required and/or implemented during financial year 2011 – carried out on a sample of selected projects executed in Italy and in foreign countries; The internal control system overseeing financial reporting was considered, as a whole, adequate, effective and efficient;
- e) it met the independent auditors in compliance with the provisions of the Application Criterion 7.C.2(a);
- f) it examined the action plan of the internal control activities for financial year 2012. In particular, with reference to the plan, it received information about the operational methods and the criteria for the selection of the sample of projects executed in Italy and in foreign countries and of business processes to be checked, already adopted during previous financial years;
- g) it was informed about the selected projects carried out in Italy and abroad, as per Law No. 262/05, in relation to financial year 2012, with reference to the annual (separate and consolidated) financial statements and received updates about the outcome of the checks carried out by the Operative Structure providing support to the Manager in charge of financial reporting during the first and second half of the financial year in question;
- h) it checked the progress of the 2012 action plan in compliance with the outcome of the activity described under paragraph b) above, aimed at updating the system adopted to audit company processes and at drawing up an Internal Control Manual;
- i) it was periodically informed about the progress of the 2012 audit activities and of the follow-up relating to the audits carried out in 2011;
- j) it was informed about the completion of the risk-and-control mapping activity focusing on process activities carried out in Italy and abroad which is preliminary to the 2013 Action Plan;
- k) it was periodically informed, in relation to the impact on the company internal control system, on the activities carried out in compliance with the provisions of the Italian Legislative decree 231/01, at company level and at operating construction sites.

The Committee, during its meetings held on 3 August and on 9 November 2012 informed the Board of Directors about the activities carried out during the first and the second half, respectively, of 2012.

The Control and Risks Committee's meetings held during 2012 were always attended by the Chairman of the Board of Statutory Auditors, while some of them were attended by the entire Board of Statutory Auditors.

All the meetings of the Control and Risks Committee are evidenced by specific minutes drawn up by the Internal Control Department and then recorded in a specific book.

In order to fulfil its duties, the Control and Risks Committee may have access to any information and may invite any company body to attend its meetings, as necessary, and may also avail itself of third-party advisors.

During 2013, three meetings of the Control and Risks Committee were held on 22 January and on 19 and 25 February, respectively, which were attended by the Chairman of the Board of Statutory Auditors, and during which the following topics were discussed:

- the most important corporate risks in connection with financial year 2013, as illustrated by the CRM (Corporate Risk Management) Department;
- the proposed 2013 Action Plan, worked out by SIA, on a well-organized process of analysis of risks, propaedeutic to approval by the Board of Directors;
- jointly with the Manager in charge of financial reporting and after hearing the independent auditors and the Board of Statutory Auditors, an evaluation was made in compliance with the provisions of Application Criterion 7.C.2(a);

the internal control activities planned and carried out during 2012 and the follow-up relating to the checks carried out in 2011 were also checked.

11. RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Company deems that the maintenance of an effective internal control and risk management system on which the whole company may rely in order to achieve its targets is of fundamental importance for the development and the management of its own activities.

An effective risk management and internal control system, in accordance with national and international best practice, must be aimed at allowing, through an appropriate process of identification, measurement and management of risks and of the relevant controls, to manage the company in a sound manner, correctly and consistently with the targets set, in order to meet not only internal requirements, but also those of shareholders, company control bodies, and related laws and regulations.

In such respect, the Company defined its own risk management and internal control system by adopting a set of rules, procedures, organisational structures aimed at allowing, through an appropriate process of identification, measurement, management and monitoring of the main risks, to manage the company in a sound manner, correctly and consistently with the targets set, which may be divided into the following categories:

- a) the compliance of each of the Company's activities with the business object and Top Management's directives, pursuant to internal procedures and regulations and legislation;
- b) the effectiveness and efficiency of the operating activities;
- c) the reliability of financial information and reporting;
- d) the safeguard of company assets by identifying behaviours which may be detrimental to the company's interests and/or fraud.

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

Since 2010 the Company, by setting up the new Corporate Risk Management Department, started to evolve toward to "CoSO ERM – Enterprise Risk Management Integrated Framework" model in order to systematise a well organised and integrated risk management system.

The main parties involved in the Company's risk management and internal control system are the Board of Directors, the Control and Risks Committee, the Chief Executive Officer in charge of the risk

management and internal control system, the Board of Statutory Auditors, the independent auditors, the Supervisory Body, the Manager of the Internal Control Department, the Manager in charge of financial reporting, the Corporate Risk Management Department, the entities fulfilling assurance functions, Top Management and all the operative personnel to the extent of their respective roles and responsibilities.

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

During the financial year, the Board of Directors was asked to evaluate corporate governance aspects in connection with the verification of the Company's main risks and of the corporate internal control system, also on the basis of the reports of the activities carried out by the Control and Risks Committee.

In such respect, the Board of Directors, during its meeting held on today's date, also on the basis of the results of the activity carried out by the Control and Risks Committee, expressed its positive opinion on the adequacy, effectiveness and efficiency of the Company's internal control and risk management system.

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

MAIN CHARACTERISTICS OF EXISTING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO FINANCIAL REPORTING

As to financial reporting – which is an integral part of the internal control system - the activities are managed by a company body specifically devoted thereto, operating as a unit providing support to the Manager in charge of financial reporting.

The financial reporting risk management system is an integral part of the internal control system implemented by the Company because it is a fundamental part of the company processes aimed at ensuring the reliability, accuracy, trustworthiness and timeliness of financial reporting.

The Company's approach, based on the reference best practice and, in particular, on the Co.S.O. Framework, is the result of a company control environment placing particular attention to the definition of the main corporate governance instruments. Indeed, the risk management system and, more in general, the internal control system, provides for the official adoption of appropriate administrative-accounting procedures, the definition of roles and relevant responsibilities, through an organisational chart and the relevant attribution of powers, as well as the definition of internal regulations, codes of conduct and segregation of duties.

In particular, the definition of processes and of the relevant controls results from the constant identification and analysis of those inbound and outbound factors which may be detrimental to the achievement of company objectives, in order to determine how such risks may be managed (identification, assessment, monitoring), and to ensure that financial information is correctly prepared.

To such purpose, operational/line controls (i.e. first level controls), hierarchical-functional controls, controls over the management of risks and on compliance with internal procedures and regulations and law provisions (i.e. second-level controls) and internal control (third-level controls) have been defined.

The effectiveness of the control system over the risks which may significantly affect financial information is assessed – in particular – through a testing activity, on the occasion of both annual and interim (half-yearly) closing of accounts, and such assessment is characterised by a top-down approach in which the involved entities, processes and relevant accounting items are identified. In such respect, a sampling of the entities is carried out on the basis of the significance of items set forth in the income statement and in the statement of financial position of the relevant separate and consolidated financial statements. Such specific testing activity is carried out by a unit specifically devoted thereto, depending upon the Manager in charge of financial reporting, and the assessment results, as well as the corrective actions recommended, if any, are submitted by said Manager to the Board of Directors for consideration.

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

The system adopted as above is monitored and continually updated.

11.1 Director responsible for the Internal Control and Risk Management System

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

Following the recent amendment to the Code of Conduct (December 2011), the Board of Directors, during its meeting held on 1 August 2012, acknowledged the main changes to the code of conduct which have an impact on the Company's organisation. Such changes concerned, in particular, the completeness of the functions relating to the internal control system.

To this regard, the Board of Directors unanimously decided to adapt the Company's organisation to the provisions of the Code of Conduct for Listed Companies, including that part of the revised code changing the definition of Executive Director supervising the effectiveness of efficiency of the internal control system into "Director responsible for the Internal Control and Risk Management System".

More in detail, the Chief Executive Officer:

- takes care of identifying the main corporate risks, by taking into account the activities carried out by the issuers and by its subsidiaries, and periodically submits the same to the Board of Directors for examination;
- causes the Board of Directors' guidelines to be implemented, thus designing, implementing and managing the internal control system, and constantly checking its global adequacy, effectiveness and efficiency;
- takes care of adjusting such system in accordance with the operational conditions and to the provisions of applicable laws and regulations;
- may ask the internal control department to carry out checks on specific areas of operation and on the compliance with internal procedures and regulations governing company operations, concurrently giving notice thereof to the Chairman of the Board of Directors, to the Chairman of the Control and Risks Committee and to the Chairman of the Board of Statutory Auditors;

- promptly reports to the Control and Risks Committee (or to the Board of Directors) on issues and problems which may have become apparent during the fulfilment of his duties or about which the same may have been informed, so that the Committee (or the Board of Directors) may take appropriate actions in connection therewith.

With reference to the Application Criterion 7.C.4(a), it is underlined that, effective from July 2010, a Corporate Risk Management Department was set up to provide the Company's Management with support in the decision-making process concerning the mitigation of risks throughout the entire company business cycle, in the various forms of contract (traditional contracts, general contracting initiatives, concessions and project financing initiatives) and at the various levels of the company organisation (head-office, country, project).

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

A Group Enterprise Risk Management programme was launched in 2011 focusing on the main risks which may threaten the achievement of company performance and strategies.

With reference to the Application Criterion 7.C.4(e), the Chief Executive Officer, during the periodical meetings held with Company's Control and Supervisory Bodies (Control and Risks Committee and the Board of Statutory Auditors), illustrated, also by availing himself of the Corporate Risk Management Department, the methodological approach implemented and the main results of the analysis carried out, also with reference to the risk-related areas detected during the execution of the activities.

In such respect, please refer to the contents of the sections illustrating the activities of the Control and Risks Committee (Section 10), of the Internal Control and Risk Management System (Section 11), of the Board of Statutory Auditors (Section 13).

During its meeting, the Company's Board of Directors, taking into account the provisions of the Code of Conduct for Listed Companies, made its own evaluations, by causing each director to express his/her opinion, on the Board of Directors' role and influence in checking the strategic framework and the Company's main risks, also relying on the preliminary examination activity carried out by the Control and Risks Committee.

The Chief Executive Officer draws particular attention to all the changes/updates in laws and regulations which may have an impact of the Company's business and, therefore, on the corporate internal control and risk management system.

In such respect, a particular attention was drawn to the corporate and organisational evolution path in order to cause Astaldi to progressively comply with the provisions of the new code of conduct (December 2011).

Indeed, during a meeting jointly held by the Control and Risks Committee and the Board of Statutory Auditors on 18 January 2012, which was attended also by the Chief Executive Officer, the most

important changes in laws and regulations resulting from the revision of the Code of Conduct, with particular reference to internal control activities, have been dealt with.

During that same meeting, also the results of the project relating to the Analysis of the Internal Control System aimed at assessing the Company's control system structure, managed with the specialist assistance provided by Ernst & Young Financial Business Advisor were illustrated, and the recommendations arising from such results were taken into account in order to adapt the entire system to the changes in the code of conduct and the best practices.

During financial year 2012, the Chief Executive Officer was further informed, by the Manager of the Internal Control Department, about the progress of the action plans relating to the internal control system, by means of periodical reports drawn up by the latter on the adequacy of controls because suitable to cope with/mitigate the risks shared and accepted by Top Management and/or reports on the outcome of control activities.

11.2 INTERNAL CONTROL OFFICER

In accordance with the provisions of the Code of Conduct previously in force (Article 8.C.1), the Company's Board of Directors appointed the Internal Control Officer, upon the proposal made by the Chief Executive Officer responsible for the internal control system and after hearing the Control and Risks Committee's proposal.

Effective from 13 May 2009, the Company's Internal Control Officer is Fabio Accardi, who is the Internal Control Department Manager and reports, from a hierarchical point of view, to the Board of Directors and, from a functional point of view, to the Chief Executive Officer in charge of supervising the Company's Internal Control System.

Following the recent amendment to the Code of Conduct (December 2011), the Board of Directors, during its meeting held on August 1, 2012, acknowledged the main changes to the code of conduct which have an impact on the Company's organisation. Such changes concerned, in particular, the completeness of the functions relating to the internal control and risk management system.

To this regard, the Board of Directors unanimously decided to adapt the Company's organisation to the provisions of the Code of Conduct for Listed Companies, including that part of the revised code changing the definition of "*Preposto al Controllo Interno*" into "*Responsabile della Funzione di Internal Audit*" (in English "Internal Control Officer").

The Internal Control Officer, in agreement with the provisions of Application Criterion 7.C.5 of the Code of Conduct, is mainly responsible for the following:

verifying, at Group level, both on a continual basis and in connection with specific cases, the suitability and the effectiveness and efficiency of the internal control and risk management system through an annual action plan to be approved by the Board of Directors, based on a well-organised process of analysis of and attribution of priority to the main risks. The above, also in compliance with the principles and criteria applied in art. 7 et seq. of the Code of Conduct for Listed Companies.

In particular:

drawing-up periodical reports setting forth the adequacy of controls because suitable for coping with/mitigating the level of risk shared and accepted by the Top Management, such activity being preliminary to drawing up the Action Plan.

supervising, within the framework of the Internal Control System, the monitoring of the effectiveness and efficiency of corporate processes (operational check), the analysis of compliance of operations with laws and regulations (compliance check), the reliability of accounting and management information (financial check); As far as the financial check is concerned, the same interacts with the structure of the Manager in charge of financial reporting pursuant to the provisions of Law 262/05;

interacting with internal control bodies (Control and Risks Committee, Board of Statutory Auditors, the Independent Auditor and the Supervisory Body as per Legislative decree 231/01 of the Company and of its subsidiaries) reporting about the risk management method and expressing an opinion on the suitability of the internal control and risk management system for achieving an acceptable level of global risk;

drawing-up periodical reports and reports on particularly significant event, setting forth proper information on his/her own activity, to be taken as basis for an opinion on the suitability of the Internal Control System and on the methods according to which risks are managed, as well as on the compliance with the plans conceived to mitigate the same. The reports are forwarded to the Chairman of the Board of Statutory Auditors, to the Chairman of the Control and Risks Committee, and to the Chairman of the Board of Directors, as well as to the Director entrusted with the internal control and risk management system;

verifying, within the annual action plan, directly and/or indirectly, also the reliability of Information technology systems, including accounting recognition systems, thus interacting in such respect with the IT Department, the structure of the Manager in charge of financial reporting and/or the independent auditor for those aspects having an impact on accounts, respectively;

collaborating with the Supervisory Board of the Parent Astaldi S.p.A. to update the Organisational, Management and Control Model as per Legislative decree 231/01 and providing support to carry out monitoring and inspection activities aimed at checking compliance with the Model itself (see, to this regard, paragraph 11.3 hereof);

providing support, in connection with the respective activities, acting as Internal Control Officer, the managing body and the Supervisory Body of any Subsidiary.

The Internal Control Officer is not responsible for any operating sector and does not report to any manager of operating sectors. In such respect, in order to fulfil his/her duties, the same has direct access to any and all information considered useful to carry out his/her task.

Internal Control is carried out on the basis of national and international best practices with the purpose of performing all the actions deemed advisable and necessary to control corporate processes, including direction, monitoring and assessment of critical areas and of opportunities to improve the Company's organisation.

During 2012, the Board of Directors approved the Internal Control Department's Action Plan, after the preliminary verification carried out by the Control and Risks Committee during the meeting held on 6 July 2012, thus sharing the operational methods of execution of checks and the criteria adopted for the selection of the sample of projects and processed to be audited. As already implemented during the

previous financial years, the main business processes relating to the management of a project and a sample of projects executed in Italy and in foreign countries were selected.

Internal Control activities are carried out through the Integrated Internal Control System conceived as an operational method for the rationalisation, integration and coordination of audit and monitoring activities performed by various company bodies fulfilling assurance activities, on the basis of an annual action plan, which is shared with the Control and Risks Committee and the Company's Top management. For closer details in such respect, please refer to paragraphs 10 and 11.3 of such report.

The findings of said checks were periodically reported by the Internal Control Officer to the Top Management, to the Control and Risks Committee, to the Board of Statutory Auditors and to the Supervisory Body as per Legislative decree no. 231/01.

With reference to the activities aimed at updating the internal control system concerning the main risks affecting corporate and domestic processes, which are preliminary to drawing up the 2013 Action Plan, the Internal Control Officer availed himself of the advisory services of Ernst & Young Financial Business Advisors.

During the Board of Directors' meeting held on 1 February 2013, the 2013 Action Plan, drawn-up by the Internal Control Department, in compliance with the provisions of the Code of Conduct for Listed Companies, and based on a well-organised process of analysis of and attribution of priority to the main corporate risks, was submitted to the Board of Directors for approval.

On such occasion, the Board of Directors further considered the Internal Control Department's resource requirements to carry out the checks scheduled to be carried out throughout the year 2013, with a focus on the international sector and taking into account a more extensive involvement of the SIA (Internal Control Department) on the field in order to fulfil the requirements of the Code of Conduct for Listed Companies (independence of the Control and Risks function).

11.3 Organisational Model as per Legislative decree 231/2001

With reference to further actions carried out to improve the corporate governance system, it is worth reminding that the Board of Directors of Astaldi S.p.A., and the Board of Directors of each strategically important subsidiary have already adopted a "**Corporate Code of Ethics**" setting forth general principles and governing, through codes of conduct, the activities of the employees and collaborators, also in connection with relationships with the shareholders, Public Authorities, suppliers, contractors and subcontractors.

In particular, such Code sets forth:

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

Moreover, the Board of Directors of Astaldi S.p.A., as well as the Board of Directors of each strategically important subsidiary, within the framework of the activities governed by Legislative decree No. 231/2001, approved the adoption of the Organisational, Management and Control Model as per

Legislative decree No. 231/01 which, by identifying the areas and company activities exposed to potential risks in connection with the various offences provided for by said Decree, is aimed at protecting the Company in the event that directors, employees and collaborators were to commit any such offence set forth in said Legislative Decree.

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

- offences against state public authorities or any other public authority, handling of stolen goods and money laundering;
- offences against corporate law, namely abuse of privileged information and market abuse;
- offences against the person;
- cybercrime offences;
- offences of organised crime and obstruction of justice;
- environmental offences.

More specifically, the Model defines:

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

The Company's "Code of Ethics" and "Organizational, Management and Control Model as per Legislative decree No. 231/01" are constantly updated in order to adapt the same with the laws and rules in force and with the changes occurring within the Company's organisation. In such respect, it is underlined that both texts are currently being updated in view of the recent changes occurred in the law provisions included in the list of offences provided for by the Italian Legislative decree 231/01, namely:

- art. 25-duodecies on the "employment of illegal immigrants";
- art. 25-ter, lett. s-bis, on the "corruption between private parties";
- the "offence of illegal inducement to give or promise benefits", linked to art. 25; The Company's Code of Ethics and Organisational Model are published in the company e-room and in the Company's official website at the following URL:

www.astaldi.com/governance/archivio_documenti

In order to avoid the risks of committing any of the offences provided for by Legislative decree No. 231/01, Astaldi S.p.A. and each of its strategically important subsidiaries, has appointed a Supervisory

Body, whose members meet the requirements of autonomy, independence and professionalism in accordance with the above laws and regulations.

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

The Supervisory Body has adopted a set of rules and is classed as a top staff unit reporting directly to the executive director in charge of the internal control and risk management system the outcomes of the audits, possible criticalities which may be found, and possible remedies and improvements which, if having a particular significance, may be submitted to the Board of Directors for consideration.

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

The Supervisory Body's activities, aimed at monitoring the effectiveness and efficiency of and compliance with the "Organizational Management and Control Model as per Legislative decree No. 231/01", continued in 2012.

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

- a) verification of the actual implementation of the Model by the company departments – following the approval of a specific plan - by means of specific checks over a sample of duly selected domestic and foreign projects and company processes, and by examining the results of checks carried out, for Internal Control System purposes, considered as relevant in order to assess the compliance with the provisions of Legislative decree 231/01;
- b) acknowledgement of the outcomes of the checks carried out and of corrective measures implemented in order to solve the criticalities found (follow-up);
- c) training of personnel in relation to Legislative decree 231/01, carried out: directly by the Supervisory Body or entrusted to the Internal Control Officer and to peripheral Italian and foreign units in accordance with the guidelines set by the Supervisory Body itself;
- d) fulfilment, by means of the Internal Control Officer, of inquiries as per art. 13 of the Code of Ethics in connection with alleged infringements of the Organisational, Management and Control Model;
- e) sharing of information on the progress of the internal control system analysis project, as far as supplementary controls are concerned, for compliance with Legislative decree 231/01;
- f) meetings held jointly with the Board of Statutory Auditors, for mutual exchange of information on control activities carried out;
- g) closer examination of issues concerning company groups, aimed at updating protocols and guidelines taking into account the Group's investments;
- h) monitoring of the activities carried out by the Group relating to the compliance with the provisions of Legislative decree 231/01.

With reference to the activities being carried out during 2013, the Supervisory Body asked to finalise a project aimed at updating the mapping and assessment of the risks related to "cybercrime offences and unauthorised processing of data" in order to verify the suitability of the presently existing controls (protocols as per art. 6) – also by means of a verification activity in terms of "vulnerability assessment".

During the meeting held on 1 August 2012, the Board of Directors was informed about the changes occurred in the Code of Conduct (rev. 2011), also with reference to the possibility that the Company may "attribute to the Board of Statutory Auditors the functions which are presently fulfilled by the Supervisory Body as per Legislative decree 231/01".

No resolution was taken in such respect.

11.4 Independent auditors

The activity of audit of the financial statements of Astaldi S.p.A. is carried out by KPMG S.p.A. which was entrusted with the legally-required audit of financial statements for the period 2011-2019.

11.5 Manager in charge of financial reporting

The office of "Manager in charge of financial reporting" has been being held by Paolo Citterio, General Administration and Finance Manager since 31 July 2007.

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

The Company further adopted an Internal Regulation setting forth in detail the functions, means and powers of the Manager in charge of financial reporting, as well as his relationships with other Company offices and bodies.

11.6 Coordination between the Offices and Departments involved in the Internal Control and Risk Management System

An audit system, in order to be effective, must be integrated, that is to say all of its components must be coordinated and interdependent and the system, as a whole, must be integrated within the Company's general organisational setting.

The laws and regulations and the new Code of Conduct consider the internal control and risk management system as a unitary system of which risk is the dominant recurring topic and the control system, in order to be effective, must have all of its components integrated within themselves, that is, must provide for coordination methods and flows between the various company offices and departments involved, on any account, in the internal control and risk management system (Board of Directors, Manager of the internal control and risk management system, Control and Risks Committee, Board of Statutory Auditors, Internal Control Officer, manager in charge of financial reporting, Chief Risk Officer, and all other company offices and departments fulfilling specific tasks in matter of internal control and management of risks).

In such respect, Astaldi operates in compliance with the provisions of the new Code of Conduct, as set forth in the foregoing sections of the Corporate Governance Report.

In particular, it is underlined as follows:

- the coordination of the activities carried out by the Internal Control Department and the Company Risk Management Department, taking into account the modern concept of audit, is focused on the notion of company risks, on their detection, assessment and monitoring.
- with specific reference to financial reporting, the coordination of the activities carried out by the internal control department and the operational structure providing support to the Manager in charge of financial reporting;
- the coordination of internal control activities which have been carried out, during 2012, through the Integrated Internal Control System conceived as an operational method for the rationalisation, integration and coordination of check and monitoring activities performed by various company bodies fulfilling assurance activities, on the basis of an annual plan, which is discussed with the Control and Risks Committee and the Company's Top management.

12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

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

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

- | | |
|----------------------------|----------------------|
| ▪ Eugenio Pinto (Chairman) | independent director |
| ▪ Maurizio Poloni | independent director |
| ▪ Giorgio Ciria | independent director |

In short, such procedures:

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

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

- (i) the competence to resolve thereupon falls within the sphere of competence of the Board of Directors or the Chief Executive Officer within the powers conferred upon the latter, on an alternative basis;
- (ii) a justified non-binding opinion, to be expressed by the Related Parties Committee mentioned above, is required;
- (iii) said Committee may avail itself of independent experts to be selected by the same;
- (iv) *ex ante* disclosure be promptly given to the company body having competence to resolve thereon and to said Committee, so that the latter may express its own opinion.

While, as far as concerns the transactions of greater importance, such procedures provide that:

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

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

* * * * *

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

13. APPOINTMENT OF STATUTORY AUDITORS

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

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

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

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

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

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

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

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

In order to ensure, with a view to substantial equality, the balance between genders as far as concerns the access to company offices, one fifth of the standing members of the Board of Statutory Auditors to be appointed on the occasion of the first renewal of such body having taken place on 24 April 2012, belongs to the gender which is less represented within the Board of Statutory Auditors.

For closer details on other aspects connected with the appointment of the Board of Statutory Auditors please refer to art. 25 of the By-laws of Astaldi S.p.A. published on the Company's website ("Governance/Documents" section).

14. STATUTORY AUDITORS

The Board of Statutory Auditors presently holding office for the three-year period 20012/2014, the composition of which is described in closer detail in Table 4 attached hereto, was appointed during the **Shareholders' Meeting held on April 24, 2012**.

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

The first one was filed by the shareholder FIN.AST. S.r.l., proposing Lelio Fornabaio and Ermanno La Marca as candidates for Standing Auditors, and Giulia De Martino and Francesco Follina as candidates for Alternate Auditors.

The second list was filed by the 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, who proposed Daria Beatrice Langosco Di Langosco as candidate for Standing Auditor and Andrea Lorenzatti as candidate for Alternate Auditor.

At the end of the voting process, the first list obtained the favourable vote of 2 (two) shareholders globally holding 51,618,462 (fifty-one million six hundred eighteen thousand four hundred and sixty-two) shares corresponding to 75.06% of the share capital held by those attending the Shareholders' Meeting, and the second list obtained the favourable vote of 114 (one hundred and fourteen) shareholders

globally holding 14,928,888 (fourteen million nine hundred and twenty-eight thousand eight hundred and eighty-eight) shares, corresponding to 21.70% of the share capital held by those attending the Shareholders' Meeting. On the second topic of the agenda, 34 (thirty-four) shareholders, globally holding 2,218,099 (two million two hundred and eighteen thousand and ninety-nine) shares, corresponding to 3.22% (three point twenty-two percent) share capital held by those attending the Shareholders' Meeting abstained from voting.

* * * * *

During its meeting held on 30 May 2012, **the Board of Statutory Auditors, pursuant to the Application Criterion 8.C.1 of the Code of Conduct, deemed that independence requirements are (still) met by its members, such assessment having been carried out by application** of all the criteria provided for by the subject-matter Code in matter of independence of Directors.

Moreover, the Company complies with the principles of the Code of Conduct in accordance with which the statutory auditor who, on his/her own account or on the account of third parties, has an interest in any of the transactions carried out by the Company, shall promptly give comprehensive notice thereof to the other Statutory Auditors and to the Chairman of the Board of Directors, setting forth in detail the nature, origin and scope of his/her interest (Application Criterion 8.C.3).

Moreover, the Board of Statutory Auditors supervised the independence of the independent auditors, thus verifying both compliance with the laws and regulations governing the matter, and the nature and the scope of services, other than the audit of financial statements, rendered to the Company and its subsidiaries by such independent auditors and the entities belonging to its group (Application Criterion 8.C.1).

The Board of Statutory Auditors, in order to carry out its activities, availed itself of the collaboration and coordination of the Internal Control Officer, who is also the Internal Control Department Manager. Moreover, the Board of Statutory Auditors acted in coordination with the Control and Risks Committee, constantly exchanging information with the latter, by both causing the Chairman of the Board of Statutory Auditors to attend the meetings of said Committee, and by means of meetings held on a joint basis whenever the topics discussed and the company offices interviewed were considered of common interests taking into account their respective sphere of competence (Application Criteria 8.C.4 and 8.C.5).

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

During 2012, 10 meetings of the Board of Statutory Auditors were held (of which, the meetings of 18 January, 6 March and 6 July were held jointly with the Control and Risks Committee; the meeting of 22 February was held jointly with the Supervisory Body; the meeting of 26 March was held jointly with the boards of statutory auditors of some investees).

As far as the financial year 2013 is concerned, the Board of Statutory Auditors scheduled 4 meetings and, at the date hereof, one of them has already been held (14 January 2013).

15. RELATIONS WITH SHAREHOLDERS

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

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

16. SHAREHOLDERS' MEETINGS (as per art. 123-bis, paragraph 2(c) of the Consolidated Finance Act)

Pursuant to art. 10 of the By-laws presently in force, Shareholders' Meetings shall be called by the Board of Directors by notice to be published in accordance with the terms and manner provided for by the law.

The Company's By-laws further provide that the same notice may also set forth a different date for second call meeting, should the first call meeting be unattended; in the case of Shareholders' Extraordinary Meetings, that same notice may also set forth the date for the third call meeting.

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

- (i) merger and demerger, in the events provided for by articles 2505 and 2505-bis of the Italian civil code, in the terms and manner provided for therein;
- (ii) setting up and closing down of secondary offices, also abroad;
- (iii) designation of the directors having the power to represent the Company;
- (iv) decrease the share capital in the event a shareholder withdraws;
- (v) adaptation of the Company's By-laws to legislative provisions;
- (vi) relocation of the registered office within the national territory.

With reference to the Shareholders' rights and, more particularly, their entitlement to attend Shareholders' meetings, the By-laws presently in force, in accordance with the provisions of article 2370, first paragraph of the Italian civil code, and art. 83-sexies of the Consolidated Finance Act., expressly provide that "*Shareholders' meetings may be attended by those who are entitled to vote in accordance with the appropriate attestations issued and forwarded by the brokers pursuant to the law*".

Moreover, the Company, pursuant to art. 135-novies, paragraph 5, of the Consolidated Finance Act and art. 12 of the Company's By-laws, makes available to the shareholders a specific section of its Internet

website through which they may electronically deliver the proxies with power to vote, by using the form of proxy made available therein ("*Governance/Shareholders' Meeting*" section).

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

* * * * *

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

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

* * * * *

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

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (as per art. 123-bis, paragraph 2(a) of the Consolidated Finance Act)

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

18. CHANGES OCCURRED AFTER THE REPORTING PERIOD

No change in Company's corporate governance structure occurred after the reporting period.

Rome, 13 March 2013

Stefano Cerri

Chief executive officer
reporting

(signed on the original)

Paolo Citterio

Manager in charge of financial

(signed on the original)

SUMMARY TABLES

Table 1: Information on Shareholding Structure

<i>SHARE CAPITAL STRUCTURE as at 31 December 2012</i>				
	Number of shares	% of share capital	Listed (mention markets) / Not listed	Rights and Obligations
Ordinary shares	98,424,900	100%	MTA - STAR	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

Table 2: Board of Directors' and Committees' structure as at 31 December 2012

Board of Directors in office as at 31 December 2012 *									Control and Risks Committee		Remuneration Committee		
Office	Members	in office from until	Executive	Non executive	Independent pursuant to the Code of Conduct	Independent pursuant to the Consolidated Finance Act	% ****	Number of other positions	***	****	***	****	
Chairman	Paolo Astaldi	Board of Directors appointed by the Shareholders' Meeting of April 23, 2010 for financial years 2010/2012, holding office until approval of the Company's financial statements as at December 31, 2012	x				100%	1					
Deputy Chairman	Ernesto Monti				x		X	100%	5			x	100%
Deputy Chairman	Giuseppe Cafiero			x				100%	-				
Chief Executive Officer	Stefano Cerri			x				100%	2				
Director	Caterina Astaldi				x			50%	1				
Director	Pietro Astaldi				x			17%	1				
Director	Luigi G. Cavalchini				x			100%	1				
Director	Giorgio Ciria				x	x	x	100%	1	x	100%		
Director	Paolo Cuccia				x	x	x	80%	-				
Director	Mario Lupo				x	x	x	100%	-	x	75%		
Director	Eugenio Pinto				x	x	x	100%	4	x	75%	x	100%
Director	Maurizio Poloni			x	x	x	100%	-			x	100%	
Quorum required for filing lists: 2.5%													
Number of meetings held during the period			BoD: 6		Control and Risks Committee: 4				Remuneration Committee: 2				

NOTES

* The Board of Directors holding office since 31 December 2012 was appointed on the basis of one sole list filed by the majority shareholder Fin.Ast. S.r.l.

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

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

**** This column shows the percentage of each of the directors' attendance at BoD's and Committee's meetings held in 2012. It should be noted that the percentage shown refers to the number of meetings each director or committee member has attended since the date of his/her appointment.

Table 3: Number of positions as director or statutory auditor held by each Director in other companies listed on regulated markets, in Italy or abroad, in finance, banking and insurance companies or other large companies as at 31 December 2012:

Name and Surname	Other offices held pursuant to Article 1.3 of the Code of Conduct
Paolo Astaldi	Chief Executive Officer of Fin.Ast S.r.l.
Ernesto Monti	Chairman of the Board of Directors of Finanziaria Tosinvest S.p.A.; Director of Alitalia S.p.A., Unicredit MCC S.p.A., Erg Renew S.p.A. (formerly known as Enertad S.p.A.), Ariscom Compagnia di Assicurazioni S.p.A.
Giuseppe Cafiero	none
Stefano Cerri	A4 Holding S.p.A. and AUTOSTRADE Serenissima S.p.A.
Caterina Astaldi	Director of Fin.Ast. S.r.l.
Pietro Astaldi	Director of Fin.Ast. S.r.l.
Luigi Guidobono Cavalchini	Director of Reale Mutua Assicurazioni
Giorgio Ciria	Director of IMMSI S.p.A.
Paolo Cuccia	none
Mario Lupo	none
Eugenio Pinto	Chairman of the Board of Statutory Auditors of Eni Adfin S.p.A. and Stogit S.p.A. and Snam Rete Gas S.p.A.; Standing Auditor of Finmeccanica S.p.A.
Maurizio Poloni	none

Table 4: Board of Statutory Auditors structure as at 31 December 2012

<i>Office</i>	<i>Members</i>	<i>in office from until</i>	<i>List</i>	<i>Independence pursuant to the Code</i>	<i>Percentage of attendance at Board of Statutory Auditors meetings</i>	<i>Number of other positions</i>
Chairman	Daria Beatrice Langosco di Langosco	Board of Statutory Auditors appointed by the Shareholders' Meeting of April 24, 2012 for financial years 2012/2014, holding office until approval of the Company's financial statements as at December 31, 2014	minority	x	100%	1
Standing Auditor	Lelio Fornabaio		majority	x	100%	16
Standing Auditor	Ermanno La Marca		majority	x	100%	1
Alternate Auditor	Andrea Lorenzatti		minority	x	100%	0
Alternate Auditor	Giulia De Martino		majority	x	100%	2
Alternate Auditor	Francesco Follina		majority	x	100%	20
Number of meetings held in 2012: 4						
Quorum required for filing lists by minorities for the election of one or more standing auditors (pursuant to Art. 148 of the Consolidated Finance Act). In accordance with the Company's By-laws, only shareholders who individually or collectively with other shareholders represent at least 1% of the share capital are entitled to file lists.						

NOTES

* This column shows the number of offices as director or statutory auditor held by the concerned individual considered as significant as per art. 148 bis of the Consolidated Finance Act.. The full list of positions held is published by Consob in its own Internet website pursuant to art. 144-quinquiesdecies of the Issuers' Regulation issued by Consob.