

# 2017 Remuneration Report

# 2017 Remuneration Report

Year to which the Report refers: 2016

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[www.salini-impregilo.com](http://www.salini-impregilo.com)

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**Dear Shareholders,**

People, their skills and their commitment are at the heart of competitiveness in any sector. This is especially true when - just like for Salini Impregilo - complex diverse projects located in far away countries need to be completed, by also adapting to different cultures and confronting Nature's forces.

A **fair, balanced and incentive** remuneration policy is for Salini Impregilo a fundamental driver capable of motivating people. It also is an important lever for attracting and keeping talents who are indispensable for continuing our growth process and for attaining those challenging targets set within our 2016-2019 Business Plan.

During 2016, the Compensation and Nominating Committee continuously **verified and monitored consistency** between the **company's performance** and its **remuneration policy**, both with regard to short and long term aspects. We believe that full comparability between results and assessment of Management's targets can continuously strengthen our wish to align our stakeholders' and employees' interests.

**2016 was a very important year for our Group:** we closed the acquisition of Lane Industries Incorporation, presented our 2016-2019 Business Plan to the international community, and inaugurated the new Panama Canal. These are just a few of our important business achievements, which made it possible for us to reach the challenging targets set by our Management.

For 2017, we wish to continue pursuing the same path paved by Salini Impregilo in these years: to perfect a retribution system capable of aligning itself with our stakeholders' interests.

We will confirm a pay system that is aligned to the market's best practices with a **strong connection** between **remuneration, meritocracy and**

**performance sustainability.** This year's improvements will focus on the performance indicators used as targets for our **Short Term Incentive Plan** - EBIT and the reduction of gross debt, confirming our Book to Bill approach - in line with our Business Plan and the 2017 Outlook, considered fundamental to the market for creating sustainable value, with a healthy and prudent risk management system.

We wish to continuously search for **effective and competitive pay solutions**, aligned with our shareholders' interests, to create value for many years to come. Our 2015-2017 Long-term Incentive Plan is, for this very reason, a mixed cash-performance share.

Our commitment for improved communication also continued: we wish to offer evermore **complete and transparent** information. This remuneration report includes our 2017 remuneration policy - which was presented for approval, initially in two summary tables and then in every detail, to our meeting.

I would like to sincerely thank the other members of the Compensation and Nomination Committee, Nicola Greco, Geert Linnebank and Laudomia Pucci, for their commitment, which they carried out with great competency, but also every corporate function supporting our Committee in its activities.

I would like to thank everyone for their interest in this report, for eventually adhering to this remuneration policy and for potential improvement suggestions made and, in general, for sharing and supporting our company's strategic development.

Best regards,

**Marina Brogi**

The Chairman of the Compensation and Nomination Committee



## Overview

Salini Impregilo is an industrial group specializing in the construction of major, complex projects - a dynamic Italian company capable of competing with leading global players.

The global context in which Salini Impregilo operates is characterized by a particularly complex business environment. The Management of Salini Impregilo, who must act in accordance with environmental, ethical and professional principles in compliance with the highest international criteria for corporate governance and citizenship, must consist of people with industry-specific professional qualifications, who are not readily available on the market.

Salini Impregilo's 2017 Remuneration Policy, defined on the basis of market practices and international benchmarking, in compliance with the key principles of equity, transparency, meritocracy and sustainability, is aimed at:

- (i) attracting, motivating and retaining, within the Group, key staff equipped with the technical and professional skill-set required for the profitable achievement of Salini Impregilo's objectives, taking into account not only the current but also the future size and complexity of a Company that is undergoing rapid development and targeting ambitious goals;
- (ii) aligning management's interests with value-creation interests of shareholders and stakeholders alike.

The aforementioned Policy, therefore, represents a key instrument for consolidating and bringing together a management team who is strongly motivated in pursuing goals and ready to take on new challenges and opportunities in order to further enhance the Company's competitive positioning.

The 2017 Remuneration Policy was defined in accordance with the previous years' Remuneration Policy.

Said Policy was defined in accordance with Article 123-ter of TUF, in line with (i) Article 84-quater and Annex 3A, Form 7-bis of the Issuers' Regulation, (ii) the recommendations of Article 6 of the Governance Code, as well as (iii) Article 11 c) of the Procedure for Related Party Transactions adopted by the Company on November 30, 2010 and subsequently amended - most recently on November 11, 2015 - and available on the Company website ([www.salini-impregilo.com](http://www.salini-impregilo.com), under the "Governance" section).

The Table below provides an overview of Salini Impregilo's 2017 Remuneration Policy, which is described in greater detail in this Remuneration Report. Table 2, instead, provides an overview of the Policy's implementation.

**Table 1 - Guidelines of the 2017 Remuneration Policy**

	Chief Executive Officer	General Managers and Other Key Management Personnel
<b>Theoretical pay mix</b> that can be reached with 100% achievement of all variable retribution components	<p>Determined after carrying out a detailed benchmark, with support from an Independent Expert, on a set of listed European and National companies with a significant capitalization and that can be qualified according to business sector and industrial complexity, in terms of peers or comparability. The balancing between fixed and variable component of the remuneration of the CEO, General Managers and of Key Management Personnel has been determined as follows:</p> <ul style="list-style-type: none"> <li>• 1/3 as the <b>fixed component</b>;</li> <li>• 1/3 as the <b>short-term variable component</b> (short-term incentive, "STI");</li> <li>• 1/3 as the <b>long-term variable component</b> (long-term incentive, "LTI").</li> </ul>	
<b>Fixed component</b>	<p>Determined on the basis of international benchmarks, taking into account the (i) professional skill set, (ii) performance, (iii) duties and responsibilities, (iv) available candidates on the market and corporate risk profile for termination of the employment relationship, (v) Company's size and management complexity<sup>1</sup>. The CEO, the General Managers and the Key Management Personnel do not receive further compensation for other roles carried out within the Group.</p>	
<b>Component</b>	<b>Structure:</b> monetary, connected to the attainment of specific targets declined in terms of:	
	<ul style="list-style-type: none"> <li>• <b>Group objectives</b> parametrized to a set of metrics that focus on the Group's economic and financial performance, defined consistently with the Business Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Group objectives</b> parametrized to a set of metrics that focus on the Group's economic and financial performance, defined consistently with the Business Plan;</li> <li>• <b>business unit targets</b> defined consistently with the Company's Business Plan;</li> <li>• <b>individual performance targets</b>.</li> </ul>
	<p><b>Disbursement:</b> the right to receive the 2017 STI accrues on the basis of the results achieved in the previous year and assessed according to a performance scale with the range varying from a minimum of 80% (<b>minimum performance</b>) to a maximum of 120% (<b>maximum performance</b>), with the corresponding payout of a variable remuneration from 50% to 140% respectively of GAS, calculated by linear interpolation at pre-set intervals. Should performance in terms of the relevant targets be below the 80%, no amount linked to that objective shall be paid. No deferment mechanisms over more than one year are envisaged for the disbursement of the variable part of the remuneration.</p> <p><b>Malus clauses:</b> No compensation is paid to subjects whose conduct breaches company regulations (particularly if they breach the Code of Ethics, the Organisational Model of Legislative Decree 231/01 and of the Anticorruption Models) and damage the company.</p> <p><b>Clawback clauses:</b> with regard to short-term variable components of remuneration, clawback clauses are envisaged to allow the company to ask for a partial or total return (or not to pay them) of these variable components in case of breach, if the total sum has been determined based on data that has been found to be incorrect due to the violation made by the beneficiary, of company regulations, of contracts or of the law, or due to his/her seriously malicious conduct and misconduct aimed at altering the data used to measure if the targets have been reached.</p>	
<b>Component Variable LTI</b>	<p><b>Structure:</b> monetary or represented by Company shares, having a cliff or rolling structure. Similarly to what is envisaged for the STI, the long term variable component is connected to the attainment of determined Group objectives consistently with the company's Business Plan.</p> <p><b>Disbursement:</b> The long-term variable component becomes due for payment when the term of the reference performance falls due, after verifying that said component has reached a minimum threshold.</p> <p><b>Malus clauses:</b> No compensation is paid to subjects whose conduct breaches company regulations (particularly if they breach the Code of Ethics, the Organisational Model of Legislative Decree 231/01 and of the Anticorruption Models) and damage the company.</p> <p><b>Clawback clauses:</b> with regard to long-term variable components of remuneration, clawback clauses are envisaged to allow the company to ask for a partial or total return (or not to pay them) of these variable components in case of breach, if the total sum has been determined based on data that has been found to be incorrect due to the violation made by the beneficiary, of company regulations, of contracts or of the law, or due to his/her seriously malicious conduct and misconduct aimed at altering the data used to measure if the targets have been reached.</p> <p><b>Retention clause:</b> retention clauses can be provided for the partial or total return of the net payout received, should the relevant person voluntarily resign after receiving this sum. This can occur within a set term.</p>	
	<ul style="list-style-type: none"> <li>• Supplementary pension</li> <li>• Supplementary health care</li> </ul>	<ul style="list-style-type: none"> <li>• Company car for personal use</li> <li>• Housing</li> <li>• Insurance Cover</li> </ul>

<sup>1</sup> Companies included in the panel: Acciona, Astaldi, Atlantia, Autogrill, Balfour Beatty, Enel, Ferrovial, Fiat FCA, Gruppo Generali, Hochtief, Indesit, Italcementi, Luxottica, Pirelli, Prysmian, Skanska, Telecom, Vinci.

**Table 2 - Overview - Implementation of the 2017 Remuneration Policy**

	Chief Executive Officer (CEO)	General Managers and Other Key Management Personnel
<b>Theoretical pay mix</b> that can be reached with 100% achievement of all variable retribution components	<ul style="list-style-type: none"> <li>• 1/3 as the <b>fixed component</b>;</li> <li>• 1/3 as the <b>short-term variable component</b> (short-term incentive, "STI");</li> <li>• 1/3 as the <b>long-term variable component</b> (long-term incentive, "LTI").</li> </ul>	
<b>Fixed component</b>	Please refer to Section 2.	
<b>2017 Variable Component</b>	<b>Group Targets</b> <ul style="list-style-type: none"> <li>• <b>EBIT</b>, with a 50% impact on determining the Target Bonus.</li> <li>• <b>Book-to-bill</b>, with a 25% impact on determining the Target Bonus concerning the Group's targets.</li> <li>• <b>Gross Debt reduction</b>, with a 25% impact on determining the Target Bonus related to the Group's targets.</li> </ul>	<b>Group Targets</b> <ul style="list-style-type: none"> <li>• <b>EBIT</b>, with a 50% impact on determining the Target Bonus concerning the Group's Targets.</li> <li>• <b>Book-to-bill</b>, with a 25% impact on determining the Target Bonus concerning the Group's targets.</li> <li>• <b>NFP</b>, with a 25% impact on determining the Target Bonus related to the Group's targets.</li> </ul> <p>Group targets weigh:</p> <ul style="list-style-type: none"> <li>- <b>30%</b> for Operations Area Directors;</li> <li>- <b>40%</b> for Corporate Area Directors, on the overall sum of the relevant STI DRS 2017.</li> </ul>
	n.a.	<b>Business unit targets consistent with the Company's Business Plan</b> , with the following weighting: <ul style="list-style-type: none"> <li>- 40% for Operations Area Directors;</li> <li>- 30% for Corporate Area Directors, overall sum of the relevant STI DRS. 2017 Targets have been defined in terms of:</li> </ul> <b>Budget overheads, Budget operations, Bid Management Process, Process Organization.</b>
	n.a.	<b>Individual performance targets</b> , with a percentage equal to 30% of the overall amount of the 2017 STI DRS and mainly refer to manager conduct in terms of leadership and change management.
<b>Component LTI 2015-2017 Variable</b>	<b>Performance Shares Plan 2015-2017</b> <ul style="list-style-type: none"> <li>• <i>Indicators</i>: Accumulated Revenues 2015-2017 and accumulated EBIT 2015-2017.</li> <li>• <i>Start date</i>: January 1, 2015.</li> <li>• <i>Vesting period</i>: three year period.</li> <li>• <i>Opportunity</i>: equal to 300% of the GAS, on a three year period.</li> <li>• <i>Disbursement</i>: determined at the end of the third year of reference, based on the attained results.</li> <li>• <i>Clawback clauses</i>: if the total sum has been determined based on data that has been found to be incorrect due to the violation made by the beneficiary, of company regulations, of contracts or of the law, or due to his/her seriously malicious conduct and misconduct aimed at altering the data used to measure if the targets have been reached.</li> <li>• <i>Retention clauses</i>: (i) return of 50% of the net payout in case of voluntary resignation during the first year following the approval date of the 2017 Financial Report by the company; (ii) return of 25% of the net payout in case of voluntary resignation during the second year following the approval date of the financial report for 2017.</li> </ul>	
	<ul style="list-style-type: none"> <li>• Supplementary pension</li> <li>• Supplementary health care</li> </ul>	<ul style="list-style-type: none"> <li>• Company car for personal use</li> <li>• Housing</li> <li>• Insurance Cover</li> </ul>

<sup>2</sup> With regard to the CEO, cash and performance shares will be acknowledged pro quota only for 2016 and 2017, while for 2015, which has already ended, the 2013-2015 LTI plan was used.



## Glossary

In order to make this Remuneration Report easier to understand and read, a definition for the most common terms is provided below:

**“Shares”**: without distinction, all Salini Impregilo ordinary shares without a par value.

**“Accrued Shares”**: the number of Shares determined by achieving the 2015-2017 Performance Shares Plan Objectives.

**“Target Shares”**: the number of Accrued Shares due to each Beneficiary for the 100% achievement of the 2015-2017 Performance Shares Plan Objectives.

**“Beneficiaries”**: employees and/or contract workers and/or directors vested with specific duties in the Company and its Subsidiaries, identified from the ranks of key personnel in a value-creation perspective.

**“Accrued Bonus”**: the amount of the Bonus determined by achieving the 2015-2017 Performance Shares Plan Objectives.

**“Target Bonus”**: the Bonus due to each Beneficiary for the 100% achievement of the 2015-2017 Performance Shares Plan Objectives.

**“Corporate Governance Code”**: the Corporate Governance Code for listed companies established by the Corporate Governance Committee promoted by Borsa Italiana S.p.A.

**“Board of Statutory Auditors”**: the Company's acting Board of Statutory Auditors.

**“Compensation and Nominating Committee”** or **“CNC”**: the Company's acting Compensation and Nominating Committee.

**“Board of Directors”**: the Company's acting Board of Directors.

**“Subsidiaries”**: without distinction, each company from

time to time directly or indirectly owned by the Company, pursuant to art. 2359 of the Italian Civil Code, which has a relationship with one or more Beneficiaries.

**“Approval date”**: April 30, 2015, the date of final approval of the 2015-2017 Performance Shares Plan by the Company's Shareholders' Meeting.

**“Key Management Personnel”** or **“KMP”**: the individuals, other than directors and statutory auditors, that have the - direct or indirect - authority and responsibility for the planning, management and control of the Company's activities in line with the definition provided in Annex 1 to CONSOB Regulation on Related Party transactions adopted with resolution no. 17221 of March 12, 2010, as identified from time to time by the responsible bodies, with the exception of the statutory auditors.

**“Accrued EBIT”**: with reference to the Group at consolidated level, the value of the operating profit for the period January 1, 2015 - December 31, 2017, as reported in the consolidated financial statements approved by the Company for the years 2015, 2016 and 2017.

**“Group”**: the Company and its Subsidiaries.

**“LTI”**: Long Term Incentive, i.e. the long-term variable component

**“2015-2017 Performance Shares Plan Objectives”**: the objectives in terms of Accrued Revenue and Accrued EBIT, defined by the Board of Directors, based on whose achievement the Beneficiaries shall be entitled to the award of the Accrued Bonus and Accrued Shares.

**“Opportunity”**: amount of LTI that can be paid out, as 50% cash and 50% performance shares, if 100% of the Objectives of the 2015-2017 Performance Shares Plan are achieved.

**“Vesting Period”**: the time-frame from the Approval Date of the 2015-2017 Performance Shares Plan to the approval by the Company of 2017 financial statements.

**“2015-2017 Performance Shares Plan”**: the incentive scheme for Beneficiaries.

**“2017 Remuneration Policy”**: the Salini Impregilo Remuneration Policy for 2017 approved by the Board of Directors meeting of March 15, 2017.

**“Target Bonus”**: the bonus earned if objectives are 100% achieved.

**“GAS”**: indicates the gross fixed annual remuneration component for employees of a Company of the Salini Impregilo Group.

**“Net income”**: the total net income for IRPEF (Italian personal tax) purposes of the beneficiaries due to the 2015-2017 Performance Share Plan, calculated as the sum between: (i) the normal value of the shares assigned to the beneficiaries pursuant the plan, determined when these shares have been assigned, pursuant to art. 9, paragraph 4, letter a), of Presidential Decree December 22, 1986, no. 917; and (ii) the accrued bonus given to the beneficiaries.

**“Issuers’ Regulation”**: the regulation implementing the TUF with respect to the discipline of issuers adopted by

Consob with resolution no. 11971 of May 14, 1999, as subsequently amended.

**“Accrued Revenue”**: with reference to the Group at consolidated level, the value of total revenue for the period January 1, 2015 - December 31, 2017, as reported in the consolidated financial statements approved by the Company for the years 2015, 2016 and 2017.

**“STI”**: Long Term Incentive, i.e. the short-term variable component.

**“2017 STI”**: the Short-Term Incentive for the 2017 financial year.

**“2017 CEO STI”**: the Short-Term Incentive for the 2017 financial year for the Chief Executive Officer.

**“2017 KMP STI”**: the Short-Term Incentive for the 2017 financial year for General Managers and other Key Management Personnel.

**“Company”** or **“Salini Impregilo”**: Salini-Impregilo S.p.A.

**“TUF”** o **“Consolidated Finance Act”**: Italian Legislative Decree no. 58 of February 24, 1998 and subsequent amendments and additions.

## Introduction

This Remuneration Report was prepared in compliance with art. 123-ter of the TUF (Consolidated Finance Act) and art. 84-quater of the Issuers' Regulation, and subsequent amendments and additions, as well as with the recommendations under art. 6 of the most up-to-date version (July 2015) of the Corporate Governance Code. The Remuneration Report, approved by the Board of Directors on March 15, 2017, upon proposal of the Compensation and Nominating Committee, consists of two sections.

**Section I** details Salini Impregilo's remuneration policy for the 2017 financial year:

a) for Board of Directors members, divided into the directors with specific duties (including executive directors) and non-executive directors of the Company. Pursuant to company Bylaws and according to the legal requirements, directors remain in office up to a maximum of three financial years; accordingly, the term of office of the current Board of Directors appointed by the Shareholders' Meeting of April 30, 2015, will end on the date of the Shareholders' Meeting called for the approval of the Financial Statements as at December 31, 2017;

b) for General Managers;

c) for other Company Key Management Personnel.

Section I also provides details on the procedures complied with by the Company for the adoption and implementation of the 2017 Remuneration Policy and the parties involved in the process.

**Section II** shows individual items that make up the remuneration paid by the Company to the members of the Board of Directors and the Board of Statutory Auditors, as well as to General Managers and Key

Management Personnel of the Company on whatsoever basis and in whatsoever form, analytically detailed for 2016, in line with the policy approved by the Company for the relevant financial year.

This Remuneration Report, moreover, (i) pursuant to paragraph 4 of art. 84-quater and Annex 3., Scheme 7-ter, of the Issuers' Regulation, shows in dedicated tables data about the equity investments held by members of the Board of Directors and the Board of Statutory Auditors, as well as by General Managers and other Key Management Personnel in the Company or in companies controlled by the latter.

Pursuant to Consob Regulation on Related Party transactions - adopted with resolution no. 17221 of March 12, 2010 - and the Procedure for Related Party Transactions implemented by the Company and available on its website ([www.salini-impregilo.com](http://www.salini-impregilo.com), under the Governance section), the adoption of the Remuneration Policy by Salini Impregilo exempts the company from implementing the provisions under the aforementioned procedures, with respect to Board of Directors' resolutions on the remuneration for directors vested with special powers and Key Management Personnel, pursuant to art. 13 of the aforementioned Consob Regulation and art. 11 of the Company's Related Party Transaction procedure.

The Remuneration Report has been made available to the public, in accordance with the time limits set by law, at the Registered Office and on the Company website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the Governance and Investor Relations section, so that it can be examined at the Shareholders' Meeting called to approve the 2016 Financial Statements and to formulate an opinion, through a non-binding resolution, on the first section of the Remuneration Report, in accordance with current regulations.

# 1. Section I: Remuneration Policy for the year 2016

The 2017 Remuneration Policy was approved by the Board of Directors, upon proposal of the Remuneration and Nominating Committee, and shall be subject to the advisory vote of the Shareholders' Meeting.

**It was drafted in compliance with previous years' Remuneration Policies.**

The 2017 Remuneration Policy, therefore, represents a fundamental tool for bringing together and enhancing retention of a management team who is strongly motivated in pursuing goals and ready to take on new challenges and opportunities in order to further enhance the Company's competitive positioning.

The following paragraphs show the process implemented by the Company to define and approve the 2017 Remuneration Policy, the bodies and individuals involved, as well as underlying objectives and key principles.

## 1.1. Governance of the remuneration process

### 1.1.1. The Board of Directors

The Company has adopted a governance model designed to guarantee transparency, consistency at group level and adequate control in relation to the remuneration policy and its implementation.

The Shareholders' Meeting of Salini Impregilo of April 30, 2015 resolved on the appointment, for a term of three financial years and, therefore, up to the Shareholders' Meeting for the approval of the financial statements as at December 31, 2017, of the acting Board of Directors, initially consisting of Claudio Costamagna (Chairman), Pietro Salini (Chief Executive Officer), Marco Bolgiani, Marina Brogi, Giuseppina Capaldo, Mario Cattaneo, Roberto Cera, Laura Cioli, Alberto Giovannini, Nicola Greco, Pietro Guindani, Geert Linnebank, Giacomo Marazzi, Franco Passacantando, Laudomia Pucci.

On July 14, 2015, following the resignation of the Chairman, Mr Claudio Costamagna, the Board of

Directors, convened on the same date, appointed Mr Alberto Giovannini, who was already a Company Director, as the new Chairman of the Board of Directors.

On February 24, 2016, moreover, the Director Laura Cioli tendered her resignation as well.

On March 16, 2016, pursuant to art. 2386 of the Italian Civil Code, the Board of Directors co-opted Grazia Volo as Board Director replacing Claudio Costamagna, submitting to the Shareholders' Meeting called to approve the Financial Statements at December 31, 2015 any resolution on the composition of the Board of Directors.

The Ordinary Shareholders' Meeting held on April 28, 2016, appointed Mr Alessandro Salini and Ms Grazia Volo as new directors. The Board of Directors at the approval date of this Report is composed as follows:

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### Board of Directors

<b>Chairman</b>	Alberto Giovannini
<b>Chief Executive Officer</b>	Pietro Salini
<b>Directors</b>	Marco Bolgiani
	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Roberto Cera
	Nicola Greco
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi
	Franco Passacantando
	Laudomia Pucci
	Alessandro Salini
	Grazia Volo

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With regard to remuneration, in addition to approving the Remuneration Policy and presenting it to the Shareholders' Meeting, the Board of Directors is also responsible for:

- (i) distributing the total remuneration for the directors determined by the Shareholders' Meeting, pursuant to Article 2389, paragraph 1 of the Italian Civil Code, unless the Shareholders' Meeting has not already done so;
- (ii) determining the remuneration due to the CEO and to the directors vested with specific duties, in its various components, and also, specifically, to the members

of the various committees appointed under the scope of the Board of Directors, pursuant to Article 2389, paragraph 3 of the Italian Civil Code;

- (iii) internal composition of the Remuneration Committee and the Nominating Committee, in addition to the definition of their respective responsibilities, in compliance with the recommendations of the Corporate Governance Code;
- (iv) reviewing the incentive plans to be submitted to the Shareholders' Meeting for approval;
- (v) defining a Remuneration Policy for Key Management Personnel, upon proposal of the Remuneration Committee.

### 1.1.2. The Compensation and Nominating Committee

#### 1.1.2.1. Composition

The Board of Directors, in line with Corporate Governance Code recommendations, set up - for the first time in March 2000 - a Remuneration Committee.

With the resolution of July 18, 2012, the Board of Directors expanded the powers of said Committee with advisory functions on the appointment of Directors pursuant to Article 5 of the Corporate Governance Code and, as a result, this Body took on the name Compensation and Nominating Committee.

During the April 30, 2015 meeting, the Board of Directors confirmed the assignment to the aforementioned Committee of responsibilities both with respect to remuneration and appointments, identifying as its members all independent and non-executive Directors, in line with the most recent recommendations of the Corporate Governance Code, subject to verification of their possession of suitable skills and experience with respect to financial matters and compensation policies.

The CNC is therefore currently composed of the following Directors:

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### The Compensation and Nominating Committee

<b>Chairman</b>	Marina Brogi
<b>Member</b>	Nicola Greco
<b>Member</b>	Geert Linnebank
<b>Member</b>	Laudomia Pucci

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The CV of each member of the CNC is available on the Company website at [www.salini-impregilo.com](http://www.salini-impregilo.com).

#### 1.1.2.2. Functions

In line with the provisions of the Corporate Governance Code, the CNC carries out advisory and proposal-making activities. With respect to remuneration, the CNC:

- (i) submits the Remuneration Report for the approval of the Board of Directors and therefore, specifically, the Remuneration Policy of Directors, General Managers and other Key Management Personnel for presentation to the Shareholders' Meeting called to approve the financial statements for the year, under the terms laid down by law;
- (ii) periodically assesses the adequacy, overall consistency and actual implementation of the Remuneration Policy for Directors, General Managers and of the other Key Management Personnel, using the information provided by the CEO for this purpose;
- (iii) formulates proposals or expresses opinions to the Board of Directors on the remuneration of executive directors and other directors who have specific duties as well as on the setting of performance targets related to the variable component of this remuneration;
- (iv) monitors the application of the decisions taken by the actual Board verifying, in particular, the effective achievement of performance targets.

#### 1.1.2.3. Operating procedures

The CNC has its own internal regulations.

Based on the provisions of the aforementioned regulations, the CNC meets with a cadence required to perform its mandate and, at any rate, each time its Chairman deems it necessary, or when at least two members of the Committee or the Chairman of the Board of Statutory Auditors request it.

The Chair of the Board of Statutory Auditors is invited to attend the Committee's meetings. Other members of the aforementioned Board may also attend at any rate.

No Director takes part in the CNC Meetings during which

proposals about his/her remuneration to the Board of Directors are formulated.

The CNC is understood to have legitimately met in the presence of the majority of its members, and the related decisions are adopted through the vote in favor of the majority of those present.

In performing its mandate, the CNC may access all information and company functions required to perform its tasks and may also rely on independent consultants, should this be required for carrying out its duties, under the conditions established by the Board of Directors.

#### 1.1.2.4. Activities conducted in 2016

During the course of 2016, the CNC met a total of 8 times with an average attendance rate of 94%.

The following activities related to the remuneration policies were carried out during 2016:

- assessment of the result of the Shareholders' Meeting vote on the 2016 Remuneration Policy and analysis of the voting policy of key proxy advisors and institutional investors;
- annual preliminary investigation regarding a possible update of the company's Succession Plan;
- final assessment of the results relating to the variable incentive plans;
- definition of the objectives linked to variable incentive schemes;
- start of the analysis and activities aimed at defining a Group remuneration policy to allow an alignment of the incentive system of the entire Top Management, even of strategic subsidiaries, both in target and vesting terms, even in the light of the time-frame of the Business Plan;
- definition of Guidelines for the 2017 Remuneration Policy for the Chief Executive Officer, General Managers and other Key Management Personnel, as well as the aforementioned 2017 Remuneration Policy;
- preparation of the Remuneration Report.



Further information relating to the composition, operating rules and activities conducted by the CNC is available in the 2016 Report on Corporate Governance published on the website [www.salini-impregilo.com](http://www.salini-impregilo.com).

### 1.1.3. The Approval Process for the Remuneration Policy

The definition of the Remuneration Policy is the result of a clear and transparent process, structured in compliance of regulatory provisions and the recommendations of the Corporate Governance Code, in which the CNC and Board of Directors of the Company play a key role. Such Policy is adopted and approved by the Board of Directors on an annual basis, upon proposal of the CNC, and subsequently submitted to the advisory vote of the Shareholders' Meeting.

The Board of Statutory Auditors expresses its opinion on the Remuneration Policy, particularly with regard to the part concerning the remuneration of Directors vested with specific duties.

The Board of Statutory Auditors monitors the actual implementation of the corporate governance rules laid down in the Corporate Governance Code, including the resolutions on compensation and other benefits.

The CNC, the Board of Statutory Auditors and the Board of Directors oversee the implementation of the Remuneration Policy.

During 2017, the CNC met 3 times before this Remuneration Report was approved. Specifically, the CNC defined the structure and the contents of the 2017 Remuneration Policy for the purpose of preparing this Remuneration Report in the meetings held on February 21, 2017, March 3, 2017, March 14, 2017 in compliance with the Corporate Governance Code.

The CNC, while preparing this Report, particularly took into account:

- the resolution of the Shareholders' Meeting held on April 30, 2015, concerning the remuneration of the Chairman of the Board of Directors and the Directors;
- the resolution of the Shareholders' Meeting held on May 13, 2015, concerning the remuneration of the Directors vested with specific duties;

- the resolution of the Shareholders' Meeting held on December 14, 2016, concerning the identification of Key Management Personnel;
- the approval, on March 19, 2014, of the 2014-2017 Business Plan and the approval, on May 20, 2016, of the 2016-2019 Business Plan, to define the targets of the long-term variable incentives system, examined by the Board of Directors on December 17, 2015 and December 17, 2016;
- the approval of the 2016 Salini Impregilo budget which has been connected the STI targets of the remuneration system for 2016;
- the resolution of the Board of Directors meeting of March 15, 2017, which, based on figures for the Financial Statements at December 31, 2016, ascertained and approved the level of achievement by the Chief Executive Officer, General Managers and Key Management Personnel, of the 2016 STI targets;
- the guidelines of the proxy advisors and main institutional investors.

The above activities were carried out following an assessment of the applicable regulatory framework on the subject of remuneration and Corporate Governance Code recommendations, also taking into account the practices observed for preparing national and international remuneration reports, as well as market compensation levels.

The competent corporate functions therefore provided the information required by the CNC, in order to prepare the proposal on the 2017 Remuneration Policy, to be submitted to the Board of Directors.

On March 14, 2017, the CNC, with the input of the competent corporate departments and the benchmark analysis conducted and following the outcome of the meetings held, defined, to the extent within its purview, the Guidelines for, as well as the Remuneration Policy, for submission to the Board of Directors

The 2017 Guidelines and Remuneration Policy, developed in consistency and continuity with the 2016 Guidelines and Remuneration Policy, were thus approved by the Board of Directors, upon proposal of the CNC, in

the meeting held on March 15, 2017, concurrently with the approval of this Remuneration Report.

The implementation of the remuneration policies defined in line with the guidelines of the Board of Directors, was entrusted to the bodies especially designated for the purpose, with the support of the competent corporate departments.

**Lastly, it is imperative to stress how the 2017 Remuneration Policy detailed in the Remuneration Report should be specifically considered against the current corporate, company, regulatory and legislative scenario (with specific reference to applicable accounting principles and their interpretation), as well as against the economic and business scenarios, so that, in light of any changes to such scenarios, it may be suitably adjusted to take into account external factors that are beyond Management's control.**

**Any changes that may be required shall be promptly disclosed in the next Report on Remuneration.**

## **1.2. General purposes and principles of the 2017 Remuneration Policy**

### **1.2.1. Objectives of the 2017 Remuneration Policy**

The Remuneration Policy is aimed at attracting and motivating qualified professional resources for pursuing Company and Group goals, as well as incentivizing retention of these resources and, therefore, the stability of their employment relationship with the Company.

With a view to sustainable value creation for the Company, the Remuneration Policy has also the objective of aligning management interests as much as possible with medium-long term interests of shareholders and stakeholders, through a performance assessment process that takes place not only on a yearly basis, but also over a longer time frame.

Specifically, the 2017 Remuneration Policy, in keeping with the remuneration plans approved in 2016 for Directors, General Managers and other Key Management Personnel, meets the need of considering - apart from the sector's specificity and complexity - also new and

important development and integration challenges arising from the Group's expansion on the market, an activity whose performance requires the ability to manage complex integrated business processes aimed at developing large infrastructure works that require highly specialized know-how with in a scenario of marked geographical and social-cultural differences.

Specifically, it is important to stress the fact that the Company currently intends to continue to base its Remuneration Policy on striking a balance between the goal of adequately pursuing the aforementioned attraction, incentivization, and retention objectives and the need to safeguard the Company's economic and financial position and its sustainability over time.

The long-term variable components of remuneration and the related goals and reference parameters, therefore, take on particular importance, especially for executive roles and those that have a greater impact on company results, from a perspective of sustainability of results, creation of medium-long term value for shareholders and stakeholders alike, as well as enhancement of the Group's reputation.

The consistency of remuneration payments with regard to market practices and trends is equally important for offices and roles of comparable levels in terms of responsibility and complexity, as identified through a benchmark analysis of remuneration on the basis of a panel of companies qualifying as peers or comparables of the Company that is regularly updated.

### **1.2.2. Remuneration Policy Principles**

The 2017 Remuneration Policy of Salini Impregilo is defined on the basis of the following principles:

- (i) **fairness**, in terms of rewarding the knowledge and professional skills of individuals as well as recognizing the roles and responsibilities assigned, the results achieved and the quality of the professional contribution given;
- (ii) **proportionality**: in terms of consistency and correspondence of the remuneration with the role performed, the complexity of the tasks assigned and the related responsibilities, as well as the skills and abilities demonstrated, without prejudice to

compliance with national collective agreements in force, where applicable. Specifically, as regards:

- the Chief Executive Officer, General Managers and other Key Management Personnel, the remuneration structure is properly balanced between (i) a fixed component, consistent with the powers and/or responsibilities assigned and (ii) a variable component defined within the maximum limits and aimed at linking remuneration to actual performance, with greater weighting given to the long-term variable component, in line with the long-term cycles of the Company's business;
- the non-executive Directors, for whom remuneration is commensurate with the efforts required of them in relation to their participation in the board committees that they are members of, with appropriate differentiation between the remuneration envisaged for the Chairperson, considering his/her role of coordinator and liaison with Company Bodies and Corporate Departments;

(iii) **competitiveness**, in terms of essential balance of the remuneration levels in relation to those of the reference market for similar positions and roles with a similar level of responsibility and complexity, as analyzed through a benchmark analysis conducted - and periodically reviewed - using a panel of large-cap Italian and European listed companies qualifying as peers or comparables in terms of business sector and industrial complexity;

(iv) **meritocracy**, in terms of consistent rewarding of results obtained from actions put in place for their achievement, (which must be oriented towards constant compliance with existing regulations and procedures), with a definition of the performance targets based on the assumptions and general conditions known at the moment of said definition and with the elimination, even when assessing the performance targets assigned falling within the manager's control, in order to guarantee comparability of results and the valorization of the actual company performance linked to managerial activity;

(v) **sustainability**: in terms of consistency of overall remuneration payments made with the primary need of maintaining the economic-financial balance of the Company over time;

(vi) **transparency**, in terms of:

- recognition of the incentives linked with variable remuneration following a scrupulous process of verification of the results achieved, carried out also through the assistance of structures responsible for analyzing and certifying the fairness and consistency of the data and methods used to calculate the abovementioned incentives;
- the provision of clawback clauses which will permit the Company to reclaim, in whole or in part, variable components of remuneration that were awarded to individuals who, whether intentionally or through gross negligence, altered the data used to achieve objectives or carried out behaviors that are in breach of company, contractual or legal regulations.

### 1.2.3. Balance between the Fixed Component and the Variable Component of Remuneration (i.e. pay mix), also with reference to sector practices

Balance between the fixed component and the variable component of remuneration was already determined in the 2013 Remuneration Policy, also taking into account a benchmark drawn from 37 FTSE MIB Italia companies, a panel of 18 middle capitalization companies (MID-CAPS) and one of 11 large foreign companies (PEERS) operating in the same sector as the Company.

This compensation structure was confirmed following the updating of the benchmark analysis conducted, with the assistance of the Independent Expert, on a panel of large-cap Italian and European listed companies qualifying as peers or comparables in terms of business sector and industrial complexity. For consistency and homogeneity reasons, the aforementioned panel was used in order to assess the compensation of the Chief Executive Officer, General Managers and other Key Management Personnel.

Specifically, in implementing these criteria, the overall pay of the CEO, General Managers and other Key Management Personnel was determined according to the following (theoretical, i.e. possible upon 100% achievement of all targets linked to variable remuneration components) remuneration mix:

- 1/3 as the fixed component;
- 1/3 as the short-term variable component (short-term incentive, “**STI**”);
- 1/3 as the long-term variable component (long-term incentive, “**LTI**”).

### 1.3. Guidelines of the 2017 Remuneration Policy

#### 1.3.1. Fixed Remuneration Components

In line with the recommendations of the Corporate Governance Code, the fixed remuneration component is determined to an extent that sufficiently rewards the performance, even when the variable component should not be awarded due to failure to meet the relevant targets.

The fixed component is established:

- for the Chief Executive Officer and General Managers, by the Shareholders’ Meeting convened to appoint the Board of Directors;
- for Directors vested with specific duties, with resolution of the Board of Directors, upon proposal of the CNC and with positive opinion of the Board of Statutory Auditors, upon appointment or subsequently, as an overall yearly amount;
- for General Managers and other Key Management Personnel, upon hiring, subject to any reviews based on performance, change of office with a wider job content, as well as on the basis of relevant retribution market trends or other possible factors, all of the above in line and in compliance with Remuneration Policy guidelines;

- for the Board of Statutory Auditors, by the Shareholders’ Meeting convened to appoint the aforementioned Board.

The fixed remuneration for the Chief Executive Officer, General Managers and other Key Management Personnel is determined by using that of other similar offices in peer and comparable panels as a reference, also taking into account (i) professional characteristics and specialization, (ii) role performed and relevant responsibilities (iii), performance, as well as (iv) availability on the market of similar candidates and company risk in the event of termination of the employment relationship, as well as (v) size and management complexity of the Company.

Given the aims of attracting and retaining qualified and experienced managers, the Company constantly monitors market conditions for the purpose of aligning itself with best practice.

As far as non-executive Directors vested with specific duties are concerned (and always in keeping with Corporate Governance Code recommendations), relevant compensation is not linked to the Company’s financial results and is commensurate with the commitment required in relation to participation in the Board Committees, with different compensation for the Chairman and the members of each Committee, taking into consideration his/her role in co-ordinating proceedings and liaising with Company Bodies and corporate departments. Directors, General Managers, Key Management Personnel and statutory auditors are also entitled to out-of-pocket expenses linked to the role performed.

As a policy, the Company does not award additional compensation to the Chief Executive Officer, General Managers and Key Management Personnel for additional posts held within the Group.

#### 1.3.2. Variable Remuneration Components

The variable component of remuneration has the aim of creating a direct link between compensation and performance through the use of the Management by Objectives (“MBO”) tool or long-term incentive schemes.

### **1.3.2.1. Short-term variable components of remuneration**

Short-term variable remuneration of the Chief Executive Officer (2017 STI CEO) is directly linked to the achievement of annual Group objectives measured on a set of metrics focused on the Group's financial and operating performance (Key Performance Indicators, hereinafter also "KPIs") defined in compliance with the Company's Business Plan.

With respect to General Managers and other Key Management Personnel, relevant short-term incentive plans (2017 KMP STI) follow a so-called "cascading" results measurement logic, i.e. are based on the achievement of (i) Group annual results in line of the aforementioned KPIs; (ii) the results of the specific business unit, defined in line with the Company's Business Plan and (iii) the results linked to individual performance.

This system - in line with the most recent best practices - allows the incentive of individual performance, on one side, to be adequately balanced against sustainability, on the other.

The targets - both quantitative and qualitative ones - are predetermined, can be measured and differentiated based on the various skills and operational fields of the respective recipients, thereby allowing, on one side, to monitor multiple aspects of corporate and individual performances and, on the other, to identify the contribution by each General Manager/Key Management Personnel with regard to achieving general strategic targets pursued by the Company.

The quantitative determination of Group 2017 STI objectives is defined by the Board of Directors, after consultation with the Remuneration and Nominating Committee.

Business unit and individual performance targets for General Managers and other Key Management Personnel are established by the Chief Executive Officer. There is a minimum performance threshold (below which no sum is awarded) positioned close to the target figure. On reaching this minimum threshold, a bonus will be paid that is far lower than the target bonus, which only accrues when 100% of the targets are achieved.

At the end of each financial year, the Board of Directors, having first consulted the Remuneration and Nominating Committee, ascertains the achievement level of set

targets in view of paying the relevant STI compensation. With regard to short-term variable components of remuneration, clawback clauses are envisaged to allow the company to ask for a partial or total return of these variable components (or not to pay these variable components) whose total sum was determined based on data that were subsequently found to be incorrect due to the violation of the beneficiary in breach of company regulations, contracts, or the law, or due to his mischievous conduct or seriously malicious conduct aimed at altering data to reach targets.

No compensation is paid to subjects whose conduct breaches company regulations (particularly if they breach the Code of Ethics, the Organisational Model of Legislative Decree 231/01 and of the Anticorruption Models) and damage the company. No deferment mechanisms over more than one year are envisaged for the disbursement of the variable part of the remuneration.

### **1.3.2.2. The long-term variable components of remuneration**

The long-term variable component, which can be monetary or consist of Company shares, is based on plans aimed at (i) focusing the attention of beneficiaries on strategic interest factors, (ii) promoting loyalty, (iii) aligning remuneration to the creation of medium-long term value for shareholders and stakeholders and (iv) guaranteeing an overall competitive level of remuneration. Similar to the provisions for the STI, the long-term variable component is also linked to achieving certain results at Group level, consistently with those set out in the Business Plan. The awarding thereof is approved by the Board of Directors, on proposal of the Compensation and Nominating Committee, subject to verification that the minimum performance level has been attained.

The long-term variable component accrues and is issued in one go at the end of the time horizon of the long-term plan.

Also with regard to long-term variable components of remuneration, clawback clauses are envisaged to allow the company to ask for a partial or total return of these variable components (or not to pay these variable components) whose total sum was determined based on data that were incorrect due to the violation of the

beneficiary in breach of company regulations, contracts or due to his/her mischievous conduct or seriously malicious conduct aimed at altering data to reach targets. The Company can decide not to pay subjects whose conduct breached company regulations (especially the Code of Ethics and the Organizational Model pursuant to Legislative Decree 231/01), or contractual clauses or the Law or carried out wilful misconduct or seriously malicious behaviour to damage the company. Retention clauses may be provided for the partial or total return of the net payout received, in case of voluntary resignation that has been signed after receiving the money.

#### 1.3.2.2.1. 2015-2017 Performance Shares Plan

On April 30, 2015 the Ordinary Shareholders' Meeting approved a Long-Term Incentive Plan in the mixed cash/performance share form, called "2015-2017 Performance Shares Plan", in favour of employees, contract workers and/or directors vested with specific duties of Salini Impregilo and its Subsidiaries, with a duration of three years, effective from January 1, 2015 and ending on December 31, 2017.

The achievement of the targets will be therefore assessed

with the approval of the Financial Statements as at December 31, 2017. The Plan entails:

- (i) the free allocation to Beneficiaries, (at the end of the Vesting Period and upon reaching the 2015-2017 Performance Shares Plan Objectives), of Shares already in issue and held in the Company's portfolio (or subsequently purchased) or, upon choice of the Company, of newly issued Shares pursuant to art. 2349 of the Italian Civil Code;
- (ii) the payment of a Bonus to the Beneficiaries (at the end of the Vesting Period and upon reaching the 2015-2017 Performance Shares Plan Objectives).

The amount of the Accrued Bonus and the number of Accrued Shares to which each Beneficiary shall be entitled shall be determined by the Board of Directors, after consulting the Remuneration and Nominating Committee, at the end of the Vesting Period and based on the level of achievement of the Objectives.

Each Objective will have a weight of 1/2 and will be relevant to the purpose of determining the Accrued Bonus and Accrued Shares as shown in the table below:

Achievement level for each Objective	% Accrued Bonus versus Target Bonus
less than 80%	0%
equal to 80%	25%
equal to 100%	50%
equal to or more than 120%	70%
between 80% and 100%	linear interpolation of extreme values between 25% and 50%
between 100% and 120%	linear interpolation of extreme values between 50% and 70%

  

Achievement level for each Objective	% Accrued Shares versus Target Shares
less than 80%	0%
equal to 80%	25%
equal to 100%	50%
equal to or more than 120%	70%
between 80% and 100%	linear interpolation of extreme values between 25% and 50%
between 100% and 120%	linear interpolation of extreme values between 50% and 70%

Non-achievement of one of the Objectives at a level of at least 80% will not result in loss of the entitlement to the Accrued Bonus and Accrued Shares, which shall be determined based on the achievement level for the other Objective (if equal to at least 80%) based on the aforementioned table.

The LTI opportunity is equal to 300% of GAS, on a three-year basis.

The Plan, moreover, includes:

- retention clauses: (i) return of 50% of the net payout in case of voluntary resignation during the first year



following the approval date of the 2017 Financial Report by the company; (ii) return of 25% of the net payout in case of voluntary resignation during the second year following the approval date of the financial report for 2017;

- clawback clauses: if the treatment envisaged by the Plan was determined according to data subsequently found to be incorrect due to breach of company regulations, contracts or the law or due to malicious or seriously mischievous conduct aimed at altering data for measuring targets.

The Board of Directors meeting of December 17, 2015, based on the proposals formulated by the Remuneration and Nominating Committee and with the positive opinion of the Board of Statutory Auditors, started to implement the Plan by defining the regulation and the necessary contractual documentation, as well as by identifying its Beneficiaries and issuing the necessary mandates for its execution.

The 2015-2017 Performance Shares Plan have been formulated in terms of 2015-2017 Accrued Revenue and 2015-2017 Accrued Ebit.

With regard to Key Management Personnel identified as beneficiaries of the plan, please refer to 1.5.4.2. and to tables 3.A and 3.B.

The Board of Directors, moreover, established:

- no. 3,800,000 Company shares as the maximum number of shares to be used to service the 2015-2017 Performance Shares Plan (equating to 0.77% of the ordinary share capital);
- €13,350,000.00 as the maximum Bonus amount to be used to service the aforementioned Plan.

It should be specified that:

- given the presence of an interest with respect to the 2015-2017 Performance Shares Plan, as Beneficiary of such Plan, the CEO participated in the Board discussion of December 17, 2015, whilst abstaining from voting on all the aforementioned points;

- with the exception of the aforementioned mandate granted to the CEO for the identification of additional Beneficiaries of the Plan and the determination of their respective Target Bonus and Target Shares - already fulfilled at December 22, 2015, with the nomination of a further 115 Beneficiaries and establishment of the associated Target Bonus and Target Shares - the CEO does not play any role in managing the Plan.

For further details about the 2015-2017 Performance Shares Plan not described in this document, see (i) the Report of the Board of Directors prepared in line with art. 114-bis of TUF - fourth item on the agenda - and (ii) the Disclosure Document drafted in line with art. 84-bis of the Issuers' Regulation, which are both available on the Company's website (<http://www.salini-impregilo.com/it/governance/assemblea-azionisti/assemblea-degli-azionisti>), as well as (iii) the Notice to the Market pursuant art. 84-bis, paragraph 5a) of the Issuers' Regulation, published together with this Report, on the Company's website (<http://www.salini-impregilo.com/it/governance/assemblea-azionisti/assemblea-degli-azionisti>).

#### **1.4. Other types of discretionary, occasional and non-recurrent remuneration**

Considering the complexity of the Group's business activities, and the equity and meritocratic principles which inspire the Remuneration Policy, the Board of Directors can arrange monetary disbursements as occasional, discretionary and non-recurring prizes, after a preliminary investigation done by the CNC, which add to the variable components of the remuneration, in favour of the CEO, the General Managers and other Key Management Personnel. This can be provided for in the event of extraordinary results and/or individual performance (that are not already included in the aforementioned variable components) such as to substantially impact on the Company's value and activity levels and/or relevant profitability, and, therefore, of an extent that justifies an additional payout. In this case, appropriate disclosure relating to the amount, reasons and criteria for determining any such extraordinary bonuses should be provided in the first Remuneration Report following the payout.

In the last three financial years, the Board of Directors has not granted any discretionary compensation to the Chief Executive Officer, General Managers and/or other Key Management Personnel.

#### **1.4.1. The Policy on Non-Monetary Benefits and Insurance Cover, or Social Security or Pension Payments other than Statutory Ones**

With the aim of offering overall remuneration that is as competitive as possible and in line with national and international best practices, the total pay of Directors, General Managers and Key Management Personnel is supplemented by non-monetary benefits.

Directors receive insurance cover for work-related and non work-related accidents which result in death or permanent invalidity.

The Chief Executive Officer, General Managers and other Key Management Personnel, in line with the provisions of the Collective Agreement for Managers of Companies Producing Goods and Services (the “Managers’ CCNL”) applied by the Company, are guaranteed insurance cover in case of death or permanent invalidity that would reduce their working ability by more than 2/3 as a result of a work-related accident or illness.

In compliance with sector best practices, the Company also has a “D&O” (Directors & Officers) insurance policy to cover any liability with regard to third parties (and the Company) for the non-culpable conduct of the aforementioned individuals.

The Chief Executive Officer, General Managers and other Key Management Personnel may also be assigned company cars for both personal and business use, as well as housing, in accordance with company policies applicable from time to time.

#### **1.4.2. The Policy Relating to Payments in Case of Termination of Office or Termination of Employment**

There are no individual agreements that envisage special ex ante indemnities or treatments e.g. golden parachutes) for Directors, General Managers and other Key Management Personnel also in the event of termination prior the end of the term of office or employment termination on the part of the Company or

the individual, since legal provisions and those of the Managers’ CCNL apply to this scenario. Any agreements for the mutual termination of the employment relationship do not entail “parachutes” and are entered into in compliance with current regulations and relevant reference benchmarks.

With respect to the effect of the termination of the employment relationship or the post of Director on the 2015-2017 Performance Shares Plan 2015-2017 before the end of the relevant Vesting Period, given that the right to receive the bonus and the Shares is intrinsically and functionally linked to the continuation of the employment relationship of the Beneficiaries with the Company or its Subsidiaries, unless the Board of Directors resolves on this point in a more favourable way for the Beneficiaries, the following scenarios are possible:

- (i) in the event of termination of the Relationship before the end of the Vesting Period based on one of the following scenarios (“Good Leaver”):
  - justified dismissal due to objective reasons by the CCNL applicable to the Employment Relationship;
  - unjustified dismissal pursuant to the CCNL applicable to the Employment Relationship (i.e. without just cause and not justified by subjective or objective reasons);
  - dismissal for exceeding the protected period;
  - revocation or non-renewal of the office of Director without just cause;
  - early termination of the freelance work agreement by the Principal without just cause;
  - end of the natural term of the freelance work agreement;
  - resignation for just cause pursuant to art. 2119 of the Italian Civil Code;
  - voluntary resignation, only if the Beneficiary possesses the legal pensionable requirements and

submits a request for access to pension benefits within the following 30 days;

- death or permanent invalidity;

the Beneficiary (or his/her heirs) may be eligible to retain a pro-rata share of the accrued bonus and Accrued Bonus.

- (ii) in the event of termination of the Employment Relationship before the end of the Vesting Period based on a scenario other than the ones described above, the Beneficiary shall lose the right to receive the Accrued Bonus or the Accrued Shares on a permanent basis.

Further to the above, considering that the 2015-2017 Performance Shares Plan provides that, as remuneration for participating in it, the Beneficiaries must expressly commit not to tender their voluntary resignation from the Employment Relationship for a period of 24 months from the end of the Vesting Period, in the event of breach of the aforementioned commitment by the Beneficiary, he/she shall have to refund to the Company or the Subsidiary with which the Relationship was in place (as stated by the Company) a non-reducible penalty fee corresponding to:

- 50% of Net Revenues linked to the 2015-2017 Performance Shares Plan, in the event of termination notified before 12 months from the expiry date of the Vesting Period;
- 25% of Net Revenues linked to the 2015-2017 Performance Shares Plan, in the event of termination notified after 12 months and before 24 months from the expiry date of the Vesting Period.

## **1.5. The practical application of Remuneration Guidelines**

### **1.5.1. Remuneration of the Chairman of the Board of Directors**

#### **1.5.1.1. Shareholders' Meeting remuneration for office**

The Salini Impregilo S.p.A. Shareholders' Meeting held on April 30, 2015, approved a gross annual

remuneration for the Chairman of the Board of Directors, in office until the approval of the financial statements as at December 31, 2017, of €400,000.00 (four hundred thousand).

#### **1.5.1.2. Payment in the case of termination of office**

There are no existing agreements which provide for compensation if the term of office ends prematurely.

#### **1.5.1.3. Benefits**

Insurance cover and welfare payments are provided for the Chairman at a cost of €11,695 to the company.

### **1.5.2. Remuneration of Non-Executive Directors**

#### **1.5.2.1. Shareholders' Meeting remuneration for office**

The Salini Impregilo S.p.A. Shareholders' Meeting held on April 30, 2015, approved a gross annual remuneration for the Chairman of the Board of Directors, in office until the approval of the financial statements as at December 31, 2017, of €60,000.00 (sixty thousand).

#### **1.5.2.2. Remuneration to participate in the Board Committees**

Overall compensation for members of Internal Committees of the Company are as follows:<sup>3</sup>

##### *Control and Risk Committee*

- Chairman: Euro 60,000.00 (sixty-thousand/00) gross/year;
- Other members: Euro 45,000.00 (forty-five thousand) gross/year;

##### *Compensation and Nominating Committee*

- Chairman: Euro 35,000.00 (thirty-five thousand) gross/year;
- Other members: Euro 15,000.00 (fifteen thousand) gross/year;

##### *Committee for Related - Party Transactions*

- Chairman: Euro 15,000.00 (fifteen-thousand) gross/year;
- Other members: Euro 10,000.00 (ten thousand) gross/year;

<sup>3</sup> Remunerations were resolved by the Board of Directors of May 14, 2015, upon proposal of the CNC after having received the positive opinion of the Board of Statutory Auditors. The remuneration resolved for Executive Committee members, before this governance system body was revoked on September 2016, was as follows: Chairman = €40,000.00 (forty-thousand) gross/year; other members=€20,000.00 (twenty-thousand) gross/year.

The aforementioned payments resulted in a reduction of the total remuneration paid for Governing Bodies compared to the previous term, also considering the elimination of the attendance fee.

#### **1.5.2.3. Payment in the case of termination of office**

There are no specific termination benefits for non-executive directors or agreements which make provision for compensation if the term of office ends prematurely.

#### **1.5.2.4. Benefits**

Insurance cover and welfare payments are provided for non-executive Directors at a cost of €11,695 each to the company.

### **1.5.3. Remuneration of the CEO**

The Board of Directors' meeting on April 30, 2015 appointed Pietro Salini as CEO of the Company, thereby conferring upon him the powers of legal representation of the Company, and the signatory powers with regard to third parties and for legal matters, as well as vesting him with the powers for the management of corporate operations, with the right to delegate the responsibility for the organization and conduct of certain business units. The CEO is currently the sole Executive Director of the Company.

The overall remuneration of the CEO, in the form of a gross annual salary (the "GAS") for his duties as director and fees pursuant to Article 2389, paragraph 3, of the Italian Civil Code for his activities as CEO (overall the "Remuneration Payments") is described in paragraphs §§ 1.5.3.1. and 1.5.3.2.

#### **1.5.3.1. Fixed components of Remuneration Payments**

The amount of the GAS due to the CEO with respect to the management employment contract with the Company and in light of the duties that are the subject of such contract, was determined as €650,000.00 (six hundred and fifty thousand).

The amount of fixed compensation due to the Chief Executive Officer for the performance of his CEO duties is €1,350,000.00 (one million and three hundred fifty thousand).

Added to this amount are the payments pursuant to Article

2389, paragraph 3 of the Italian Civil Code, in relation to his eventual participation in Internal Committee activities as member or Chairman, as well as for his office of Board Director.

#### **1.5.3.2. Variable components of Remuneration Payments**

The CEO, precisely in this capacity and as payment for exercising his powers, is also entitled to receive a variable remuneration, always pursuant to Article 2389 of the Italian Civil Code, in terms of STI and LTI payments.

The 2017 STI of the Chief Executive Officer is paid out based on the achievement of Group objectives, since performance and business unit objectives envisaged for General Managers and other Key Management Personnel do not apply to the CEO.

The amount of the 2017 STI for the CEO was confirmed - taking as basis for the calculation the fixed part of his remuneration, resulting from the sum of the GAS and the fixed fee for the mandate - as €2,000,000.00 (two million) upon achieving 100% of the targets.

The payment and amount of the STI for 2017 are subject to and measured against reaching of the fixed targets in terms of:

- EBIT, with a weighting of 50% on the overall amount of the 2017 STI;
- Book-to-Bill ratio (with a weighting of 25% on the overall amount of the 2017 STI);
- Gross Debt Reduction, as recorded at year end (with a weighting of 25% on the overall amount of the 2017 STI).

The right to receive the 2017 STI accrues on the basis of the results achieved in the previous year and assessed according to a performance scale with the range varying from a minimum of 80% (minimum performance) to a maximum of 120% (maximum performance), with the corresponding payout of a variable remuneration from 50% to 140% respectively of GAS, calculated by linear interpolation at pre-set intervals. Should performance in terms of the relevant targets be below the 80%, no amount linked to that objective shall be paid.

The quantitative determination of Group 2017 STI objectives is defined by the Board of Directors, after consultation with the Compensation and Nominating Committee.

With respect to the long-term incentive plan, the Board of Directors identified the Chief Executive Officer as Beneficiary of the 2015-2017 Performance Shares Plan resolved on by the Meeting of April 30, 2015, with effect from January 1, 2015 and of an award consisting of cash and performance shares calculated on a pro rata basis for 2016 and 2017 only, due to the fact the 2013-2015 LTI plan, expiring upon approval of the Financial Statements as at December 31, 2015, still applied to 2015.

The Chief Executive Officer may also be receive

#### 1.5.4. Remuneration of General Managers and Key Management Personnel

From time to time, the Company identifies Key Management Personnel, based on the duties effectively carried out, in line with the definition referred to in Consob Regulation no. 17221/2010.

The current General Managers and Key Management Personnel are hereinafter shown, connected to their area of competence (Corporate/Operations):

General Managers and Key Management Personnel	Area	
Group Finance & Corporate General Manager	Corporate	Massimo Ferrari
International Operations General Manager	Operations	Claudio Lautizi
Group Engineering, Development and Concessions Director	Corporate	Joseph Attias
Administration, Finance & Planning Director	Corporate	Alessandro De Rosa
HR & Organization Director	Corporate	Gian Luca Grondona

discretionary, occasional and one-off compensation payments, as set out in Paragraph 1.4.

In the last two financial years, the Board of Directors has not granted any discretionary compensation to the Chief Executive Officer.

##### 1.5.3.3. Remuneration to participate in the Board Committees

The Chief Executive Officer doesn't hold any positions within the internal Committees.

##### 1.5.3.4. The treatment provided for in case of termination of office and of subordinate employment

There are no specific payments for the termination of office of the CEO, nor are there agreements which involve compensation if the term of office ends prematurely or termination of the office and/or mandate or in the case of lack of renewal.

However, due to the fact that the CEO has a subordinate work contract with the Company he also benefits from the ordinary safeguarding regulations for executives in case of dismissal set the CCNL Dirigenti.

##### 1.5.3.5. Benefits

Insurance cover and welfare payments are provided for the CEO at a cost of €65,744 to the company.

The total remuneration paid to each of the General Managers and Key Management Personnel consists of a fixed component and a variable component.

##### 1.5.4.1. Fixed remuneration component

The fixed remuneration component for General Managers and Key Management Personnel is determined on the basis of the role and responsibilities assigned and may be periodically adjusted as part of the annual salary review process carried out for all managerial positions. In line with the recommendations of the Corporate Governance Code, the fixed remuneration component is determined to an extent that sufficiently rewards the performance of the General Managers and of the Key Management Personnel, even when the variable component should not be awarded due to failure to meet the relevant targets.

The Board of Directors that met on August 5, 2013 and August 5, 2014, moreover, resolved on the payment of €50,000.00 to the Group Finance & Corporate General Manager as the Manager Responsible for Corporate Financial Reporting, also adjudicating that the aforementioned compensation should be calculated to determine the STI.

Moreover, General Managers and Key Management Personnel are entitled to reimbursement of the expenses incurred as a result of their office.

#### 1.5.4.2. Variable Remuneration Component

As far as the variable component is concerned, with reference to 2017, General Managers and Key Management Personnel are also eligible to receive a short-term variable compensation (the "2017 STI KMP") when 100% of the targets are reached ("2017 KMP STI Target"), over and above their relevant fixed remuneration components.

The payment and the amount of the relevant 2016 KMP STI are subject to and determined based on the targets being met for the:

- Group (in terms of EBIT, Book-to-Bill and gross debt reduction), with a weighting of 30% for the General Managers Operations and 40% for the General Managers Corporate, on the overall amount of 2017 KMP STI;
- of the specific unit one belongs to, defined consistently with the company's Business Plan (with 40% weight with regard to Operations Area managers and 30% with regard to Corporate area managers, on the total amount of the STI KMP, relating to budget overheads, Budget Operations, Bid Management Process, Process Organisation;
- individual performance targets, with a weight equal to 30% of the overall amount of the STI KMP and mainly refer to manager conduct in terms of leadership and change management.

[fuzzy] The right to receive the 2017 STI KMP accrues on the basis of the results achieved in the previous year and assessed according to a performance scale with the range varying from a minimum of 80% (minimum performance) to a maximum of 120% (maximum performance), with the corresponding payout of a variable remuneration from 50% to 140% respectively of GAS, calculated by linear interpolation at pre-set intervals. Should performance in terms of the relevant targets be below the 80%, no amount linked to that objective shall be paid.

The quantitative determination of Group 2016 STI KMP objectives is defined by the Board of Directors, after consultation with the Compensation and Nominating Committee.

Business unit and individual performance targets are set and proposed by the Chief Executive Officer, with a prior preliminary investigation of the Compensation and Nomination Committee.

With respect to the long-term variable component, General Managers Massimo Ferrari and Claudio Lautizi and Key Management Personnel Alessandro De Rosa and Gian Luca Grondona were included in the 2015-2017 Performance Shares Plan, as described in paragraph 1.3.2.2.1.

With regard to Joseph Attias part of the Key Management Personnel, who was identified as such by the Board of Directors of July 14, 2016, a LTI system that is aligned with the remuneration policy has been applied to him. It is composed as follows:<sup>4</sup>

- **Indicators:** Accumulated Revenues 2016-2017 and Accumulated EBIT 2016-2017;
- **Vesting period:** two years;
- **Opportunity:** equal to 100% of the GAS, on a two-year basis (pro rata for 2016);
- **Disbursement:** determined at the end of the third year of reference, based on the attained results;
- **Clawback clauses:** if the total sum has been determined based on data that has been found to be incorrect due to the violation made by the beneficiary, of company regulations, of contracts or of the law, or due to his/her seriously malicious conduct and misconduct aimed at altering the data used to measure if the targets have been reached;
- **Retention clauses:** (i) Return of 50% of the Net Bonus, in case of resignation prior to 12 months from the expiry date of the Vesting Period; (ii) return of 25% of the Net Bonus, if resignation is communicated after 12 months and if 24 months have passed from the Vesting Period.

With regard to General Managers and to Key Management Personnel, discretionary, occasional and standalone payments may be made, according to what

<sup>4</sup> Remuneration for Joseph Attias is represented in Tables 1, 3 A and 3 B of section 2.2. in aggregate form.



is provided for paragraph 1.4 In the last three financial years, the Board of Directors has not granted any discretionary compensation to the General Managers and/or other Key Management Personnel.

#### **1.5.4.3. Payment in case of termination of employment**

In the event of employment termination, General Managers and Key Management Personnel who are employees of the Company shall receive the payment respectively established by the law and/or the reference national collective agreement, if applicable, and, if it is advisable for the Company, supplemented by any individual agreements to be negotiated at the time of the

termination, and/or by any specific compensation for cases in which the need to sign non-competition agreements has been determined.

The provisions under paragraph 1.5.3.4. with respect to the effects of termination of the employment relationships on the 2015-2017 Performance Shares Plan remain applicable.

#### **1.5.4.4. Benefits**

Insurance cover or welfare payments are provided for Key Management Personnel with better conditions than those established in the national collective agreement, as well as the allocation of a company car for personal use and, possibly, housing.

## 2. Section II: Details of the Items that make up the Remuneration and the Compensation paid in 2016

### 2.1 Details of the items that make up the remuneration (by retribution item)

#### 2.1.1. (Fixed and Variable) Remuneration Components for Members of the Board of Directors in Office

With reference to 2016, the Board of Directors and the internal Committees consisted of the following Directors: Pietro Salini (as CEO), Marco Bolgiani, Marina Brogi, Giuseppina Capaldo, Mario Cattaneo, Roberto Cera, Laura Cioli (up to February 24 2016, when she decided to resign), Alberto Giovannini, Nicola Greco, Pietro Guindani, Geert Linnebank, Giacomo Marazzi, Franco Passacantando, Laudomia Pucci, Alessandro Salini (from April 28, 2016) and Grazia Volo (from March 16, 2016). The compensation paid on a pro-basis to each of the directors during 2016 is as follows:

- Director Pietro Salini: €60,000.00 as gross compensation for the office of Director, €28,306.00 as Member, with duties as a Chairman, of the Executive Committee up to September 19, 2016

when said Committee was revoked, for a total of €88,306.00;

- Director Marco Bolgiani: €60,000.00 as gross compensation for the office of Director, €45,000.00 as Member of the Control and Risks Committee, as well as €15,000.00 for participation in meetings of the Committee for Related-Party Transactions, for a total of €120,000.00;
- Director Marina Brogi: €60,000.00 as gross remuneration for the office of Director, €35,000.00 as Member of the CNC, €3,000 for participation in CNC meetings, €10,000.00 as Member of the Committee for Related-Party Transactions, for a total of €105,000.00;
- Director Giuseppina Capaldo: €60,000.00 as gross compensation for the office of Director, €45,000.00 as Member of the Control and Risks Committee, €10,000.00 as Member of the Committee for Related-Party Transactions, for a total of €115,000.00;

- Director Mario Giuseppe Cattaneo: €60,000.00 as gross compensation for the office of Director, €60,000.00 as Member of the Control and Risks Committee, for a total of €120,000.00;
- Director Roberto Cera: €60,000.00 as gross compensation for the office of Director;
- Director Laura Cioli: €9,016.00 as gross compensation for the office of Director, until her resignation date: February 24, 2016;
- Director Alberto Giovannini<sup>5</sup>: €400,000.00 as gross compensation for the office of Chairman of the Board of Directors, €14,153.00 as gross compensation as a member of the Executive Committee (until its revocation date September 19, 2016) for a total of €414,153.00;
- Director Nicola Greco: €60,000 as gross compensation for the office of Director, €15,000.00 as Member of the CNC, €15,000.00 for participation in meetings of the Compensation and Nominating Committee, as well as €14,153.00 as member of the Executive Committee, for a total of €89,153.00;
- Director Pietro Guindani: €60,000.00 as gross compensation for the office of Director, €45,000.00 as member of the Control and Risks Committee, for a total of €105,000.00;
- Director Geert Linnebank: €60,000 as gross compensation for the office of Director, €15,000.00 as member of the CNC, €10,000.00 as member of the Committee for Related-Party Transactions, for a total of €85,000.00;
- Director Giacomo Marazzi: €60,000.00 as gross compensation for the office of Director, €14,153.00 as Member of the Executive Committee, and €30,000.00 as a member of the Integrity Board for a total of €104,153.00;
- Director Franco Passacantando: €60,000 as gross compensation for the office of Director, €45,000.00

as Member of the Control and Risks Committee, for a total of €105,000.00;

- Director Laudomia Pucci: €60,000.00 as gross compensation for the office of Director, €15,000.00 as Member of the CNC, for a total of €75,000.00;
- Director Alessandro Salini: €40,492.00 as gross compensation for the office of Director from April 28, 2016;
- Director Grazia Volo: €47,541.00 as gross compensation for the office of Director becoming effective from March 16, 2016

for an **overall amount of €1,682,814.00**.

#### 2.1.1.1. Payment in the case of termination of office

There are no specific termination benefits for non-executive directors or agreements which make provision for compensation if the term of office ends prematurely.

#### 2.1.1.2. Benefits

No specific provision is made for payments in the case of termination of office for Non-executive Directors in office or agreements which entail compensation in case of the early termination of the term of office.

#### 2.1.2. (Fixed and Variable) Components of the Remuneration of the CEO

In 2016, in addition to the compensation paid in relation to the offices of Board Director and member of the Executive Committee (described in detail in §2.1.1), the CEO Mr Pietro Salini received a fixed fee for the mandate, pursuant to article 2389, paragraph 3 of the Italian Civil Code, of 1,350,000 (one million three hundred and fifty thousand), in addition to €650,000 (six hundred and fifty thousand) as GAS.

No compensation has been given to Pietro Salini for his role as Chairman of the strategic subsidiary Lane Industries Inc.

The variable component of the 2016 STI had been quantified - taking as a basis for calculation the fixed part of the CEO' remuneration, given by the sum of the GAS and the fixed fee for the mandate - as €2,000,000.00 (two million) upon achieving 100% of the targets.

<sup>5</sup> Chairman, Alberto Giovannini, does not receive further remuneration for his role as Director in the subsidiary Lane Industries Incorporated.

2016 STI Objectives, therefore, had been set in terms of:

- EBITDA, with a 50% impact on determining the Target Bonus;
- Book-to-bill, with a 25% impact on determining the Target Bonus;
- NFP, with a 25% impact on determining the Target Bonus;

quantified by the Board of Directors in a timely manner, based on budget data for the 2016 financial year.

The Board of Directors meeting of March 15, 2017, based on the results for the 2016 financial year, therefore ascertained the level of achievement of STI 2016 targets by the CEO as 115.85% and, upon proposal of the CNC and the positive opinion of the Board of Statutory Auditors, approved the payout of a 2016 STI Bonus for the aforementioned CEO of €2,317,052 (two million three hundred and seventeen thousand and fifty two) calculated by linear interpolation at pre-set intervals.

The aforementioned 2016 STI entailed the right to receive the relevant bonuses on the basis of the results achieved in the previous year and assessed according to a performance scale with the range varying from a minimum of 80% (Minimum Performance) to a maximum of 120% (Maximum Performance) with the corresponding payout of a variable remuneration from 50% to 140% respectively of GAS, calculated by linear interpolation at pre-set intervals. The CEO did not exercise his voting right in the discussion on the aforementioned items pertaining to his payout of the 2016 STI, held during the Board of Directors' Meeting of March 15, 2017.

The CEO has been identified as the Beneficiary of the 2015-2017 Performance Shares Plan that started in January 1, 2015, with the payment of an accrued bonus and accrued shares pro quota, with regard to 2016-2017, being that the 2013-2015 Plan had been already concluded.

### 2.1.3. (Fixed and Variable) Components of the Remuneration for General Managers and Key Management Personnel

Fixed components of the remuneration acknowledged,

with regard to 2016, to the General Managers and to Key Management Personnel were the following:

- Mr. Massimo Ferrari: €550,000.00 (five hundred thousand) as gross annual fixed remuneration, €50,000 as fixed compensation for the functions of Manager in Charge of Financial Reporting, for a total of €600,000.00 (gross);
- Mr. Claudio Lautizi: €601,807.00 as gross annual fixed remuneration;
- Other Key Management Personnel<sup>6</sup>: €1,239,847.00 in total, as gross annual fixed remuneration.

With respect to the 2016 KMP STI variable component of remuneration, such component, equal to the sum of the relevant fixed components of remuneration, was proportionate to the achievement of the following targets, each with a different weighting based on the relevant department to which the employee is assigned:

- Group (in terms of EBITDA, Book-to-bill ratio and Net Financial Position);
- of the specific business unit to which one belongs to and mainly focused on the ongoing integrating project;
- individual performances, mainly focused on required managerial conduct to carry out the ongoing change management process.

The Board of Directors meeting of March 16, 2017, considering the results for the 2016 financial year and upon proposal of the CEO (who gave his assessment about the performance of General Managers and other Key Management Personnel to the Remuneration and Nominating Committee of March 14, 2017) as well as with positive opinion of the Remuneration and Nominating Committee, ascertained the level of achievement of the 2016 KMP STI and resolved on the following:

- Group Finance & Corporate General Manager Massimo Ferrari: €782,046.00;
- International Operations General Manager Claudio Lautizi: €798,934.00;
- Other Key Management Personnel of the Company: Euro €1,271,288.

<sup>6</sup> It also includes remuneration of Michele Longo whose significant roles, for the purpose of this report, ended during 2016. Remuneration for Michele Longo is shown in aggregate form in tables 1, 3 A and 3 B in section 2.2.

The aforementioned General Managers and Key Management Personnel were also identified by the Board of Directors as Beneficiaries of the 2015-2017 Performance Shares Plan, with allocation of a Target Bonus and Target Shares in line with those outlined in Tables under Annex 3.A: 'Incentive Plans based on financial instruments other than stock options in favor of members of the Board of Directors, General Managers and other Key Management Personnel' and 3.B: Monetary Incentive Plans for the members of the Board of Directors, the General Managers and Key Management Personnel.

With regard to Joseph Attias part of the Key Management Personnel, who was identified as such by the Board of Directors' meeting held in July 14, 2016, an LTI system has been assigned to him, as described in paragraph 1.5.4.2 as highlighted in the attached Table 3B.

#### 2.1.4. Components of the Remuneration of the Board of Statutory Auditors

The Salini Impregilo Shareholders' Meeting held on April 30, 2014 approved a payment of €60,000.00 (sixty thousand) gross for the Chairman of the Board of Statutory Auditors (position currently held by Alessandro Trotter) and €40,000.00 (forty thousand) gross for standing auditors (currently Teresa Cristiana Naddeo and Gabriele Villa).

In addition to the above-mentioned payments, the Salini Impregilo Shareholders' Meeting on April 30, 2014 approved the payment of an attendance fee for participation in every meeting of the Board of Directors and the internal committees, for the Chairman of the Board of Statutory Auditors as well as for each standing auditor, of €1,000.00 (one thousand) in the case of

personal participation and €500.00 (five hundred) in the case of participation through audio or video conferencing. 2016-related compensation paid to each member of the Board of Statutory Auditors in 2015 is as follows:

- Alessandro Trotter: €60,000 as gross compensation for the office of Member of the Board of Statutory Auditors as well as for the office of Chairman of said Board, €14,500.00 for participation in the meetings of the Board of Directors, €2,500.00 for participation in meetings of the Executive Committee, €13,000.00 for participation in the meetings of the Control and Risk Committee, as well as €6,000 for participation in the meetings of the CNC and € 6,000.00 for participation Committee for Related-Party Transactions, for a total of €96,000.00;
  - Teresa Cristiana Naddeo: €40,000 as gross compensation for the office of Standing Auditor, €14,000.00 for participation in the meetings of the Board of Directors, as well as €1,500.00 for participation in meetings of the Executive Committee, €12,000.00 for participation in the meetings of the Control and Risks Committee, as well as €1,000.00 for participation in the meetings of the Committee on Related-Party Transactions, for a total of €68,500.00;
  - Gabriele Villa: €40,000 as gross remuneration for the office of Standing Auditor, €14,000 for participation in Board of Directors meetings, €2,000.00 for participation in Executive Committee meetings, €7,000.00 for participating in Control and Risk Committee, for a total equal to € 63,000.00;
- for an **overall amount for 2016 of €227,500.00**.

2.2. Fees paid in 2016

2.2.1. Table 1: Fees Paid to Members of the Board of Directors and the Board of Statutory Auditors, to General Managers and Other Key Management Personnel (figures in €)

Surname and Name	Office	Term in Office	Expiry	Fixed compensation	Committee attendance fees	Non-equity variable compensation		Non-monetary benefits	Other compensation	Total	Fair Value of equity compensation	End of term of office or severance indemnity	
						Bonuses and other incentives	Profit-share						
Giovannini Alberto	Chairman	1/1/2016 - 31/12/2016	(*)	compensation received for the performance of specific offices	400,000	executive committee compensation	14,153			418,831			
Salini Pietro	Chief Executive Officer	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting compensation received for the performance of specific offices fixed remuneration for employment	60,000 1,350,000 650,000	executive committee compensation	28,306	2,317,052		4,425,612	930,254		
Bolgiani Marco	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	related parties committee fee control committee compensation	15,000 45,000		4,678	124,678			
Brogi Marina	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	remuneration committee compensation related parties committee fee	35,000 10,000		4,678	109,678			
Capaldo Giuseppina	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	control committee compensation related parties committee fee	45,000 10,000		4,678	119,678			
Cattaneo Mario Giuseppe	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	control committee compensation	60,000		4,678	124,678			
Cera Roberto	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000				4,678	64,678			
Cioli Laura	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	9,016				702	9,718			
Greco Nicola	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	remuneration committee compensation executive committee compensation	15,000 14,153		4,678	93,831			
Guindani Pietro Angelo	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	control committee compensation	45,000		4,678	109,678			
Linnebank Gerardus Wilhelmus Joseph Maria	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	remuneration committee compensation related parties committee fee	15,000 10,000		4,678	89,678			
Marazzi Giacomo	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	executive committee compensation integrity board compensation	14,153 30,000		4,678	108,831			
Passacantando Franco	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	control committee compensation	45,000		4,678	109,678			
Pucci di Barsento Laudomia	Director	1/1/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	60,000	remuneration committee compensation	15,000		4,678	79,678			
Salini Alessandro	Director	28/04/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	40,492				3,158	43,650			
Volo Grazia	Director	16/03/2016 - 31/12/2016	(*)	relevant compensation deliberated by the Shareholders' Meeting	47,541				3,704	51,244			
Trotter Alessandro	Chairman of the Board of Statutory Auditors	1/1/2016 - 31/12/2016	(**)	relevant compensation deliberated by the Shareholders' Meeting attendance fees	60,000 14,500	remuneration committee attendance fees executive committee attendance fees control committee attendance fees	6,000 2,500 13,000			96,000			
Naddeo Teresa	Standing Auditor	1/1/2016 - 31/12/2016	(**)	relevant compensation deliberated by the Shareholders' Meeting attendance fees	40,000 14,000	control committee attendance fees related parties committee attendance fee executive committee attendance fees	12,000 1,000 1,500			68,500			
Villa Gabriele	Standing Auditor	1/1/2016 - 31/12/2016	(**)	relevant compensation deliberated by the Shareholders' Meeting attendance fees	40,000 14,000	control committee attendance fees executive committee attendance fees	7,000 2,000			63,000			
Lautizi Claudio	International Operations General Manager	1/1/2016 - 31/12/2016		fixed remuneration for employment	601,807		798,934			1,400,741	423,192		
Ferrari Massimo <sup>(1)</sup>	General Manager Corporate & Finance Group CFO and Manager in Charge of Financial Reporting	1/1/2016 - 31/12/2016		fixed remuneration for employment compensation paid as Manager 50,000 as well as Manager in Charge of financial reporting	550,000 50,000		782,046	15,669		1,397,716	421,921		
Key Management Personnel <sup>(2)</sup>	no. 4	1/1/2016 - 31/12/2016		fixed remuneration for employment housing/petrol allowance	1,239,847 47,412		1,271,288	44,939		2,603,487	773,522		
Total					5,888,616		510,765	5,169,321	-	144,561	-	11,713,262	2,548,889

(\*) Shareholders' Meeting for the approval of the Financial Statements at December 31, 2017.  
(\*\*) Shareholders' Meeting for the approval of the Financial Statements at December 31, 2016.  
(1) The amount of 500 thousand euros for gross annual Remuneration shall be supplemented by national and international travel allowances, in line with the provisions of the relevant National Collective Labor Agreement (CCNL Dirigenti) and company procedures, for a total amount of 7 thousand euros.  
(2) The amount of 1239847 thousand euros for gross annual Remuneration shall be supplemented by national and international travel allowances, in line with the provisions of the relevant National Collective Labor Agreement (CCNL Dirigenti) and company procedures, for a total amount of 9 thousand euros



2.2.2. Table 3.A: Incentive Plans based on financial instruments other than stock options in favour of members of the Board of Directors, General Managers and other Key Management Personnel

Surname and Name	Office	Plan	Financial instruments assigned during the previous years and not vested during the financial year			Financial instruments assigned during the financial year			Financial instruments vested during the financial year and not allocated		Financial instruments vested during the financial year and allocatable		Financial instruments for the financial year
			Number and type of financial instruments (1)	Vesting period	No. and type of financial instruments (Performance shares)	Fair Value allat assignment date (Euro)	Vesting period	Assignment date	Market price at assignment date (Euro)	Number and type of financial instruments	Number and type of financial instruments	Value at accrual date (Euro)	Fair Value (Euro) (2)
Salini Pietro	Chief Executive Officer	2015 Salini Impregilo Performance Shares Plan	797,403	30/04/2015 - date of approval of the 2017 financial statements									930,254
Lautizi Claudio	International Operations General Manager	2015 Salini Impregilo Performance Shares Plan	359,912	30/04/2015 - date of approval of the 2017 financial statements									423,192
Ferrari Massimo	General Manager Corporate & Finance Group CFO and Manager in Charge of Financial Reporting	2015 Salini Impregilo Performance Shares Plan	358,831	30/04/2015 - date of approval of the 2017 financial statements									421,921
Other Key Management Personnel of the Company	no. 3	2015 Salini Impregilo Performance Shares Plan	657,857	30/04/2015 - date of approval of the 2017 financial statements									773,522
Total											2.548.889		

(1) The maximum number of Shares that can be assigned is reported; the actual number of Shares shall be determined at the end of the Plan, based on actual results.  
(2) The share of financial instruments-based compensation for the financial year is shown. It is calculated by sharing the (target) fair value of the aforementioned instruments at the assignment date, using actuarial methods, for the period.

2.2.3. Table 3.B: Monetary incentive plans for the members of the Board of Directors, General Managers and other Key Management Personnel

Surname and Name	Office	Plan	Bonus for the Year		Deferment period	No longer payable	Bonus for Previous Years		Other Bonuses (Euro)
			Paid/ Payable (Euro)	Deferred (Euro) (1)			Deferred/ Deferrable	Still deferred	
Salini Pietro	Chief Executive Officer	• 2016 Short Term Incentive Plan	2,317,052						
		• 2015 Salini Impregilo Performance Shares Plan		2,000,000 - 2,800,000	3 years				
Lautizi Claudio	International Operations General Manager	• 2016 Short Term Incentive Plan	798,934						
		• 2015 Salini Impregilo Performance Shares Plan		902,711 - 1,263,795	3 years				
Ferrari Massimo	General Manager Corporate & Finance Group CFO and Manager in Charge of Financial Reporting	• 2016 Short Term Incentive Plan	782,046						
		• 2015 Salini Impregilo Performance Shares Plan		900,000 - 1,260,000	3 years				
Other Key Management Personnel of the Company	no. 4	• 2016 Short Term Incentive Plan	1,271,288						
		• 2015 Salini Impregilo Performance Shares Plan		2,437,500 - 3,412,500	3 years				
Total			5,169,321	6,240,211 - 8,736,295					

(1) Target values and maximum attributable values are reported; the actual value shall be determined at the end of the Plan, based on actual results.

## 2.3. Equity Investments of Members of the Board of Directors and of the Board of Statutory Auditors, General Managers and other Key Management Personnel

**2.3.1. Table 4.1: Equity Investments of Members of the Board of Directors, Control bodies and General Managers**

Surname and Name	Office	Subsidiary	No. of shares owned at the end of 2015	No. of shares purchased in 2016	No. of shares sold during 2016	No. of shares owned at the end of 2016
Alberto Giovannini	Chairman	Salini Impregilo S.p.A.	10,000	40,500	0	50,500
Pietro Salini	CEO	Salini Impregilo S.p.A.	1,450,000	0	0	1,450,000
Marco Bolgiani	Director	Salini Impregilo S.p.A.	0	0	0	0
Marina Brogi	Director	Salini Impregilo S.p.A.	0	0	0	0
Giuseppina Capaldo	Director	Salini Impregilo S.p.A.	0	0	0	0
Mario Cattaneo	Director	Salini Impregilo S.p.A.	0	0	0	0
Roberto Cera	Director	Salini Impregilo S.p.A.	0	25,000	0	25,000
Nicola Greco	Director	Salini Impregilo S.p.A.	0	0	0	0
Pietro Guindani	Director	Salini Impregilo S.p.A.	0	0	0	0
Geert Linnebank	Director	Salini Impregilo S.p.A.	0	0	0	0
Giacomo Marazzi	Director	Salini Impregilo S.p.A.	0	0	0	0
Franco Passacantando	Director	Salini Impregilo S.p.A.	0	0	0	0
Laudomia Pucci	Director	Salini Impregilo S.p.A.	0	0	0	0
Alessandro Salini (from April 28, 2016)	Director	Salini Impregilo S.p.A.	26,400	74,183	0	100,583
Grazia Volo (from March 16, 2016)	Director	Salini Impregilo S.p.A.	0	0	0	0
Laura Cioli (until February 24, 2016)	Director	Salini Impregilo S.p.A.	0	0	0	0
Alessandro Trotter	Chairman Board of Statutory Auditors	Salini Impregilo S.p.A.	0	0	0	0
Teresa Cristiana Naddeo	Standing Auditor	Salini Impregilo S.p.A.	0	0	0	0
Gabriele Villa	Standing Auditor	Salini Impregilo S.p.A.	0	0	0	0
Marco Tabellini	Alternate Auditor	Salini Impregilo S.p.A.	0	0	0	0
Roberta Battistin	Alternate Auditor	Salini Impregilo S.p.A.	0	0	0	0
Massimo Ferrari	GM Corporate & Finance, Group CFO	Salini Impregilo S.p.A.	357,980*	0	0	357,980*
Claudio Lautizi	GM International Operations	Salini Impregilo S.p.A.	506,971*	0	0	506,971*

**2.3.2. Table 4.2: Equity Investments held by Other Key Management Personnel**

No. of key management personnel	Subsidiary	No. of shares held at the end of 2015	No. of shares purchased in 2016	No. of shares sold during 2016	No. of shares held at the end of 2016
4	Salini Impregilo	221,788*	7,000	0	228,788*

\*Includes Salini Impregilo shares freely given by Salini Costruttori S.p.A., as specified in the press release of January 12, 2015.