

# Report on corporate governance and the ownership structure

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Pursuant to article 123-bis of Legislative Decree 58/1998 (Consolidated Finance Act/TUF)

Management and control model: **traditional**

Issuer: **SALINI IMPREGILO S.P.A.**

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

Year to which the Report refers: **2019**

Date of approval of the Report by the Board of Directors: **March 11, 2020**



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## GLOSSARY

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**Agreement with CDPE or Investment Agreement:** is the agreement signed on August 2, 2019 - and subsequently supplemented and amended on November 4th and December 26th, 2019 - between Salini Costruttori S.p.A., ("**Salini Costruttori**"), CDPE Equity S.p.A., ("**CDPE**") and the Issuer and, limited to certain provisions, Pietro Salini, regarding, inter alia, the terms and conditions of the subscription, by CDPE and Salini Costruttori, of a portion of the share capital increase in service of the implementation of a strategic project aimed at strengthening the national large-scale works and complex infrastructures sector, called "Progetto Italia", as well as the implementation of certain rules of corporate governance of the issuer that are instrumental in the implementation of Progetto Italia.

**Share capital increase:** the share capital increase of Salini Impregilo, in indivisible form and against payment, for a total amount (including additional price) € 600,000,000.00, excluding the option right pursuant to article 2441, paragraph 5, of the Italian Civil Code, resolved by the Board of Directors in implementation of the authorisation conferred by the Extraordinary Shareholders' Meeting of October 4th, 2019, pursuant to article 2443 of the Italian Civil Code, and executed on November 12th, 2019.

**Borsa Italiana:** Borsa Italiana S.p.A.

**Code/Corporate Governance Code:** The Corporate Governance Code of listed companies (July 2018 edition) approved by the Committee for Corporate Governance and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria.

**Civil Code:** the Italian Civil Code.

**Board/Board of Directors:** the Board of Directors of the Company.

**Issuer/Salini Impregilo/Company:** Salini Impregilo S.p.A.

**Financial Year:** the Financial Year to which the Report refers – (Financial Year 2019).

**Group:** collectively, the Issuer and the company that fall under the scope of consolidation of the latter.

**Key Information:** document drafted in accordance with article 122 of the TUF (Consolidated Finance Act) and article 130 of the Issuers' Regulation and published, in accordance with law, on the Company's website ([www.salini-impregilo.com](http://www.salini-impregilo.com)) in the section Governance/Other documents, containing key information regarding the shareholders' agreements set forth in the Agreement with CDPE.

**Progetto Italia:** the industrial project, whose strategic guidelines are part of the broader industrial plan of the Issuer for the 2019-2021 three-year period, which aims to consolidate in Salini Impregilo - to be achieved through the acquisition and subsequent integration in the company - other Italian firms and companies operating in the complex infrastructure project construction sector.

**Consob Issuers' Regulation:** the Regulation issued by Consob with Resolution no. 11971 of 1999 (as subsequently amended) concerning Issuers.

**Consob market Regulation:** the Regulation issued by Consob with Resolution no. 20249 of 2017 concerning markets.

**Regulation governing Transactions with Consob Related Parties:** the Regulation issued by Consob with Resolution no. 17221 of March 12th, 2010 (and subsequent amendments and supplements) concerning transactions with related parties.

**Report:** this report on corporate governance and ownership structures prepared pursuant to article 123-bis of the TUF.

**Remuneration Report 2020:** Report on the Policy on remuneration and compensation paid, defined pursuant to article 123-ter of TUF (Consolidated Finance Act), in accordance with (i) article 84-quater and Annex 3A, Scheme 7-bis and 7-ter of the Consob Issuers' Regulation and available on the Company's website ([www.salini-impregilo.com](http://www.salini-impregilo.com)), section "Governance – Remuneration" and in the Section "Governance – Shareholders' Meeting" relating to the next Shareholders' Meeting to approve the financial statements as at 31 December 2019..

**Consolidated Finance Act/TUF:** Legislative Decree no. 58 of February 24th, 1998 (as subsequently amended and supplemented).

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## INTRODUCTION

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This Report, drafted on the basis of the latest format prepared by Borsa Italiana (Eighth Edition – January 2019), aims to illustrate the corporate governance model adopted by Salini Impregilo, providing a summary description of the actual implementation procedures of the traditional administration and control model used by the Issuer.

The corporate governance structure adopted by the Issuer is based on guidelines set out in the “Corporate Governance Code” last approved in July 2018 by the Committee for Corporate Governance, available to the market on the website of the Committee for Corporate Governance <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>, as it believes that having a well-structured governance system allows the Issuer to operate with maximum efficiency and also ensures greater levels of transparency, thus increasing investors’ confidence in the Issuer.

This Report has been approved by the Board of Directors on March 11th, 2020 and has been published in the “Governance - Governance System - Corporate Governance Report” section of the Company’s website.



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## 1. ISSUER PROFILE

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### General profile

Salini Impregilo S.p.A. is an issuer with shares listed on the Mercato Telematico Azionario (electronic stock exchange) organised and managed by Borsa Italiana. The Company is subject to the management and coordination of Salini Costruttori, pursuant to articles 2497 et seq. of the Italian Civil Code and adheres to the Corporate Governance Code.

The Company is not included in the definition of SME (Small Medium Enterprises) pursuant to article 1, paragraph 1, letter w-quater 1) of TUF and article 2-ter of the Consob Issuers' Regulation.

Operating in 50 Countries with more than 50,000 employees (direct and indirect) of 100 different nationalities and an order book totalling € 36.2 billion at the end of 2019, the Salini Impregilo Group is a major global player in the construction of complex large-scale infrastructures.

Recognised, for the fifth time, as the leading company in the world in the construction of infrastructures in the water sector on the list of the Top 250 International Contractors published in 2019 by the specialised US magazine Engineering News - Record (ENR), and in the Top 10 of the environment sector on the ENR's 2019 Top 200 Environmental Firms ranking, it is also a leader in transport and committed to the main sustainability mobility systems (undergrounds and railways) in the world.

### Agreement with CDPE, share capital increase and proposed change of company name

On November 12th, 2019, consistently with the provisions of the Investment Agreement, the Company completed a share capital increase geared towards the implementation of Progetto Italia, the strategic project targeted at reinforcing the national large-scale works and complex infrastructures construction sector.

As a result of the share capital increase, at December 31st, 2019, the Issuer's share capital came to € 600,000,000.00, divided into a total of 893,788,182 shares, of which 892,172,691 ordinary shares and 1,615,491 savings shares, each without an expressed nominal value. Within the context of the transaction, the shareholding and the governance structures of the company changed, as better explained later in this Report.

Again in accordance with the provisions of the Agreement with CDPE and within the context of Progetto Italia, the next Shareholders' Meeting will also be called to resolve, in the extraordinary session, on the proposed change of company name of the Issuer, from the current "Salini Impregilo S.p.A." to "WeBuild S.p.A."<sup>1</sup>

### Ethics and social responsibility of the company

The management of the Company and the entire Group are committed to operating in accordance with environmental, ethical and professional principles, which comply with the highest international criteria for governance and citizenship.

The Company has adopted a **Code of Ethics and a Suppliers' Code of Conduct**<sup>2</sup>, which contain the general principles and values that inspire the Issuer's and Group's activities, both internally and with third parties, thus representing a tool designed to safeguard, guarantee and protect the Group's assets and reputation.

The Company also adopted an **Anti-Corruption Model**<sup>3</sup>, an additional and important tool for implementing the Company's Internal Control and Risk Management System, which aims to strengthen pre-existing prevention protocols and at expressly stating the need to abide by applicable international regulations, especially the FCPA-Foreign Corrupt Practices Act and the UKBA-UK Bribery Act.

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<sup>1</sup> See Press release dated January 22nd, 2020, available for consultation on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section *Media - Press releases and Press Notes* and on the authorised storage mechanism "1INFO" at the address [www.1info.it](http://www.1info.it)

<sup>2</sup> The Company's Code of Ethics and Suppliers' Code of Conduct are published on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in sections *"Governance – Internal Control and Risk Management System - Code of Ethics"* and *"Sustainability-Organization"*, respectively.

<sup>3</sup> The latest version of the Anti-Corruption Model updated in 2018, is published on the Company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the *"Governance – Internal Control and Risk Management - Anti-Corruption System"* section.

The Issuer also attributes significant importance to **Corporate Social Responsibility**<sup>4</sup>. In particular, the Company adheres to the United Nations Global Compact, the global initiative aimed at promoting a sustainable global economy, by respecting human and labour rights, environmental protection and anti-corruption.

Taken as a whole, the Governance System of Salini Impregilo – based on the traditional administration model and in line with the international best practice standards – represents a fundamental tool to guarantee efficient management of the Group and, at the same time, a tool for effectively controlling all business activities, consistently with the purpose of creating value for and protecting the interests of all the stakeholders.

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE (ARTICLE 123-BIS, PARAGRAPH 1, OF THE TUF)

### a) Share capital structure

The share capital structure of Salini Impregilo of € 600,000,000.00 fully subscribed and paid-up following the execution of the Share capital increase, is shown in the following table:

SHARE CAPITAL STRUCTURE AT THE DATE OF THIS REPORT				
	<i>No. of shares</i>	<i>% of capital</i>	Listing Market	Rights and obligations
<b>Ordinary shares</b>	892,172,691	99.82	MTA (electronic stock exchange)	Voting right in Ordinary and Extraordinary Meetings of the Company. Other rights provided by the applicable legal provisions and those of the Company's Bylaws <sup>5</sup> .
<b>Multiple voting Shares</b>	0	0		-
<b>Shares with a limited voting right</b>	0	0		-
<b>Savings shares</b>	1,615,491	0.18	MTA (electronic stock exchange)	Voting right in special meetings of the category. Other rights provided by the applicable legal provisions and those of the Company's Bylaws (articles 8 and 34).
<b>Total</b>	893,788,182	100.00	MTA (electronic stock exchange)	

The Company's shares have no nominal value<sup>6</sup>, are indivisible, registered and issued, in dematerialised form, in the centralised book entry management system of Monte Titoli S.p.A.

At the date of this Report, there are no other categories of shares, and the Company has not issued other financial instruments that give the right to subscribe newly issued shares.

At the date of this Report, the Issuer does not have any stock bonus plans involving increases, including free, in the share capital.

<sup>4</sup>The consolidated non-financial statement of Salini Impregilo, drawn up in accordance with Italian Legislative Decree no. 254/2016 and GRI Sustainability Reporting Standards, (which include the actions and systems implemented to integrate the ten ethical principles of the Global Compact in the Company strategy and in the Company's daily activities), is published in the Annual Financial Report.

<sup>5</sup>The Company's Bylaws can be viewed on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance – Governance System" section.

<sup>6</sup>The nominal amount of the ordinary shares and savings shares was eliminated in the extraordinary Shareholders' Meeting on October 12th, 2004.



The Board of Directors on March 11th, 2020, however, resolved to present the following for approval of the next Shareholders' Meeting:

- (i) at the ordinary meeting, the approval of a share allocation plan, in the form of Performance Shares;
- (ii) at the extraordinary session, the amendment of article 7 of the Company's Bylaws for the purposes of the attribution of a power to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, to increase share capital, in service of the payment plans based on financial instruments in accordance with article 114-bis of the TUF.

For more details on this point, please refer to the Reports of the Board of Directors and the Information Document drafted in accordance with article 84-bis of the Issuers' Regulation, published on the company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "*Governance – Shareholders' Meeting*", as part of the documentation relating to said meeting.

#### **b) Restrictions on the transfer of securities**

Salini Impregilo does not have any statutory restrictions on the transfer of securities, limits on the number of shares held nor is provision made for the approval of corporate bodies or shareholders for admitting Shareholders to the shareholding structure.

Without prejudice to the above, the Agreement with CDPE makes provision, inter alia, for the following so-called "lock-up" commitments for the six months after November 12th, 2019 (date of execution of the Share capital increase):

- (i) Salini Costruttori's commitment not to carry out any transfer of shares or other instruments that give the right to subscribe the Issuer's shares without the prior written consent of CDPE. This commitment shall apply exclusively to the enforcement of the pledge on the Issuer's shares owned by Salini Costruttori, pursuant to the loan agreements the latter is part to.  
In any case, Salini Costruttori is also committed, as long as CDPE holds an equity investments of 10% or more in the share capital of Salini Impregilo: (a) not to reducing its equity investments in the company below 30% of the associated ordinary share capital; and (b) not to promoting and/or approving share capital increases and/or issues of convertible bonds (and/or exchangeable with) shares and/or vouchers for the purchase/subscription of shares of the Issuer or other financial instruments, including equity instruments, that attribute the right to purchase, subscribe, exchange with or convert to shares of the Issuer, without the prior written consent of CDPE;
- (ii) CDPE's commitment not to carry out any transfer of shares or other instruments that give the right to subscribe the shares of Salini Impregilo, without the prior written consent of Salini Costruttori and, nonetheless, without prejudice to the transfers (a) to its parent company or (b) to its subsidiaries or other subsidiaries of its parent company, in the latter case - where the subsidiaries of the parent company are not directly or indirectly wholly-owned by the latter - based on the prior written consent of Salini Impregilo, which cannot unreasonably be denied. CDPE is also obligated not to transfer its equity investment in the Company below 10% until the date of the full implementation of Progetto Italia;
- (iii) the company's commitment: (a) not to directly or indirectly carry out sales, disposals and/or, in any case, transactions whose object and/or effect is the attribution and/or transfer to third parties, in any way and under any form, the ownership or other right on the shares of the Issuer (or of other financial instruments, including equity instruments, that attribute the right to purchase, subscribe, convert to, and/or exchange with shares of the Issuer) as well as not to stipulate derivative contracts on shares of the Issuer and/or, nonetheless, carry out transactions involving derivative instruments that have the same effects, including only financial, as the transactions referred to above, or not to announce any of the aforementioned transactions without the prior written consent of CDPE; and (b) not to promote and/or approve share capital increases and/or issues of convertible bonds (and/or exchangeable with) shares and/or vouchers for the purchase/subscription of shares of the Issuer or other financial instruments, including equity instruments, that attribute the right to purchase, subscribe, exchange with or convert to shares of the Issuer, without the prior written consent of CDPE.  
This is without prejudice to any assignments of Company shares based on stock option plans approved before the signing of the Agreement with CDPE.

In addition to the above, within the context of the agreements prior to the execution of the Share capital increase, Banco BPM S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. undertake, on an individual basis, for six months after November 12, 2019 (date of execution of the Share capital increase), not to carry out any transfer of Company shares or other instruments that give the right to subscribe the latter's shares, without the prior written consent of the Issuer, which cannot be unreasonably denied, notwithstanding the transfers of the respective parent companies, subsidiaries or, at any rate, belonging to the same group pursuant to article 2359, first paragraph, no. 1 of the Italian Civil Code (provided that these transferring entities assume the lock-up commitments under the terms and conditions in line with the foregoing).

#### c) Significant investments in share capital

Shareholders with investments exceeding 3% of the Issuer's ordinary share capital are, at the date of this Report:

SIGNIFICANT INVESTMENTS IN THE SHARE CAPITAL AT THE DATE OF THIS REPORT				
<i>Declarant</i>	<i>Direct shareholder</i>	<i>No. of shares</i>	<i>% of ordinary shares</i>	<i>% of ordinary voting capital*</i>
Simonpietro Salini	Salini Costruttori S.p.A.	401,394,591	44.991%	45.057%
	Simonpietro Salini	3,700,000	0.414%	0.415%
Cassa Depositi e Prestiti S.p.A.	CDP Equity S.p.A.	166,666,666	18.681%	18.708%
Intesa San Paolo S.p.A.	Intesa San Paolo S.p.A.	47,067,400 **	5.276%	5.283%
Unicredit S.p.A.	Unicredit S.p.A.	47,000,000	5.268%	5.275%
	Unicredit Bank AG	976,218 ***	0.109%	0.109%

\* excluding 1,330,845 ordinary treasury shares

\*\* of which 47,000,000 shares owned and 67,400 shares held in the form of a pledge

\*\*\* of which 218 shares owned and 976,000 shares held as borrower

#### d) Securities conferring special rights

The Company has not issued any securities that give special control rights.

#### e) Employee share ownership schemes: mechanism for the exercise of voting rights

At the date of this Report, there are no systems for employee share ownership envisaging mechanisms for the exercise of voting rights, where not directly exercised by the employees themselves.

#### f) Restriction on voting rights

With reference to the shares constituting the ordinary share capital of the Company, the Bylaws do not include provisions that determine restrictions on voting rights, nor terms imposed for exercising voting rights, nor systems where with the cooperation of the Company, the financial rights linked to the shares are separated from shareholding.

Pursuant to article 8 of the Bylaws, savings shares do not entitle voting rights at the ordinary shareholders' meetings.

#### g) Shareholder agreements

The Issuer is aware of the shareholders' agreements deriving from the Agreement with CDPE.

Certain terms and conditions of this Agreement with CDPE assume relevance, with reference to the Issuer, pursuant to article 122, paragraphs 1 and 5, letters a) and b) of the Consolidated Finance Act. These regard, in particular (i) voting commitments of Salini Costruttori within the context of the Share capital increase, (ii) certain commitments relating to the new rules of corporate governance of the Issuer, including therein the voting obligations of Salini Costruttori and CDPE for the purposes of the appointment of the corporate bodies of the Issuer (with regard to this profile, see subsequent Section 4.1) and, more generally speaking, in order to effectively execute the provisions of the Agreement with CDPE, and (iii)

certain limitations and obligations relating to the transfer of the equity investments held by Salini Costruttori and CDPE in the Issuer and as such to allow Salini Costruttori to retain exclusive control of Salini Impregilo, including following the Share capital increase (with regard to the latter profile, also see letter b) of this Section 2).

For more information in relation to the contents of the shareholders' agreements, please refer to the Key Information available for consultation on the Company's website ([www.salini-impregilo.com](http://www.salini-impregilo.com)) in the section "Governance/Other documents".

#### **h) Change of control Clause**

The Issuer and its subsidiaries, in pursuing their own strategic goals, have entered into some agreements of a financial nature or contracts, which are amended or terminated in the event of a change of shareholders controlling the Issuer.

In particular, some of the loan agreements and the bond regulations contain restrictions on the change of control of the Issuer (change of control clauses), which confer to the lenders or bondholders the right to request the early payment of the sums provided or, in the case of bonds, the right to exercise, vis-à-vis the Issuer, an option on the retrocession of the financial instrument (so-called 'put').

An accurate description of the clauses of the loan agreements and contracts, which do not need to be disclosed pursuant to other legal provisions, may seriously prejudice the Company and its subsidiaries.

The regulations of Salini Impregilo's bonds known, respectively as "EUR 600,000,000 3.75 per cent. Notes due 24 June 2021", "EUR 500,000,000 1.750 per cent. Notes due 26 October 2024" and "EUR 250,000,000 3.625 per cent. Notes due 28 January 2027" are available for consultation in English on the Company's website ([www.salini-impregilo.com](http://www.salini-impregilo.com)) in the Section "Investor Relations/Debt and rating/Bond Issues" and on the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)), in the section "Debt" in the relevant listing statements.

Salini Impregilo's Bylaws do not depart from the measures regarding the passivity rule pursuant to article 104, paragraphs 1 and 1-bis of the Consolidated Finance Act (TUF), nor do they provide for application of the breakthrough rules envisaged by article 104-bis, paragraphs 2 and 3, of the TUF.

#### **i) Delegated powers regarding share capital increases and to authorise the purchase of treasury shares**

At the date of this Report, there are no delegated powers regarding share capital increases and authorisations to purchase treasury shares.

As reported in point a) Share Capital Structure above, the Board of Directors on March 11th, 2020, however, resolved to present the following for approval of the next Shareholders' Meeting the adoption of a Share Allocation Plan, in the form of Performance Shares with the resulting amendment of article 7 of the Company's Bylaws for the purposes of the attribution of a power to the Board of Directors, pursuant to article 2443 of the Italian Civil Code, to increase share capital, in service of the payment plans based on financial instruments in accordance with article 114-bis of the TUF.

For more details on this point, please refer to the Reports of the Board of Directors and the Information Document drafted in accordance with article 84-bis of the Issuers' Regulation, published on the company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "Governance – Shareholders' Meeting", as part of the documentation relating to said meeting.

At the date of this Report, Salini Impregilo owns 1,330,845 treasury shares, equal to 0.149% of the ordinary share capital and to 0.148% of the total share capital (including savings shares).

#### **l) Management and coordination**

The Company is subject to the management and coordination, pursuant to articles 2497 et seq. of the Italian Civil Code, by Salini Costruttori, as confirmed by the Board of Directors for the first time on December 12th, 2013.

The information required by article 123-bis, paragraph 1, letter i) of the TUF ("*agreements between companies and their directors ... that provide for compensation in the case of their resignation or dismissal without just cause or if their relationship is discontinued following a takeover bid*") is set out in the 2020 Report on remuneration and compensation paid in 2019 ("Remuneration Report"), published in

accordance with article 123-ter of the TUF, according to the terms provided for by the applicable legislation ([www.salini-impregilo.com](http://www.salini-impregilo.com), section “Governance/Shareholders’ Meeting”).

The information required by article 123-bis. 1.l) of the TUF (“the rules applicable to the appointment and replacement of directors, and changes to the Bylaws, if different to those provided for by law and regulations applicable on a substitute basis”) is disclosed in the section on the Board of Directors in this report (section 4.1).

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### 3. COMPLIANCE

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#### 3.1. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Salini Impregilo adheres to the Corporate Governance Code (July 2018 edition) approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, and publicly accessible on the website of the Corporate Governance Committee at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Following the publication, recently in January 2020, of the Corporate Governance Code, the Board of Directors may take the necessary decisions in relation to the compliance with this new edition, from 2021.

The following paragraphs specify the provisions of the Corporate Governance Code that the Company has adopted, with details of the relevant implementing rules.

During the year, the Company transferred to Lane Industries Incorporated the equity investments held in Impregilo International Infrastructures N.V. (previously identified as a subsidiary of strategic importance); therefore, at the date of this Report, Lane Industries Incorporated is the only subsidiary with strategic relevance of the Company.

The Company and Lane Industries Incorporated are not subject to non-Italian legal provisions that influence the Issuer's corporate governance structure.

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### 4. BOARD OF DIRECTORS

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#### 4.1 APPOINTMENT AND SUBSTITUTION

##### Appointment of the Board of Directors

Pursuant to article 20) of the Bylaws of Salini Impregilo, the Company is administered by a Board of Directors composed of fifteen members.

As regards the composition of the list for the appointment of the Board of Directors, specific agreements are in place between the majority shareholder Salini Costruttori and CDPE, as reported in the Key Information published on the Company's website<sup>7</sup>.

Directors cannot be appointed for a period exceeding three years, which expires on the date of the Shareholders' Meeting called to approve the financial statements of the last year of their term of office, and may be re-elected.

The Shareholders' Meeting, prior to the appointment, shall determine the term of office of Directors within the above limits.

Taking (and remaining in) office as a Director is subject to meeting the requirements set by the legislation and regulations in force at the time of appointment.

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<sup>7</sup>In particular, the Agreement with CDPE requires, for the purposes of election of the Board of Directors, CDPE and Salini Costruttori to present a single joint list, to be submitted, pursuant to law, no later than the agreed term of 31 (thirty-one) calendar days before the date of the shareholders' meeting on first or single call. The list must be composed of 15 members (indicated according to a progressive order numbered 1 to 15), of which (x) the first 5 members in the progressive order indicated by CDPE with the numbers from 1 to 5 (inserted in the list according to the exact order indicated by CDPE), with the first candidate assuming the office of Chairman, (y) the next 9 members indicated by Salini Costruttori with the numbers from 6 to 14 (and will be inserted in the list according to the exact order indicated by Salini Costruttori), while (z) the 15th (and last) member will be indicated by Salini Costruttori with the number 15. CDPE and Salini Costruttori will vote, with all their shares, on the Joint List presented by them. The appointment rights indicated above and all the rights of governance pursuant to the Investment Agreement will rest with CDPE until the earlier between: (i) the date on which CDPE holds an equity investment of less than 10% of the share capital of Salini Impregilo, and (ii) the date of completion of Progetto Italia. For more details, please see the Key Information.

Directors are elected using lists submitted by the shareholders and/or the outgoing Board of Directors in which the candidates are listed in numeric sequence, as specified below, in compliance with applicable legislation on gender equality and minimum number of directors possessing the independence requirements prescribed by law and by the company's Bylaws, according to the number of members of the Board of Directors.

The lists shall expressly indicate candidates who meet such independence requirements.

The lists shall be deposited, as detailed in the notice calling the meeting, at the Company's registered office at least twenty-five days before the date of the first call of the Shareholders' Meeting.

Shareholders, shareholders forming part of significant shareholder agreements as per article 122 of the TUF, its parent company, subsidiaries and jointly controlled entities pursuant to article 93 of the TUF, cannot submit or participate in the submission of more than one list, either directly or through a third party or a nominee, nor can they vote for more than one list, either directly or through a third party or a nominee. Acceptances or votes breaching such prohibition shall not be assigned to any list.

Lists may be filed only by Shareholders who, alone or together with other Shareholders, hold shares representing a total of at least 2% of the share capital with the right to vote at Ordinary Shareholders' Meetings, or a lower percentage that may be required pursuant to mandatory legal or regulatory provisions.

By Managerial Decision no. 28 of January 30th, 2020, Consob has established a minimum percentage of participation (**1%**) required for the presentation of lists for the election of the directors and statutory auditors of Salini Impregilo, pursuant to article 144-quarter of the Consob Issuers' Regulation.

With each list, and within the time-frame described earlier, shareholders must deposit: (i) statements whereby each candidate accepts his/her candidature and states, under his/her own responsibility, the non-existence of any reasons for ineligibility or incompatibility and the existence of the requirements for the relevant offices and any suitability to qualify as independent; (ii) a CV containing the professional and personal profile of each candidate and indication of any offices held as director or statutory auditor in other companies; and (iii) any other information which, required by the legal or regulatory provisions that apply from time to time, will be indicated in the notice calling the shareholders' meeting.

A certificate issued by a legally-authorized intermediary must also be filed, within the time limit established in the rules governing the publication of lists by the Company, showing ownership of the number of shares necessary to submit lists at the date of filing of the list with the Company.

At the date of this Report, the applicable Bylaws require the lists containing a number of candidates equal to or greater than three to consist of candidates belonging to both genders, so that at least one third (in any case rounded up) of candidates belong to the less represented gender and, nonetheless, to ensure that the composition of the Board of Directors conforms to the provisions indicated hereunder. As regards the gender quotas, the meeting of the Board of Directors of March 11th, 2020, resolved to present for approval to the next Extraordinary Shareholders' Meeting certain amendments to article 20 of the Bylaws, in order to adjust the statutory provisions on the appointment and composition of the Board of Directors into line with the provisions governing gender balance introduced by Italian Law no. 160/2019<sup>8</sup>.

For more details on this point, please refer to the Report of the Board of Directors published on the Company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "*Governance – Shareholders' Meeting*", as part of the documentation relating to said Meeting.

Lists submitted that do not meet the above requirements will be treated as if they had not been submitted.

The procedure for the election of the Board of Directors is described below:

- A) if at least one list obtains a number of votes representing at least 29% of the Company share capital entitled to vote at the Ordinary Shareholders' Meeting:
  - a) all directors to be appointed, except one, are taken from the list that obtained the highest number of votes, in the progressive order in which they appear in said list;
  - b) the remaining Director is taken from the minority list that obtained the highest number of votes who is not connected, in any way, even indirectly, with those who submitted or voted the list that obtained the highest number of votes.

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<sup>8</sup> Pursuant to art. 1, paragraph 304 of Italian law no. 160 of December 27th, 2019, as from the first renewal of the Issuer's board of directors, the new allocation criterion with regard to gender quotas pursuant to art. 147-ter paragraph 1-ter of the TUF and art. 1, paragraph 302 of the Italian law of December 27th, 2019 will be applied, which stipulates that "*The least represented gender must obtain at least two fifths of the elected directors*"

If the first two lists obtain the same number of votes, from each of said lists, in the order in which they were included in the list itself, an equal number of Directors minus one shall be taken and the remaining Director shall be taken from the list which, in terms of number of votes, came third and is not connected in any way, not even indirectly, with those who submitted or voted the lists that obtained the highest number of votes.

If only two lists have been submitted and these have received the same number of votes, the remaining Director will coincide with the oldest candidate among those not already taken from such lists.

- B) If none of the lists receives votes equal to at least 29% of the share capital with voting rights at ordinary shareholders' meetings, Directors are taken from all the lists submitted as follows: the votes received by the lists will be divided successively by progressive whole numbers from one to the number of Directors to be elected. The resulting scores shall be assigned to the candidates of each list in consecutive order using the order in which they are included in the lists. The candidates are then included in a single decreasing order list, based on the scores given to each one. Those with the highest score are elected. If more than one candidate has the same score, the one from the list that has not had any director elected from it or has had the smallest number of directors elected is taken.

For the purpose of the allocation of the Directors to be elected, lists that do not obtain a vote percentage equal to at least half that set by the Bylaws for the submission of lists shall not be considered.

If, with the candidates elected in the manner described above, the necessary number of Directors belonging to the less represented gender or the minimum number of directors meeting the independence requirements established by law is not ensured, depending on the number of members of the Board of Directors compliant with the regulations in force at any time, the candidate elected last in sequential order in the list receiving the highest number of votes shall be replaced by the first candidate, as appropriate, of the less represented gender and/or meeting the independence requirements provided for by law, not elected from the same list according to the sequential order.

This replacement procedure shall be continued until the composition of the Board of Directors complies with applicable legislation.

If this procedure does not produce this result, substitution shall take place on the basis of a resolution adopted by a relative majority of the Shareholders' Meeting, after candidates with the necessary requirements are placed in nomination.

Should no list be filed or accepted, the Shareholders' Meeting shall adopt resolutions with the majorities required by law, without complying with the above-mentioned procedure, in order to ensure in any case the presence of the necessary number of Directors who meet the independence requirements prescribed by law, and compliance with the applicable legislation on gender equality.

The list voting procedure is only used when an entire board is being appointed.

Effective from the expiry of the 36th month after November 12th, 2019 (date of execution of the share capital increase), or, if before, from the date on which the Board of Directors resolves, pursuant to article **24**) of the Bylaws, the assessment of the full completion of Progetto Italia, the list ranked first in terms of the number of votes, will elect 2/3 of the directors and the list that comes second in terms of the number of votes will elect 1/3 of the directors, provided that said list obtains at least 10% of votes.

Pursuant to article **21**) of the Bylaws, the Chairman of the Board of Directors is the first of the Directors drawn from the list that obtained the highest number of votes. The Board of Directors can elect, from among its members, one or two Deputy Chairmen who will replace the Chairman in the event of his absence or impediment.

Concerning the composition of the Board of Directors, in particular referring to the representation of the minorities of shareholders and the number and characteristics of the Directors, the Issuer is not subject to further rules in addition to the provisions of the TUF.

The Board of Directors, during its renewal, can express its opinion on managerial figures (not only professional ones), whose presence is deemed adequate, pursuant to Application Criterion 1.C.1. letter h) of the Code. Should the Board of Directors itself present a list for its own renewal, it shall involve the Compensation and Nominating Committee, pursuant to article 5 of the Code.

#### **Replacement of Directors.**

Pursuant to article **20**) of the Bylaws, if, during the year, one or more directors leave, as long as the majority is always composed of Directors appointed by the Shareholders' Meeting, the Board of Directors shall replace them pursuant to article 2386 of the Italian Civil Code. In any case, directors who leave office



are replaced by the Board of Directors by ensuring (i) the presence of the necessary number of Directors with the independence requirements established by law and (ii) compliance with the currently applicable legislation on gender equality<sup>9</sup>.

If the majority of Directors appointed by the Shareholders' Meeting cease to be in office, the remaining Directors shall be deemed to be no longer in office, effective as of the date when the Board of Directors is reconstituted through election by the Shareholders' Meeting.

#### **Non-competition clause pursuant to article 2390 of the Italian Civil Code**

With respect to Application Criterion 1.C.4. of the Code, article 20) of the Bylaws provides that, unless otherwise resolved by the Shareholders' Meeting, Directors are not subject to the non-competition clause pursuant to article 2390 the Italian Civil Code.

During the financial year and to the present date, there were no critical issues or needs of an organisational nature that called for the need to ask the Shareholders' Meeting to make exemptions from the non-competition clause.

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

Under article 20) of the Bylaws, the Shareholders' Meeting shall determine the remuneration of the Board of Directors and may determine the procedures for its distribution among directors, should the remuneration be determined for the entire Board.

Board members are entitled to reimbursement of expenses incurred by reason of their office.

The remuneration of directors with special duties is determined by the Board of Directors, upon proposal from the Compensation and Nominating Committee and positive opinion of the Board of Statutory Auditors.

For further information regarding the remuneration of the Board of Directors, please refer to the Remuneration Report, published in the terms provided for by the law in force.

#### **SUCCESSION PLANS**

With respect to Application Criterion 5.C.2 of the Code, the Board of Directors approved a Succession Plan for the Executive Director (the "**Plan**") defined, also on the basis of the relevant proposals made by the Compensation and Nominating Committee. The sole Issuer's Executive Director is the Chief Executive Officer, as set out in the following paragraph 4.5.

The current Plan - which has been approved by the Board of Directors on March 19th, 2014 following a previous preliminary assessment made by the Compensation and Nominating Committee - envisages the applicable procedures to guarantee continuity of the corporate management in any case where the CEO leaves office before his/her mandate has reached its normal expiry, also by taking every necessary decision for the immediate situation, attributing the appropriate proxies and powers to the Chairman of the Board of Directors. The Plan assigns the task of appointing the CEO's successor to the Chairman of the Board of Directors. The Chairman, after consultation with the Compensation and Nominating Committee, will also be required to prepare a proposal for the Board of Directors.

#### **4.2 COMPOSITION**

The Salini Impregilo Shareholders' Meeting held on April 30th, 2018, appointed the current Board of Directors for three years and, therefore, until the date of approval of the Financial Statements at December 31st, 2020, based on the applications submitted by means of the following 3 lists.

LISTS FOR THE RENEWAL OF THE BOARD OF DIRECTORS (submitted to the Shareholder' Meeting held on April 30th, 2018)			
Shareholder submitting the list	no. shares - list submission % of ord. share cap.	Candidates of the list	% vote (of the voting capital)

<sup>9</sup> The Agreement with CDPE sets forth that, if a director designated by Salini Costruttori or CDPE resigns or leaves office for any other reason, the party that had appointed the outgoing director will have the right to designate the new director in order to preserve the composition of the Board pursuant to the Investment Agreement and Salini Costruttori and CDPE will exercise their rights and, in general, each for matters within their own competence, will ensure the nomination of the natural person indicated by the party who had appointed the outgoing director.

Salini Costruttori	329,643,649 66.977%	1. Pietro Salini* 2. Marina Brogi* 3. Giuseppina Capaldo* 4. Mario Giuseppe Cattaneo* 5. Roberto Cera* 6. Alberto Giovannini* 7. Nicola Greco* 8. Maria Raffaella Leone* 9. Geert Linnebank* 10. Giacomo Marazzi* 11. Franco Passacantando* 12. Laudomia Pucci* 13. Alessandro Salini* 14. Grazia Volo*	92.32%
Law Firm Trevisan & Associati <sup>10</sup>	8,289,833 1.684%	1. Ferdinando Parente * 2. Fabiola Mascardi	5.90%
Inarcassa	5,014,426 1.019%	1. Giuseppe Santoro 2. Franco Fietta	1.716%

\* Candidates elected in appliance with the provisions of article 20 of the Bylaws (see Section 4.1)

Subsequently, during the financial year, the following events occurred (i) on April 24th, 2019, the death of the Chairman of the Board of Directors Alberto Giovannini; (ii) on December 2nd, 2019, in implementation of the Investment Agreement, the relinquishment of office by the Directors Marina Brogi, Maria Raffaella Leone, Geert Linnebank and Giacomo Marazzi, effective from the date of co-optation of the new Directors; (iii) on December 6th, 2019, the appointment by co-optation, pursuant to article 2386 of the Italian Civil Code and article 20) of the Company Bylaws, of the Directors Donato Iacovone (with Chairman functions), Francesca Balzani, Pierpaolo Di Stefano, Giuseppe Marazzita and Marina Natale, who will remain in office until the next Shareholders' Meeting which will be called upon to confirm the above appointment, as specified below.

Since end of the financial year, no further change has been made to the Board of Directors, which is currently composed of:

<b>Donato Iacovone</b>	<b>Chairman</b>	<b>Non-Independent</b>	<b>Non-Executive</b>
Pietro Salini	CEO	Non-Independent	Executive
Nicola Greco	Deputy Vice Chairman	Independent	Non-Executive
Francesca Balzani	Director	Independent	Non-Executive
Giuseppina Capaldo	Director	Independent	Non-Executive
Mario Giuseppe Cattaneo	Director	Independent	Non-Executive
Roberto Cera	Director	Non-Independent	Non-Executive
Pierpaolo Di Stefano	Director	Non-Independent	Non-Executive
Giuseppe Marazzita	Director	Independent	Non-Executive
Marina Natale	Director	Independent	Non-Executive
Ferdinando Parente	Director	Independent	Non-Executive
Franco Passacantando	Director	Independent	Non-Executive
Laudomia Pucci	Director	Independent	Non-Executive
Alessandro Salini	Director	Non-Independent	Non-Executive
Grazia Volo	Director	Non-Independent	Non-Executive

<sup>10</sup>For the Shareholders: (1) Aletti Gestielle SGR S.p.A. managing the funds: Gestielle Cedola Italy Opportunity, Gestielle Obiettivo Italia, Gestielle Obiettivo Europa, Gestielle Absolute Return and Gestielle Cedola Multitarget 2; (2) Amundi SGR S.p.A. managing the fund Amundi Risparmio Italia; (3) Arca Fondi S.G.R. S.p.A. managing the funds: Arca Economia Reale Bilanciato Italia 30 and Fondo Arca Azioni Italia; (4) Eurizon Capital SGR S.p.A. managing the funds: Eurizon Progetto Italia 20, Eurizon Pir Italia 30, Eurizon Progetto Italia 70, Eurizon Azioni Pmi Italia, Eurizon Pir Italia Azioni and Eurizon Progetto Italia 40; (5) Eurizon Capital S.A. managing the fund Eurizon Fund - Equity Small Mid Cap Italy: Eurizon Investment Sicav - PB Equity Eur; (6) Fideuram Asset Management (Ireland) managing the funds: Fideuram Fund Equity Italy and Fonditalia Equity Italy; (7) Fideuram Investimenti SGR S.p.A. managing the funds: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50 and Piano Bilanciato Italia 30; (8) Interfund Equity Italy - Interfund Sicav; (9) Generali Investments Luxembourg managing the funds: Gsmart Pir Evoluz Italia and Generali Investments Luxembourg - Gsmart Pir Valore Italia; (10) Mediolanum Gestione Fondi SGR S.p.A. managing the fund Mediolanum Flessibile Sviluppo Italia; (11) Ubi Pramerica SGR S.p.A. managing the funds: Ubi Pramerica Mito25 and Mito 50.

Further information concerning the composition of the Board of Directors at the end of financial year is provided in Table 1, which is attached to this Report. As regards the professional profile of the Directors in office, please refer to the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the "Governance – Board of Directors and Committees" section.

In light of the expiry reported above, the Board of Directors' Meeting held on March 11th, 2020 resolved to present the confirmation of the aforementioned five directors co-opted by the Board of Directors for approval by the next Ordinary Shareholders' Meeting of Salini Impregilo, pursuant to article 2386 of the Italian Civil Code and article 20 of the Company Bylaws. For more details on this point, please refer to the Report of the Board of Directors published on the company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance – Shareholders' Meeting" section, as part of the documentation relating to said Shareholders' Meeting.

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#### **DIVERSITY POLICIES IN THE COMPOSITION OF THE BOARD OF DIRECTORS**

The Board of Directors itself is responsible for the Diversity Policies in the composition of the Board of Directors (pursuing to article 10 of the Legislative Decree no. 254/2016 and article 123-bis, paragraph 2, letter d-bis of the TUF), upon previous preliminary investigation of the Compensation and Nominating Committee and having consulted the Independent Directors.

The tools used by the Board of Directors to define the aforementioned policies are:

- (i) The annual Board Evaluation (to be able to grasp the Directors' stance, with particular regard to the Independent Directors, in relation to matters of gender diversity, age and educational and professional background);
- (ii) The Board of Directors' position on Shareholders, at the time of the renewal of their offices.

The objectives of the Diversity Policies are represented by the increased effectiveness of the operation of the management body, considering the unique characteristics of the Group's business.

#### **Gender diversity**

GENDER DIVERSITY IN THE CURRENT BOARD OF DIRECTORS		
	<b>Male Gender</b>	<b>Female Gender</b>
<b>no. Directors</b>	10	5
<b>%</b>	67%	33%

The composition of the current Board of Directors complies with the provisions of the law with regard to gender quotas, and in addition of the Italian Law no. 120/2011<sup>11</sup>, also with the Application Criterion 2.C.3. of the Corporate Governance Code which requires that "At least one third of the Board of Directors is composed of Directors of the less represented gender". As reported in section 4.1 above, the Board of Directors' meeting of March 11th, 2020 also resolved to present for approval to the next Extraordinary Shareholders' Meeting the additional amendments to article 20 of the Bylaws, in order to adjust the statutory provisions on the appointment and composition of the Board of Directors into line with the recent provisions governing gender balance introduced by Italian Law no. 160/2019.

In addition to the provisions of the Bylaws, the Board of Directors has decided to:

- (i) take into consideration the aforesaid provisions in presenting its list of candidates at the time of the renewal of the offices, as well as in case of replacement of directors pursuant to article 20) of the Bylaws and article 2386 of the Italian Civil Code;
- (ii) evaluate, during the Board Evaluation, the composition of the Board of Directors, also in relation to gender diversity;

<sup>11</sup>Italian Law no. 120/2011 requires the less represented gender to make up, on the first renewal of the Board, starting from August 12th, 2012 (date on which the aforesaid law entered into force), at least one fifth of the elected Directors and at least one third in the following two mandates.

(iii) recommend to the Shareholders, at the time of the directors' report to the Shareholders on the items on the agenda and/or during the Orientation pursuant to Application Criterion 1.C.1. letter h), of the Corporate Governance Code, the presentation of lists which consider the provisions and guidelines on the matter of gender diversity.

In all the aforesaid activities, the Board of Directors avails itself of the Compensation and Nominating Committee, which carries out the necessary preliminary investigation, illustrating the results to the Board itself.

#### **Age diversity**

AGE DIVERSITY OF THE CURRENT BOARD OF DIRECTORS				
	<b>41-50 years old</b>	<b>51-60 years old</b>	<b>61-70 years old</b>	<b>&gt; 70 years old</b>
<b>no. Directors</b>	2	7	4	2
<b>%</b>	13%	47%	27%	13%

With regard to **age diversity** in the context of the Board of Directors, it is verified during the self-assessment on the basis of the Application Criterion 1.C.1. letter g), of the Code, also for the purpose of the preparation of the Board of Directors' position towards the Shareholders' Meeting - at the time of the renewal of the company offices, according to Application Criterion 1.C.1., letter h), on managerial professionals whose presence in the Board is deemed appropriate, also taking into account the age.

At the current state of plan, the Board has decided not to adopt any specific policy on the matter of age diversity.

#### **Educational and professional background diversity**

This aspect is also evaluated by the Board Evaluation for the purpose of a possible presentation of a list of candidates for the office of Director (in case the outgoing Board of Directors was to avail itself of such option, pursuant to article 20 of the Bylaws), or for the purpose of the preparation of the Board of Directors' position towards the Shareholders' Meeting - at the time of the renewal of the company positions, according to Application Criterion 1.C.1., letter h), on managerial and professional positions whose presence in the Board is deemed appropriate.

The Company shall also ensure the continuous training and information on the main issues relating to the activities of the Group.

The effectiveness of training and information activity is verified during the Board Evaluation in order to identify further training requirements as well as to verify the results of the Diversity Policy concerning educational and professional background.

#### **MAXIMUM NUMBER OF POSITIONS HELD IN OTHER COMPANIES**

The Board of Directors, by means of a formal decision, has expressed the following stance on the matter of the maximum number of positions that can be held by Directors of Salini Impregilo in the administration and control bodies in other "companies of a significant size"<sup>12</sup>, also establishing the criteria for calculating them<sup>13</sup>.

<sup>12</sup>Position stated on December 12th, 2007 and confirmed on February 23rd, 2017. Companies of a significant size are: a) Italian companies listed on Italian or other EU state regulated markets and the companies issuing financial instruments to the public in significant quantities pursuant to article 116 of the TUF; b) banks, financial brokers pursuant to article 107 of Italian Legislative Decree no. 385 of September 1st, 1993, stock brokerage companies pursuant to article 1.1.e) of the Consolidated Finance Act (TUF), variable capital investments companies (OEICs) pursuant to article 1.1.i) of the TUF, fund management companies pursuant to article 1.1.o) of the TUF insurance companies pursuant to article 1.1.s), t) and u) of Italian Legislative Decree no. 209 of September 7th, 2005, set up as companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code, different from those of the letters a); c) companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code that individually or collectively at group level, if they prepare consolidated financial statements, show: i) revenue from goods and services of more than €500 million; or ii) assets of more than €800 million.

<sup>13</sup>For calculation purposes, account is not taken of: (i) positions in companies that are directly and/or indirectly controlled by Salini Impregilo; (ii) positions in companies that directly and/or indirectly control Salini Impregilo, nor in companies that are subject directly and/or indirectly to common control with Salini Impregilo; (iii) positions as alternate statutory auditor. The positions held in "companies of a significant size" belonging to the same group which is not that of the Salini Impregilo Group are considered to have the following "weight": one position: 1; two positions: total weight 1.5; from three and up: total weight 2.

<b>Maximum number of positions</b>	<ul style="list-style-type: none"> <li>✓ <b>4 positions</b>, with regard to Executive Directors</li> <li>✓ <b>6 positions</b>, with regard to Non-Executive Directors members of the Executive Committee (should this be established)</li> <li>✓ <b>8 positions</b>, with regard to Non-Executive Directors who are not members of the Executive Committee (should this be established)</li> </ul>
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The Board will be able to rule on derogation, even temporary, on the aforementioned maximum number of positions, duly explaining the reasons for this derogation and communicating it in the Report.

At the date of this Report, none of the current Directors has exceeded the above-mentioned limits, during the Financial Year; the Board was never required to rule on any derogation on the maximum number of positions.

## INDUCTION PROGRAM

In order to provide the Directors and Statutory Auditors with adequate knowledge of the Issuer's business sector, its company dynamics and their developments, the principles of correct risk management, as well as the relevant legislative and self-regulatory framework, the Chairman (and Deputy Vice Chairman for a temporary period following the Chairman's death) ensures, pursuant to Application Criterion 2.C.2 of the Corporate Governance Code that:

- the Board of Directors and the Committees (through their Chairpersons) are informed thereof during their meetings, also through the participation, at these meetings, of managers and technicians who have the necessary expertise to provide information on particularly complex or important issues;
- directors not part of Committees are invited to attend committee meetings when this information is provided.

In particular, during the Board of Directors' meetings, the main characteristics and unique aspects of Salini Impregilo's business and of its Group, its economic sector, its organisational model as well as the relevant legislative and regulatory framework, have been provided to the Board of Directors' members and the Statutory Auditors, also with the support of the Top Management.

In light of the detailed studies during the Board and Committee meetings, as well as during the meetings with the management, in 2019 financial year, no specific induction sessions were advised, nor were they required.

Following the entry, in December 2019, of the new Board Directors - appointed via co-optation, pursuant to article 2386 of the Italian Civil Code and article **20**) of the Company Bylaws, as illustrated in more detail above - and in order to allow said directors to acquire precise knowledge of the Company's activities and organisation, the unique characteristics of the sector, company dynamics and their development, in line with the provisions of the Corporate Governance Code on the effective and fully-informed performance of roles by each Director, the Chairman of the Company's Board of Directors, in agreement with the Chief Executive Officer, prepared a training plan ("board induction") for the Board, in which the Board of Statutory Auditors also took part.

The programme started in January 2020, with a first training session focussed, in particular, on the governance system and on the internal control and risk management system of the Company, as well as on Progetto Italia.

In the following month of February 2020, a site visit was made to the Milan M4 underground, to which an induction session was associated on the relevant contract and the most significant profiles, typical of tender contracts in the construction sector. Again in February, another induction session was held on the Company's organisational model.

## 4.3. ROLE OF THE BOARD OF DIRECTORS

### Tasks and functions of the Board of Directors.

Pursuant to article **24**) of the Bylaws, the company's Board of Directors has the widest powers for the Company's ordinary and extraordinary management, with no exceptions. It has the power to perform all those actions that it deems suitable to fulfil the corporate purpose or activities instrumental to it, except for those actions reserved exclusively for the Shareholders' Meeting by law.

The Board of Directors may resolve to establish or close branches in Italy or abroad, reduce the share capital in the event of a shareholder withdrawal, amend the Bylaws to comply with changes in legislation, transfer the registered office within Italy, and carry out mergers and spin-offs, in compliance with the provisions of articles 2505 and 2505 bis of the Italian Civil Code.

In observance of the provisions of the procedures for Related Party Transactions adopted by the Company, for cases of urgency, including related to situations of company crisis, related party transactions can be carried out according to the simplified methods permitted by the provisions in force, including regulatory.

All resolutions regarding the items listed below are reserved to the exclusive competence of the Board of Directors:

- (i) approval (based on justified opinion of the Strategic Committee) of amendments or additions to the strategic plan of Progetto Italia;
- (ii) assessment (based on justified opinion of the Strategic Committee) of the full completion of Progetto Italia as a result of the attainment of all the objectives it is responsible for from the 18th (eighteenth) month after November 12th, 2019 (date of execution of the Share capital increase);
- (iii) approval, amendments and additions to the regulations of the Committees and of the Regulation of Board of Directors' meeting proceedings;
- (iv) amendment or addition to the powers of the Chief Executive Officer with respect to those conferred to the latter at the aforementioned date, i.e. November 12th, 2019;
- (v) proposals to the shareholders' meeting aimed at increasing the number of members of the Board of Directors;
- (vi) all matters that, by law, including therein article 2381 of the Italian Civil Code, cannot be delegated to a single Director or an Executive Committee.
- (vii) approval of and changes to the company's business plan and/or the budget which may impact Progetto Italia;
- (viii) prior justified opinion of the Compensation and Nominating Committee attribution, amendment or addition of directors and senior executives on verification of certain events connected with the early termination of the relationship with the company.

The approval of matters reserved to the Board of Directors pursuant to previous points (i), (ii), (iii), (iv) and (v) always requires (on each call) the presence and favourable vote of at least four fifths of the Directors in office.

In addition to what has been mentioned above, the Company's Board of Directors, also pursuant to Application Criterion 1.C.1, letter f), of the Italian Civil Code, reserved itself the right, in addition to the proxies that have been permanently given to it by the Bylaws, the exclusive competence concerning any decision regarding:

- the exercise of voting rights (a) at extraordinary shareholders' meetings of the Company's strategic subsidiaries and (b) at ordinary shareholders' meetings of the aforementioned strategic subsidiaries called to appoint their respective corporate bodies;
- the examination and approval of the Budget, the Group Business Plan and the Commercial Plan/Acquisition Plan;
- the performance of all transactions of the greatest significance not within the competence of the shareholders' meeting, pursuant to the "Regulations for related party transactions" of the company, in force from time to time;
- the purchase and sale of equity investments in companies, consortia or other entities, not included in the Group's perimeter, including therein companies or business units, for an amount exceeding €50 million.

Pursuant to Application Criterion 1.C.1., letter a), of the Italian Civil Code, the following are reserved, among other things, to the Board of Directors:

- the examination and approval of the strategic, business and financial plans of the Issuer and its Group, as well as the periodic monitoring of their implementation, carried out through the review and Board discussion of the information on the management of the Issuer and the Group provided by the Chief Executive Officer;
- the definition of the Issuer's Corporate Governance system;
- the definition of the structure of the Group headed by the Issuer.



Pursuant to Application Criterion 1.C.1., letter e), of the Italian Civil Code, during institutional meetings, it assessed the general operating performance, also with respect to the planned targets, taking into consideration, in particular, the information received by the delegated bodies.

Pursuant to Application Criterion 1.C.1, letter C), of the Italian Civil Code, and after a positive examination of the Control, Risks and Sustainability Committee, the Board of Directors assessed the adequacy of the organisational, administrative and accounting structure of the Issuer and the subsidiary of strategic importance Lane Industries Incorporated, with particular reference to the internal control and risk management system.

#### **Operations of the Board of Directors**

Pursuant to article 23) of the company Bylaws, except in the case of the qualified majorities required by article 24) of said Bylaws (as reported in the previous paragraph), in order for the resolutions of the Board of Directors to be valid, the majority of the directors in office must be present and there must be a favourable vote of the absolute majority of votes of those in attendance.

The Board of Directors, whose proceedings are governed by an appropriate regulation approved by said body on November 7th, 2019, meets regularly and organises and operates in such a way as to ensure the effective performance of its functions, in compliance with the provisions of Principle 1.P.1. of the Corporate Governance Code.

Directors are required to act and resolve in full awareness of the facts and independently, pursuing the objective of the creation of value for shareholders in the medium/long-term (Principle 1.P.2. of the Corporate Governance Code).

During the Financial Year, there were 21 meetings of Board of Directors; on average each meeting lasted 1 hour and 43 minutes.

Please see Table 1, attached to this Report, for more information on the percentage of meetings attended by each Director during the year.

The 2020 Financial Year calendar (available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the “Governance – Corporate events” section) envisages 4 meetings of the Board of Directors. In 2020, 5 meetings of the Board of Directors have been held up until today’s date.

The timing of the activities observed in the Financial Year for the provision of the documentation preparatory to the board and the committee meetings is the following:

- **the same day of the calling (carried out at least 6 days before the meeting, according to the timeframe set out by the Bylaws for non-urgent callings) or the following day:** executive summary for each subject, containing: (i) the summary of the subject discussed, (ii) the draft proposed resolution to be adopted, (iii) the list of the reference documents;
- **the same day of the calling or in any case at least three days before the meeting:** documentation pursuant to point (iii).

In cases where, for reasons of urgency or owing to the Issuer’s other special requirements, the pre-board meeting documentation referred to above has been provided at a later time with respect to the Issuer’s practice, adequate in-depth examinations have been carried out during Board and Committees meetings. During the course of the Board meetings, no objections were raised in relation to the completeness and consistency of the pre-Board meeting disclosure provided during the Financial Year.

Confidentiality of the documentation concerning the activities carried out by the Board of Directors and by its Committees established within it, is ensured through specific controls for access to said documentation by Directors and Statutory Auditors. In particular, the company uses an IT platform for providing the documentation required before Board and Committees meetings. This platform ensures specific technical controls for the best use of the content included in the portal and, at the same time, protection of the confidentiality of the documents.

The Board meetings were usually attended by the secretary and the Financial Reporting Manager. When appropriate, experts and managers of the Issuer responsible for the competent functions participated in the meetings, depending on the matters to be discussed, to ensure the functional and profitable progress of the meetings and to provide the appropriate in-depth examinations on the items on the agenda.

The Chairman (and Deputy Vice Chairman for a temporary period following the Chairman’s death) ensured that enough time was dedicated to the items on the agenda to guarantee their comprehensive and constructive discussion and to analyse the supporting documentation.

Directors spoke on the items examined by the Board in order to express their positions and provide their contribution.

#### **BOARD EVALUATION RELATING TO 2019 FINANCIAL YEAR.**

In relation to the 2019 Board Evaluation, the Board of Directors, at the meeting on January 22nd, 2020, taking account:

- (i) of the substantial changes that occurred in November and December 2019 to the shareholding structure of Salini Impregilo and the composition of the Board of Directors, in implementation of the Investment Agreement, as such that, effective from December 6th, 2019, 5 new Board Directors were appointed via co-optation;
- (ii) of the fact that the new co-opted directors, in consideration of the reduced term of office, could not be reasonably required to express their judgments in terms of the Board Evaluation for 2019, unless limited to solely the two meetings of the Board held in December 2019;
- (iii) of the fact that, conversely, in relation to the previous period, only the 10 Directors in office until December 6th, 2019, of which 4 non-independent, could have expressed their judgments, however, with the related difficulties for the evaluation of the operation of the individual Committees, based on their change of members;
- (iv) of the fact that the Corporate Governance Code allows the Company to deviate from its provisions, providing the related reasons in this Report;

after the Compensation and Nominating Committee had carried out a preliminary investigation and the Board of Statutory Auditors had been consulted, resolved not to carry out said self-evaluation for the Financial Year 2019 and to provide the necessary information on the underlying reasons in this Report.

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#### **4.4. DELEGATED BODIES**

##### **CHIEF EXECUTIVE OFFICERS**

Pursuant to article **25)** of the Company Bylaws, the Board of Directors appoints a Chief Executive Officer taken from the list that obtained the highest number of votes from among the candidates listed herein from sixth position onward in the ranking, to whom the powers of the Board of Directors will be delegated, in whole or in part, which are not reserved by law or by the Bylaws to the latter body, determining the content, limits and any methods of exercise of the power. The Board can also delegate part of its powers to one or more Directors.

It can also appoint Directors and Representatives, chosen from the persons not on the Board of Directors, determining their powers.

The Board of Directors appointed Pietro Salini as CEO on April 30th, 2018. It gave him the legal power to represent the Company and signatory powers with third parties and in court. He also has powers to manage the company (those powers for which the Board of Directors as in paragraph 4.3 does not hold exclusive competence) and may sub-delegate responsibility for the organisation and management of certain business activities.

The CEO, Pietro Salini, is in charge of running the company (Chief Executive Officer).

As required by Application Criterion 2.C.6, it should be noted that no interlocking directorate situation exists, given that the CEO does not hold directorships in any other Italian listed companies.

##### **CHAIRMAN OF THE BOARD OF DIRECTORS**

The Chairman of the Board of Directors is the first of the directors drawn from the list that obtained the highest number of votes (article **21)** of the Bylaws).

The office of Company's Chairman was fulfilled by Alberto Giovannini during the Financial Year, until April 24th, 2019, when he passed away. On December 6th, 2019, the Board appointed Donato Iacovone as the Chairman of the Board of Directors.

The Chairman has legal representation and signatory powers with third parties and in court pursuant to article **29)** of the Company Bylaws. The Chairman does not have a specific role in drawing up company strategies.

The Chairman in office is not in charge of running the Company (Chief Executive Officer) nor is he the majority shareholder of the Issuer.

##### **DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS**

Pursuant to article **21)** of the Company Bylaws, the Board of Directors can elect one or more Deputy Chairmen that replace the Chairman in the event of his absence or impediment.

On April 30th, 2018, the Board appointed Nicola Greco as Deputy Vice Chairman.

The Deputy Chairman has legal representation and signatory powers with third parties and in court pursuant to article **29)** of the Company Bylaws in case of absence or impediment of the Chairman.

#### **EXECUTIVE COMMITTEE (ARTICLE 123-BIS, PARAGRAPH 2, LETTER D), OF THE TUF)**

At the current state of play, the Company Bylaws do not provide for the possibility of establishing an Executive Committee.

#### **INFORMATION FOR THE BOARD OF DIRECTORS**

The CEO, at least on a quarterly basis, and whenever particular needs require it, reported the information concerning the activities carried out in fulfilment of the powers attributed and the most significant transactions of the year to the Board and to the Board of Statutory Auditors.

The Board of Directors, according to the provisions of Application Criterion 4.C.1. letter d) of the Corporate Governance Code, has also been informed, at the next meeting, by the Chairmen of the Committees part of the Board of Directors, with regards to the main activities carried out.

The Control and Risk Committee (now known as the “Control, Risks and Sustainability Committee”), pursuant to Application Criterion 7.C.2. letter f) of the Code, also reported to the Board of Directors, every six months, as regards the main activities carried out in the relevant period, and on its judgments regarding the adequacy of the internal control and risk management system.

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

The Board of Directors currently consists of one executive director, who can be qualified as such pursuant to Application Criterion 2.C.1 of the Code - in the person of Chief Executive Officer. Therefore, the remaining 14 Directors qualify as non-executive.

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

Of the current 15 Directors, 9 are Independent pursuant to article 148, paragraph 3, letters b) and c), of the TUF, as well as pursuant to Application Criterion 3.C.1 of the Corporate Governance Code, as ascertained, recently, by the Board of Directors on February 26th, 2020.

The Independent Directors in office are Francesca Balzani, Giuseppina Capaldo, Mario Giuseppe Cattaneo, Nicola Greco, Giuseppe Marazzita, Marina Natale, Ferdinando Parente, Franco Passacantando and Laudomia Pucci.

The periodic evaluation of the requirements of independence of the Directors are carried out by the Board of Directors after a preliminary investigation by the Compensation and Nominating Committee – within the functions of the Nominating Committee.

The Board of Statutory Auditors, in light of Application Criterion 3.C.5. of the Code, accurately check, following the renewal of the Board in office, the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence by its members.

The outcome of the periodic check, in relation to what has been ascertained by the Board of Directors of February 26th, 2020, will be communicated by the Board of Statutory Auditors in its report to the Meeting.

With regard to Application Criterion 3.C.6 of the Code, during the Year an Independent Directors meeting was held in particular, to examine the results of the Board Evaluation of the Financial Year 2018 as well as to perform further evaluations on the role of Independent Directors.

The Independent Directors have not assumed, in the lists for the appointment of the Board, the obligation to maintain their independence throughout their term of office and, if necessary, to resign.

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

As the requirements of the Application Criterion 2.C.3. of the Code are not met, the Board has not deemed it necessary to designate an independent director as *lead independent director*.

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### **5. PROCESSING OF COMPANY INFORMATION**

Pursuant to Application Criterion 1.C.1, letter j), of the Corporate Governance Code, in order to ensure the correct management of company information, the Board of Directors meeting, last held on December 19th, 2018, approved, based on the proposal by the CEO, an update of the “*Procedure for the*

*management of Relevant and Privileged Information and the associated Registers*", which takes into account the new regulations introduced by the provisions contained in the Regulation (EU) no. 596/2014, in the Implementing Regulation (EU) no. 347/2016, in the TUF - as updated in light of the above-mentioned legislation - as well as the "Guidelines on the Management of the Privileged Information" issued by Consob in October 2017.

The Procedure, in particular, sets out the general principles in relation to:

- the definition of subjects involved in the process and classification and rating of the privileged information as well as the implementation of the Procedure;
- identification and management of the specific relevant and privileged information;
- management and maintenance of relevant and privileged information registers;
- protection of the confidentiality of relevant and privileged information;
- external communication of documents and relevant and privileged information;
- implementation of the procedure for delay in communicating privileged information.

Said Procedure is addressed and applies to all those who, due to their work, profession or the functions performed, have access to relevant and privileged information concerning the Issuer. In particular, the addressees of the procedure are Salini Impregilo's directors, statutory auditors, managers, and employees, as well as all other persons carrying out their work and/or conducting their professional activities in favour of Salini Impregilo.

This Procedure also provides specific behavioural obligations for the employees of Salini Impregilo, in order to ensure the confidentiality of privileged information potentially obtained, as well as a confidentiality obligation for directors and statutory auditors of Salini Impregilo, relating to information and documents acquired by carrying out their tasks, as well as, more generally speaking, the contents of discussions held during the meetings of the Board of Directors and its Committees and the works of the Board of Statutory Auditors.

The Procedure also provides that the Corporate & Finance General Director holds the responsibility regarding the adoption of the decisions on the identification of the specific relevant and privileged information, as well as, after having consulted the CEO, the definition of the timing of publication of the specific privileged information, and the possible activation of the delay procedure (without prejudice to the fact that, in some cases, this determination may be taken directly by the Board of Directors, if it is relating to an act within the competence of that body and it is compliant with the time limits provided by the applicable law).

The Procedure provides for penalties to be applied to the parties that violate its provisions.

The "*Procedure for the management of Relevant and Privileged Information and the associated Registers*" is available on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance – Documents" section.

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To ensure transparency to the market about important transactions concerning the purchase, the sale, the subscription and the exchange of Salini Impregilo's ordinary and saving shares, as well as that of financial instruments relating to them, performed – directly or indirectly – by people in possession of important decision-making powers in the business domain and who have access to privileged information ("relevant parties"), the Board of Directors of the Company has adopted, since March 2006, a Code of Conduct relating to Internal Dealing ("Code of Conduct").

The current Code of Conduct, approved by the Board of Directors on September 26th, 2018, also envisages a Black Out Period (a period during which no transactions involving Salini Impregilo's ordinary and savings shares or on any financial instruments connected to the same, may be performed by relevant parties, except in the case of expressly provided exceptions), lasting 30 calendar days before the communication to the market of the approval by the administrative body, of the draft annual financial statements, the half-yearly report, and of other periodic financial reports whose publication is mandatory in accordance with the applicable law and regulations in force from time to time.

The "*Internal Dealing Code of Conduct of Salini Impregilo S.p.A.*" is available on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance – Documents" section.

## 6. BOARD COMMITTEES

The Internal Committees of the Board of Directors established thus far, pursuant to article **26)** of the Company Bylaws are the following: Compensation and Nominating Committee (Section 7-8), Control, Risks and Sustainability Committee<sup>14</sup> (Section 10), Committee for Related Party Transactions (Section 12) and the Strategic Committee (Section 13).

For the Issuer, as it is subject to management and coordination by Salini Costruttori, article 16, paragraph 1, letter d) of the Consob Markets Regulation and the Principle 7.P.4 of the Code apply. According to these, subsidiaries subject to management and coordination by another company must have an internal control committee composed entirely of independent directors. The foregoing also applies to the other committees recommended by the Corporate Governance Code, where established.

The composition of the Issuer's committees complies with these provisions.

The decision to set up just one Committee to combine the nomination and remuneration functions is based on organisational and efficiency requirements as the functions are complementary and comply with the provisions of article 4 of the Code.

The Board of Directors has not reserved functions to itself attributed to one or more of its committees by the Code.

## 7.- 8. COMPENSATION AND NOMINATING COMMITTEE

### COMPOSITION AND FUNCTIONING OF THE COMPENSATION AND NOMINATING COMMITTEE

The Board, on May 9th, 2018, after the renewal of the administrative body during the Meeting of April 30th, 2018, set up a Compensation and Nominating Committee, which carries out the duties assigned by articles 5 and 6 of the Code, as Code rules regarding the composition of the two committees have been complied with and attainment of the underlying objectives has been guaranteed.

At the date of this Report, the Compensation and Nominating Committee of the Company, pursuant to article **26)** of the Bylaws, is composed of 3 Independent Directors, as follows:<sup>15</sup>

CURRENT COMPENSATION AND NOMINATING COMMITTEE		
<b>Ferdinando Parente</b>	Chairman	non-executive Independent Director
<b>Nicola Greco</b>	Member	non-executive Independent Director
<b>Giuseppe Marazzita</b>	Member	non-executive Independent Director

Said members are identified in respect of the provisions of the aforementioned article **26)** of the Company Bylaws, which require *(i)* the first member to be chosen from the Independent Directors drawn from the list that obtained the highest number of votes and listed in the first five on said list *(ii)* the second member to be chosen from the Independent Directors taken from the list that obtained the highest number of votes and listed among the next nine members of said list; and *(iii)* the third member to be chosen from the Independent Directors drawn from the minority list, to which the duties of Committee Chairman are attributed. If, at the time of appointment of the Board of Directors, a minority list has not been presented, the remaining member is chosen from the Independent Directors drawn from the list that obtained the highest number of votes and listed among the second nine on said list.

Pursuant to Principle 6.P.3. of the Corporate Governance Code, at least one member of the Compensation and Nominating Committee must have adequate knowledge and experience in financial matters and/or compensation policies, as ascertained by the Board of Directors during the appointment.

The Compensation and Nominating Committee, whose activities are governed by an appropriate approved regulation, lastly, by the Board of Directors on November 7th, 2019, are coordinated by its Chairman, meets anytime the Chairman of the Committee deems it to be necessary, with the most

<sup>14</sup>The "Control, Risks and Sustainability Committee" (formerly the "Control and Risks Committee") assumed the new name following the resolution adopted by the Board of Directors on December 6th, 2019.

<sup>15</sup>In 2019, up until December 6th, 2019 (date of co-optation of the new Directors, as reported in paragraph 4.2), the Compensation and Nominating Committee was composed of Marina Brogi (Chairperson), Geert Linnebank and Laudomia Pucci.

suitable frequency to perform its functions. The Committee meets also when the Chairman receives a justified request from at least one member of the Committee or the Chairman of the Board of Statutory Auditors.

During the Financial Year, the Compensation and Nominating Committee met 7 times, with meetings averaging roughly 1 hour and 50 minutes. Further information concerning the percentage attendance of each member of the Compensation and Nominating Committee at the meetings held during the Financial Year, are shown in the Table 1, attached to this Report.

After the end of the Financial Year to this date 5 meetings have been held by the Compensation and Nominating Committee.

At certain specific meetings related to specific items of the agenda, upon invitation by the Chairman of the Committee, the Chairman and the Deputy Vice Chairman of the Board of Directors, the CEO, the Corporate & Finance General Director, as well as the Financial Reporting Manager, the HR & Organisation & Systems Director as well as other Directors of the Issuer have taken part, any time the Committee has deemed it to be necessary and functional for a more effective discussion of the items on the agenda.

Directors abstain from participating in the Committee regarding proposals related to their compensation, allocated to the Board of Directors.

Pursuant to Application Criterion 4.C.1, letter d), of the Code, the Chairman of the Compensation and Nominating Committee reported during the first meeting of the Board of Directors, on the activities carried out in each of the individual meetings of said Committee.

### Functions of the Committee

In its meeting held on May 9th, 2018, the Board of Directors resolved to give the Compensation and Nominating Committee the following duties, pursuant to articles 5 and 6 of the Code. Therefore, the Compensation and Nominating Committee is vested with the following functions:

WITH REGARD TO NOMINATIONS	
✓	the submission to the Board of Directors of opinions about the Board's size and composition as well as recommendations about professional figures considered to be suitable as Board members
✓	the presentation to the Board of Directors of candidates when Directors need to be co-opted, if independent directors are to be replaced
✓	expressing opinions on topics pursuant to Application Criteria 1.C.3 and 1.C.4 of the Code
✓	performing a preliminary investigation on the drawing up of the Succession Plan for the Executive Directors, pursuant to Application Criterion 5.C.2. of the Code
✓	supervising the activities of the Evaluation Board <sup>16</sup>
WITH REGARD TO COMPENSATION	
➤	submitting the Remuneration Policy for approval of the Board of Directors and therefore, in particular, the proposals for the definition of the Remuneration Policy of the Directors, General Directors and other Key Management Personnel, for the relevant presentation to the Shareholders' Meeting called to approve the financial statements, within the time set by the law
➤	regularly assessing the adequacy, overall consistency and actual application of the general policy adopted for the remuneration of the Directors and Key Management Personnel, availing itself, in the latter regard, of the information provided by the CEO; formulating the relevant proposals to the Board of Directors (Application Criterion 6.C.5 of the Code)
➤	presenting proposals or expressing opinions to the Board of Directors with regard to the remuneration of the executive directors and of the other directors who cover specific roles, and to the setting of performance targets connected to the variable component of said remuneration (Application Criterion 6.C.5 of the Code)

<sup>16</sup>Function appointed by the Board of Directors on January 24th, 2019, in compliance with the specific identification required by Recommendation no. 3 of the Corporate Governance Committee (see Section 19).



- monitoring the application of decisions adopted by the said Board verifying, in particular, that performance targets have actually been reached (Application Criterion 6.C.5 of the Code)
- reporting at the next Board of Directors meeting – through the Committee Chairman – on the most relevant issues examined by the Committee during the meetings (Application Criterion 4.C.1 letter d) of the Code)

In particular, according to the provisions of its regulation, the Compensation and Nominating Committee is required to:

- express opinions to the Board of Directors on the setting of *performance* targets relating to the variable component of remuneration of Key Management Personnel, as specified below;
- expressing opinions on the attainment of quantitative and qualitative *key performance indicators* on the basis of the accounting statements provided by the structure and the support provided by the Strategic Committee;
- based on prior consultation with the Strategic Committee on the actual attainment of the objectives and the *key performance indicators* applicable from time to time in relation to Progetto Italia, expressing its opinion to the Board of Directors on the remuneration and incentive policies proposed by the Chief Executive Officer, which require a significant part of the variable compensation of senior company managers to be based on achieving these objectives and *key performance indicators*.

#### **Activities carried out by the Compensation and Nominating Committee during the Financial Year, as well as after the end of the Financial Year up to this date**

During the 2019 Financial Year, the Compensation and Nominating Committee, regarding Nominations pursuant to article 5 of the Code, carried out a preliminary investigation, formulating proposals to the Board of Directors regarding the Board Evaluation, periodic evaluation of satisfaction of the independence requirements by the Directors and regarding the maximum number of positions, as well as on the composition of the Board of Directors, also performing the periodic evaluation of the Succession Plan for the sole Executive Director of the Company.

For further information about the activities of the Compensation and Nominating Committee regarding compensation, please refer to the 2020 Remuneration Report drawn up pursuant article 123-ter of TUF and available, in compliance with the applicable law, on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the “Governance – Remuneration” section and the “Governance – Shareholders’ Meeting” section, relating to the next Shareholders’ Meeting.

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Minutes of its meetings of the Compensation and Nominating Committee are drawn up regularly. When carrying out its functions, the Compensation and Nominating Committee had access to the company information and functions needed to carry out its duties, and was able to use external consultants.

No financial resources with a predetermined amount were allocated to the Compensation and Nominating Committee, but the Committee had the possibility to autonomously use external consultants. During the Financial Year, the Compensation and Nominating Committee made use, to support its activities connected with the 2019 Remuneration Report, of external consultants, after verifying the satisfaction of the independence requirements envisaged in the Code.

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## **9. DIRECTORS’ REMUNERATION**

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The information in this section, with particular reference to information concerning the general policy for remuneration, and for the directors’ remuneration, of the general directors and of other key management personnel is included in the 2020 Remuneration Report published pursuant to article 123-ter of the TUF

and will be made available, within the terms provided for by the law, on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance - Remuneration" section and in the "Governance - Shareholders' Meeting" section with regard to the next Shareholders' Meeting to approve the financial statements as at 31 December 2019.

#### **Incentive mechanisms for the Chief Internal Auditor and the Financial Reporting Manager**

The incentive mechanisms for the Chief Internal Auditor and for the Financial Reporting Manager are consistent with the tasks assigned to them, pursuant to Application Criterion 6.C.3 of the Code.

#### **Compensation for directors in the case of their resignation, dismissal or termination of the relationship following a takeover bid.**

With regard to the Issuer's agreements with its directors for their compensation in the case of their resignation, dismissal, removal from office without just cause or termination of the relationship following a takeover bid, please refer to the 2020 Remuneration Report.

During the Financial Year, there were no cases of termination of office or the termination of employment of executive directors or general directors that led to the attribution or recognition of compensation and/or other benefits pursuant to Principle 6.P.5 of the Code.

## **10. CONTROL, RISKS AND SUSTAINABILITY COMMITTEE**

#### **Composition and functioning of the Control and Risk Committee**

The Control, Risks and Sustainability Committee (renamed on the basis of the resolution adopted by the Board of Directors on December 6th, 2019, with regard to the activities regarding sustainability actually carried out by said entity)<sup>17</sup>, at the date of this Report, is composed of 6 Independent Directors (according to the provisions of article 26) of the Bylaws), as reported hereunder<sup>18</sup>:

CURRENT CONTROL AND RISK COMMITTEE		
<b>Mario Giuseppe Cattaneo</b>	Chairman	non-executive Independent Director
<b>Francesca Balzani</b>	Member	non-executive Independent Director
<b>Nicola Greco</b>	Member	non-executive Independent Director
<b>Marina Natale</b>	Member	non-executive Independent Director
<b>Ferdinando Parente</b>	Member	non-executive Independent Director
<b>Franco Passacantando</b>	Member	non-executive Independent Director

The members of said Committee are identified in respect of the provisions of article 26) of the Bylaws, which require (i) two members to be chosen from the Independent Directors drawn from the list that obtained the highest number of votes and listed in the first five on said list (ii) three members to be chosen from the Independent Directors taken from the list that obtained the highest number of votes and listed among the next nine members of said list, with the functions of Committee Chairman

<sup>17</sup>The Control, Risks and Sustainability Committee (formerly Control and Risk Committee) was established by the Board of Directors of May 9th, 2018, with the appointment of 5 members, and subsequently added to by the Board of Directors of September 26th, 2018, with the appointment of one more member.

<sup>18</sup>During the Financial Year 2019, before the co-optation of 5 new Directors by the Board of Directors on December 6th, 2019, the Control and Risk Committee was composed of Mario Giuseppe Cattaneo (Chairman), Marina Brogi, Giuseppina Capaldo, Nicola Greco, Ferdinando Parente and Franco Passacantando.

attributed to one of them; and (iii) the sixth member to be chosen from the Independent Directors drawn from the minority list. If, at the time of appointment of the Board of Directors, a minority list has not been presented, the remaining member is chosen from the Independent Directors drawn from the list that obtained the highest number of votes and listed among the first five on said list.

Pursuant to Principle 7.P.4 of the Corporate Governance Code, at least one member of the Committee is in possession of adequate experience in accounting and financial matters or risk management, as ascertained by the Board of Directors when they were appointed.

The Control, Risks and Sustainability Committee, whose works are coordinated by the Chairman, meets according to the required frequency to perform its functions and, in any case, always before the Board of Directors' meetings for the examination of periodic financial reports as well as any time the Chairman considers it to be necessary.

The Committee also meets when the Chairman receives a justified request from at least one member of the Committee or the Chairman of the Board of Statutory Auditors.

During the Financial Year, there were 10 meetings of the Committee with an average duration of 2 hours and 25 minutes.

Further information concerning the percentage of attendance of each member of the Committee at the meetings held during the Financial Year, are shown in the Table 1, attached to this Report.

During the current Financial Year, up to the date of this Report, the Control, Risk and Sustainability Committee met 4 times.

During the Financial Year, the Board of Statutory Auditors took part in the meetings of said Committee. As invitees of the meetings and/or based on the arguments dealt with from time to time, the meetings were also attended by the Corporate & Finance General Director, as well as the Financial Reporting Manager, the Internal Audit and Compliance Director, the Group Risk Officer, the Chairman of the Board of Directors, the General Counsel, the Corporate Affairs Director (with Secretary functions), as well as the managers of the various business functions, from time to time required to provide the Committee with the necessary elements to allow a better understanding of the specific issues discussed.

Pursuant to Application Criterion 4.C.1, lett. d), of the Code, the Chairman of the Committee reported, during the next meeting of the Board of Directors, on the activities carried out in each session of said Committee.

#### **Control, Risks and Sustainability Committee Functions.**

As resolved by the Board of Directors on May 9th, 2018, the Control, Risk and Sustainability Committee is appointed with the duties provided by the Corporate Governance Code and its own Regulation. In particular, the Committee is responsible for:

- issuing opinions to the Board in relation to:
  - the definition of the guidelines for the internal control and risk management system, so that the main risks affecting Salini Impregilo and its subsidiaries are correctly identified, properly measured, managed and monitored, by determining the degree of compatibility of these risks with company management and its strategic objectives;
  - the assessment, at least once a year, of the adequacy of the internal control and risk management system considering the company's characteristics and risk profile and their effectiveness;
  - approval at least once a year of the audit plan prepared by the Chief Internal Auditor and Compliance Function;
  - examination of the results of the main audit reports and their implementation;
  - description, in the Corporate Governance Report, of the main characteristics of the Internal Control and Risk Management System, as well as the procedures for coordinating the parties involved, expressing its judgment on their adequacy;
  - assessment of the findings presented by the Auditor engaged to carry out the legally-required in its letter of recommendations (if prepared) and of the main issues of the audit report;
  - appointment and removal from office of the Chief Internal Auditor;
  - assessment of the suitability of the staff of the Internal Audit function for carrying out their duties;
  - definition of the remuneration of the Chief Internal Auditor, in line with internal policies;

➤	assessing, with the Financial Reporting Manager, and after consulting the auditor engaged to carry out the legally-required audit and the Board of Statutory Auditors, the correct application of the accounting policies and their consistency for preparing the consolidated financial statements;
➤	expressing opinions on specific aspects related to the identification of key business risks, including therein economic, asset-related and operational risks, including through the Group Risk Assessment, carried out at least once a year by the Group Risk Officer;
➤	reviewing the periodic reports on the Internal Control and Risk Management system, especially those prepared by the Internal Audit function;
➤	monitoring the independence, adequacy, effectiveness and efficiency of the Internal Audit function;
➤	asking the Internal Audit function to carry out checks of specific operating areas, providing a simultaneous communication of it to the Chairman of the Board of Statutory Auditors;
➤	reporting to the Board of Directors at least twice a year, during the meetings held to approve the annual and half-yearly reports, on its activities and the adequacy of the Internal Control and Risk Management System;
➤	supporting, with adequate investigations, the assessments and decisions of the Board of Directors with regard to risk management arising from adverse facts, which the Board of Directors has become aware of;
➤	examination of sustainability issues (Sustainability Report related to the performance of company activities)
➤	examination of the periodic reporting related to the subjects of health, safety and the environment

**Activities carried out by the Control, Risk and Sustainability Committee during the Financial Year, as well as after the end of the Year up to this date**

During the Financial Year, the Committee reviewed and assessed the work plan, activities and reports prepared by the Chief Internal Auditor, the Group Risk Officer and the Chief Compliance Officer, and the reports drawn up by the Supervisory Board as per Italian Legislative Decree no. 231/01 monitoring the development and requiring – if necessary – specific interventions; it has received, from the control functions, the evaluation of the Internal Control and Risk Management system; it evaluated, together with the Financial Reporting Manager and the representatives of the independent auditors, the correct use of the accounting principles and their homogeneity for the purposes of drafting the consolidated financial statements, reporting to the Board in this regard. It has supported, with an appropriate investigation activity, the evaluations and the decisions of the Board relating to the approval of periodical financial reports and most significant transactions.

The Committee has also reported to the Board, during the approval of the draft of the financial statements and the interim financial report, about the activity carried out, about the suitability of the organisational, administrative and accounting structure of the Issuer and its strategic subsidiaries, in particular relating to the adequacy and effectiveness of the Internal Control and Risk management System, in relation to the characteristics of the companies and the risk profile undertaken.

\* \* \* \* \*

Minutes are duly taken for the meetings of the Committee, whose functioning is governed by an appropriate approved regulation, most recently by the Board of Directors on December 6th, 2019.

The Committee, in carrying out its functions, had the chance to access the information and the company functions needed to execute its tasks.

No financial resource with a predetermined amount has been appointed to the Committee. On May 9th, 2018, the Board of Directors resolved to provide the Committee the financial resources required to carry out its duties, in the amount requested by the Committee's Chairman and within the budget limits approved by the Board itself.

During the Financial Year, said Control, Risks and Sustainability Committee did not need to employ external consultants to carry out its tasks. For this reason, the Committee did not use any financial resources as it used the means and structures of the Issuer to carry out its tasks.

## 11. STRATEGIC COMMITTEE

### Composition and functioning of the Strategic Committee

Pursuant to article 26) of the Company Bylaws, the Board of Directors established a Strategic Committee internally, with the functions of supervision and evaluation of the activities connected, at any rate, with the implementation of Progetto Italia, as well as the investigative and consultancy functions vis-à-vis the Board itself for the matters within its competence.

The Strategic Committee is composed of five Directors and, in particular: (i) one member is the Chief Executive Officer; (ii) three members, two of whom are Independent Directors, are chosen from the Directors taken from the list that obtained the highest number of votes and listed among the first five on said list; (iii) the remaining member is taken from the list that obtained the highest number of votes and listed among the next nine members on said list. The functions of Committee Chairman are attributed to one of the members indicated in the previous point (ii).

The Strategic Committee is automatically confirmed at each renewal of the Board of Directors which happens before the implementation of Progetto Italia, as better detailed in articles 26), 36) and 37) of the company Bylaws to which reference should be made for details.

The current Strategic Committee, established on December 6th, 2019, is composed of the following 5 Directors:

CURRENT STRATEGIC COMMITTEE		
<b>Pierpaolo Di Stefano</b>	Chairman	non-executive Non-independent Director
<b>Francesca Balzani</b>	Member	non-executive Independent Director
<b>Nicola Greco</b>	Member	non-executive Independent Director
<b>Marina Natale</b>	Member	non-executive Independent Director
<b>Pietro Salini</b>	Member	CEO, Non-independent, Executive

The Strategic Committee, whose activities are governed by an appropriate regulation (approved by the Board of Directors on November 13th, 2019) and coordinated by its Chairman, meets at least monthly and, nonetheless, always before the meetings of the Board of Directors called to examine the operations involving implementation of Progetto Italia as well as acquisitions of undertakings or companies (M&A) in Italy and abroad that, regardless of their inclusion in Progetto Italia, are suited in any case to significantly impact the implementation of said project, and any time the Chairman deems it necessary. The Committee also meets when the Chairman receives a justified request from at least two members of the Committee or the Chief Executive Officer.

From the date said Committee was established until today, 2 meetings have been held.

The Chairman of the Board of Statutory Auditors takes part in the meetings of the Strategic Committee, and the company managers responsible for implementing Progetto Italia are normally invited to attend. The Chairman of the Board of Directors (where different from the Committee Chairman), managers, consultants and any other person whose presence is considered by the Committee to be suitable for the specific items to be discussed may also participate, on invitation of the Chairman and based on the matters to be discussed from time to time at the Committee meeting.

### Functions of the Strategic Committee

In compliance with the provisions of its Regulation, the Strategic Committee is attributed with the task of:

- monitoring (a) the operations involving the implementation of Progetto Italia, based on the periodic reports transmitted by the Chief Executive Officer and any additional useful information acquired; as well as (b) acquisitions of undertakings or companies (M&A) in Italy and abroad that, regardless of their inclusion in Progetto Italia, are suited in any case to significantly impact the implementation of said project;

- evaluating - also in support of the activities within the competence of the Compensation and Nominating Committee - the implementation status of Progetto Italia in light of - and taking into account - the objectives and *key performance indicators* applicable from time to time in relation to Progetto Italia;
- where deemed necessary, informing the Board of Directors of the implementation status of Progetto Italia;
- monitoring the process of selection and replacement of the Company's *Chief Financial Officer*, as well as expressing its approval - which cannot be unreasonably denied - in relation to the candidate for the position of Company *Chief Financial Officer* indicated by the Chief Executive Officer following said process;
- expressing a preventive opinion - mandatory but not binding - in relation to the (a) the operations involving the implementation of Progetto Italia, including therein each acquisition/business combination envisaged by Progetto Italia; as well as (b) acquisitions of undertakings or companies (M&A) in Italy and abroad that, regardless of their inclusion in Progetto Italia, are suited in any case to significantly impact the implementation of said project;
- expressing a preventive opinion - mandatory but not binding - in relation to any amendments or additions to Progetto Italia, including therein by way of a non-exhaustive example (i) the extension of the scope of subjects to be involved in Progetto Italia and (ii) the associated extension for a further 18 (eighteen) months, if, on expiry of the first term of 18 (eighteen) months, Progetto Italia has not been fully implemented;
- expressing a preventive opinion - mandatory but not binding - in relation to the assessment of the full completion of Progetto Italia as a result of the attainment of all the objectives set.

\* \* \* \* \*

Minutes of the Strategic Committee are drawn up regularly.

No financial resource with a predetermined amount has been appointed to the Committee.

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## 12. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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The Guidelines for internal controls were defined by the Company's Board of Directors on March 21st, 2000, and subsequently updated and approved on March 25th, 2009, November 12th, 2014, March 16th, 2016 and February 23rd, 2017.

As required by the Code, the Issuer's Internal Control and Risk management system consists of a set of rules, procedures and organisational structures put in place to ensure, through a suitable process of identification, measurement, management and monitoring of the main risks, that business operations are aligned with the objectives defined by the Board of Directors. The objective is to ensure the safeguarding of the company's assets, efficient and effective company processes, the reliability of the information (not just financial) provided to the governance bodies and to the market, and compliance with the law and regulations as well as the Bylaws and internal procedures (in compliance with the Principle 7.P.2. of the Code).

The internal control and risk management system is based on standards that require business activities to be based on applicable internal and external rules, that they can be traced and documented, that the allocation and exercise of powers as part of a decision-making process be matched to the positions of responsibility and/or with the size and/or significance of the underlying economic transactions, that those parties that take or implement decisions, which record transactions and those that are required to perform the controls over such transactions provided for by law and procedures envisaged by the internal control and risk management system be different parties and that confidentiality and compliance with the *privacy* legislation be ensured.

The parties mainly involved in the Internal Control and Risk management system are the Board of Directors, the CEO (as the Director in charge of the Internal Control and Risk Management System), the Control, Risks and Sustainability Committee, the Financial Reporting Manager, the Board of Statutory Auditors, the Independent Auditors and the Internal Audit and Compliance Department (appointed with the Internal Audit and Compliance functions), each by fulfilling their roles and carrying out their duties regarding control. The Supervisory Body, appointed pursuant to article 6 of Italian Legislative Decree no. 231/01, supports the Board of Directors for matters within its competence.

Other subjects involved in the Internal Control and Risk Management System are the Risk Management function (whose activities will be dealt with in the next paragraph) the General Management departments and the Management.

\* \* \* \* \*

The sources and principles comprising the Company's Internal Control and Risk Management System are represented by: the Corporate Governance Code (July 2018 edition); Salini Impregilo's Code of Ethics (containing the standards of conduct, ethical and basic values that the Group adopts to pursue its objectives); the Organisation, Management and Control Model pursuant to Italian Legislative Decree no. 231/01, the Model of administrative, accounting and operational procedures for preparing the Group's financial statements pursuant to Italian Law no. 262/05, the Anti-Corruption Model, the Business Plan, additional internal regulations, i.e. the set of corporate documents defining roles and responsibilities within the organisation, including the assignment of responsibilities for managing company risks, including, by way of a non-exhaustive example, Organisation Charts, Organisational Communications and Memos, the Guidelines pursuant to Italian Law no. 262/05, Framework, Inter-functional and Operational Procedures; the power and proxy system, structured to award authorisation and signatory powers consistent with the organisational and management responsibilities assigned; best practices.

Monitoring of the functioning of the Internal Control and Risk Management System is assigned to the Internal Audit Function. The Board of Directors approves, at least once every year, the audit plan prepared by the Chief Internal Auditor, based on the prior opinion of the Control, Risks and Sustainability Committee and having consulted the Director in charge of the Internal Control and Risk Management System and the Board of Statutory Auditors.

Upon approval of the 2019 draft financial statements, the Control, Risks and Sustainability Committee, expressed its favourable opinion to the Board of Directors following its review of the reports drawn up by the Chief Internal Auditor, by the Chief Compliance Officer, by the Supervisory Body and by the Financial Reporting Manager, and the flow of information between them, with the Board of Statutory Auditors, with the Chief Executive Officer (also in the functions of Director in Charge of the Internal Control and Risk Management System and also in the context of the information provided by the same to the Board of Directors) and with the Independent Auditors, regarding the current adequacy of the organisational, administrative and accounting structure and on the Internal Control and Risk Management System of Salini Impregilo and of its subsidiary with strategic relevance, Lane Industries Inc, in light of the main company risks.

This assessment was shared by the Board of Statutory Auditors and adopted by the Board of Directors.

## ***I Description of the main characteristics of the risk management system***

After approving the business and strategic plan, setting out the Management Team's Strategic Objectives, the Board of Directors starts a procedure to define the nature and level of risk compatible with these objectives. The assessments will include all risks that could be significant in terms of sustainability in the medium-long term, pursuant to Application Criterion 1.C.1, letter b), of the Code. This process, described in the following paragraphs, also received preliminary support from the Control, Risks and Sustainability Committee.

### ***1.1 Risk Management***

In 2015, the Issuer launched a project for the development and implementation of a Risk Management model, to address and manage risks in accordance with the industry's best practices. The model is gradually evolving in terms of the approach, methodologies and instruments, as well as to the extension to all Group operational units.

In line with the project, the Risk Management structure has been established, a "second level" control function and independent from the other Business and Corporate functions.

The *Risk Management* structure, in particular, deals with the following activities:

- identification and monitoring, in consultation with the Management (*Risk Owners*) and in support of the Director in charge of the Internal Control and Risk Management System, of the risk factors of significance for the Group, ensuring the implementation of risk mapping and assessment and monitoring of mitigation actions taken by *Risk Owners*;

- support in strategic and commercial planning, proposing the corresponding guidelines as well as the company's risk appetite to the competent bodies;
- support in operations, with the aim of achieving the strategic goals defined in the Business Plan;
- assurance of the adequacy and consistency of the *Risk Management framework* adopted through the development and the appropriate updating of the risk model and methodologies and tools for effective risk management;
- support in the creation and dissemination of a risk culture throughout the Group.

The Group aimed to equip itself with a system capable of periodically detecting and managing the main risks to which it could be exposed, through a detailed analysis (for each Country, Counterpart and Project), both with regard to order backlog, to assess the risk profile in relation to the risk limits that have been defined at an overall level.

The activity focuses on the identification and categorisation of the risks with a potential impact on business and on the development of methods and tools aimed at managing the dimensions of the identified risk, with a particular emphasis on risks connected with the counterparts and the country context within which the Issuer conducts its own business.

## ***1.2 Risk Assessment***

The Issuer, as part of the periodic *Risk Management* process also conducted, during 2019, a *Risk Assessment* aimed at recognising and assessing risks that could impact the Group's operations and, therefore, the attainment of Business Plan targets.

The *Risk Management* Function assessed the level of exposure to a potentially negative event, in terms of impact and risk probability.

The *Risk Assessment* activity was carried out according to these phases:

### ***a. Definition of the method and approach***

The method defined for the Group's *Risk Assessment* system requires the area in which to map and analyse potential risk events, consistently with the *Risk Universe* adopted, are Group processes. In line with the sector's *best practices*, Assessment scales were defined which are consistent with the Strategic Plan's targets in order to provide an indication regarding the potential impact and probability of each identified event.

### ***b. Identification of risks***

Risks are identified through meetings conducted with all representatives of the function. In particular, the critical elements identified in processes, also by means of a comparison with currently adopted *policies* and procedures expressing, were analysed in detail, explaining the causes and potential consequences in particular.

### ***c. Risk analysis***

Risks were assessed consistently with the methods identified and in agreement with the representatives of each Function, also considering the level of protection guaranteed by the existing Control System.

### ***d. Risk prioritisation***

The risks identified and analysed have been ranked in priority order and shared with the Board of Directors and with the Control, Risks and Sustainability Committee, with the Top Management and with the Control Functions, in order to address the subsequent management and mitigation activities. *Group Risk Assessment* results, in terms of risk events, main generating causes and possible mitigating actions, are addressed (i) to the Board of Directors, to the Control, Risks and Sustainability Committee and to the Top Management, in order to give priority to Top Risks and address the interventions and, (ii) to the Control Functions, in order to support and structure the respective Intervention Plans.

### ***e. Treatment and monitoring of Risks***

The Risk Treatment phase is aimed at managing identified risks, identifying the best mitigation strategies or evaluating alternative management strategies, consistently with their priority level. This phase



identifies the actions required for reducing the Group's exposure to risks and its gradual implementation is monitored.

Within the Group's organisation and the provisions of the Internal Control and Risk Management System there are various company Bodies and functions dedicated to the verification of the system's effective functioning.

In particular, the *Group Risk Officer*, according to the global vision of the corporate risk profiles, supports the *Risk Owners* in preparing the most appropriate risk management strategy and in proposing any necessary additional *Risk Management* actions to implement in order to execute said strategy. Moreover, the *Group Risk Officer* coordinates monitoring activities and the Group's overall exposure.

### ***1.3 Main characteristics of the Risk Management System concerning the financial reporting process, pursuant to article 123-bis, paragraph 2, letter b), of the TUF***

The Internal Control and Risk Management System applied to the financial reporting process aims to guarantee credibility, precision, reliability and promptness of said financial reporting. Planning, implementation, monitoring and the updating in time of the system, have been carried out by Salini Impregilo according to the Guidelines which take their inspiration from *frameworks* and international *best practices* and are dedicated to managing financial reporting.

Said Guidelines have been designed specifically to conform to the Issuer's characteristics and its operating units that contribute to the creation of financial reports, both separated (the Parent's) and consolidated. Account was taken of the fact that the Group is composed of entities that are separate in legal terms from the parent for the purposes of the financial reporting referred to herein. The Group in fact consists of both legally separate entities (e.g. Italian and foreign stock companies) as well as entities that, although not legally separate from the parent under Italian law (e.g. foreign permanent establishments), have their own administrative and organisational structures and produce their financial reporting independently.

Within the scope of this classification, the System is based on the dissemination of the application procedures, the training of the personnel involved in the different stages of the process and a monitoring plan, based on the provisions of Italian Law no. 262/05, whereby the effective use of the application procedures is checked and any developments and additions necessary due to the wide-ranging operating scope in which the Group works are identified.

The monitoring plan is developed according to a risk-based approach comparable to that applied for the definition of the audit plan prepared by the Chief Internal Auditor. The Financial Reporting Manager has assigned a specific mandate to the Internal Audit Function to carry out audits on the financial reporting process.

### **1.4 Main risks to which the Issuer is exposed**

The *Risk Assessment*, updated and integrated on a cyclical basis, has been carried out with the involvement of the *company's management* and made it possible to identify the most sensitive risk factors based on the Group's business activities and on the specific internal and external context in which the Group itself operates:

#### **Business related risks**

External risks that could compromise the attainment of the company's targets, or all those events that cannot be influenced by company decisions. Risks deriving from a country's macro-economic and social-political trends, from industry trends and from the competitive scenario, as well as technological innovation and regulations that characterise the *industry*.

Due to these risks, the Group must rely on its forecasting and managing capacities. In particular, the Issuer integrated risk management within its planning and business processes, by defining commercial and risk guidelines and the structuring of a process aimed at prioritising and selecting initiatives to pursue, also and especially on the basis of the evaluation of risks connected to the country and/or sector in which it intends to operate, rather than the counterpart. The control of these risks is also guaranteed by monitoring the progress status of the strategic targets, also in terms of the composition and diversification of the order backlog and its gradual developments in terms of risk profile.

#### **Strategic Risks**

Risks deriving from strategic, business and organisational decisions that can jeopardise Group performance and that could lead to a situation whereby strategic targets are not met. These include risks that derive from the choice of a certain type of business or organisational model through which the Group intends to operate, those deriving from M&A operations, from non-effective order backlog management or relating to relations with the main counterparts (clients, partners, suppliers, sub-contractors, etc.). The Issuer considers risk to be an essential element for the preliminary assessment of strategic decisions and choices to be taken. It has therefore decided to integrate the process of definition and development of strategies with the risk identification, measurement and management process. Choices concerning the adoption of a business or organisational model, the assessment of whether to go ahead with an extraordinary transaction, rather than establish a relationship with a partner, are subject to preliminary analysis and evaluation of the connected risks/opportunities, at the same time identifying risk strategies and management methods to quickly employ should said risk materialise.

### **Financial risks**

These incorporate risks connected to the Group's equity availability, influenced by credit and cash management and/or by the volatility of market variables, such as interest and exchange rates.

In particular, cash management pursues the objective of financial independence of the projects that are being carried out, keeping the configuration of consortia and special-purpose entities in mind, which can restrict the availability of financial resources for the implementation of the relevant projects. Moreover, when managing cash, account is taken of the existence of restrictions concerning monetary transfers set by the rules and regulations of certain countries.

The Issuer also considers specific risk areas like the credit standing of the counterpart, the volatility of raw materials prices and the management of the insurance aspects, and also considers it essential to employ effective financial planning tools.

### **Legal and compliance risks**

Falling into this category are risks connected to legal matters or that derive from compliance with rules or regulations (e.g. fiscal, local regulatory matters, etc.) that is required to operate in the sector and/or in particular countries and risks related to the contractual management with *Business Partners*. For Salini Impregilo, monitoring of contractual matters linked to project management activities and, in particular, relationships with significant counterparts is fundamental. In this category there are also risks connected to fraud, both internal and external, and more generally, compliance with procedures and *policies* defined by the Company to regulate the operation of its structure.

For this purpose, the Issuer adopts a policy for monitoring and managing regulatory risks, in order to mitigate their effects as much as possible, through multi-level monitoring activity that envisages continuous collaboration and communication with significant counterparts and business units concerned by regulatory developments, and in order to fully evaluate their potential impact.

### **Operating risks**

Operating risks includes risks that could jeopardise value creation and that are due to inefficient and/or ineffective management of the typical company operations, particularly those connected to bid management and the genuine *execution* of the projects. The various risk activities that fall under this category include: bid design and planning, the effective management of the *supply chain*, warehouse logistics and management, risks connected to managing information systems, personnel and planning and *reporting*.

These risks occur when, during the *bidding* process and/or during project implementation, company policies or procedures are not adequate for managing risk factors arising from the project's level of complexity or following unmeasurable events.

To that end, the Group intends to monitor these risks from the phase of analysis of the commercial initiative to pursue (*bidding*) with a view to the risk-return evaluation of the project should the tender be won, and the impact of this bid on the order backlog, both in terms of concentration and overall risk profile. At this juncture, the Issuer, among the other assessments, drafts a *pre-Bid Risk Assessment* aimed at identifying potential risks and consequent impacts connected to the project, as well as identifying the necessary mitigating and/or *contingency* actions for coverage purposes. The risk assessment is then carried out once again when the tender is won and then monitored while the project is being executed, in order to promptly identify the development of any risk exposure and quickly adopt the appropriate mitigating actions.

### **12.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board of Directors elected by the Shareholders' Meeting on April 30th, 2018, confirmed on May 9th, 2018, the CEO as the "Director in charge of the Internal Control and Risk Management System" with all the powers and duties envisaged in article 7 of the Code.

The Director in charge of the Internal Control and Risk Management System, within the scope of his role of supervision of the functionality of said System, has the following tasks, in accordance with what has been envisaged by Application Criterion 7.C.4 of the Corporate Governance Code:

- implementing the Guidelines established by the Board of Directors, ensuring the design, implementation and management of the Internal Control and Risk Management System, constantly verifying its adequacy and effectiveness, also ensuring alignment of such System with the dynamics of the operating conditions and legislative and regulatory framework;
- ensuring the identification of the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, periodically submitting them for examination by the Board of Directors;
- promptly reporting to the Control, Risks and Sustainability Committee (or to the Board of Directors) on issues and problems emerging in the course of his activities or which have otherwise come to his attention, so that the Committee (or the Board) may take the appropriate action;
- requesting the Internal Audit Function to perform checks on specific operating areas and on compliance with internal rules and procedures during business activities (when necessary); he informs the Chairman of the Board of Directors, the Chairman of the Control, Risks and Sustainability Committee and the Chairman of the Board of Statutory Auditors.

In addition to and in greater detail with regard to the above, the Director in charge of the Internal Control and Risk Management System, in accordance with the Guidelines of the Internal Control and Risk Management System approved by the Company:

- is responsible for implementing the Guidelines of the Internal Control and Risk Management System, ensuring that the same is an integral part of the Group's operations and culture, implementing, to this end suitable information, communication and training processes and promoting the adoption of remuneration and disciplinary systems that incentivise proper risk management and discourage behaviour contrary to the principles dictated by such processes;
- ensures that the Internal Control and Risk Management System is capable of rapidly responding to significant risks arising both within the Group, as well as from changes to the environment in which the Group operates.

### **12.2. CHIEF INTERNAL AUDITOR**

The role of the Chief Internal Auditor of Salini Impregilo was, on May 14th, 2014, conferred by the Board of Directors to Francesco Albieri. Subsequently, on November 12th, 2016, Francesco Albieri was assigned the role of the Internal Audit & Compliance Director, following the organisational change that merged the Internal Audit and Compliance functions into one Department.

The Internal Audit & Compliance Director is in charge of the structure that has been appointed a "third-level" control activity. By this, we mean the independent assessment of the overall structure and functioning of the Internal Control and Risk Management System, including by means of monitoring of line controls.

As the person ultimately responsible for the Internal Audit function, the Internal Audit & Compliance Director is appointed through a formal mandate, to carry out the activities falling within his area of responsibility, pursuant to the Corporate Governance Code, both on a continuous basis and according to specific needs and in full compliance with international standards relating to the role.

The Board of Directors also resolved on the remuneration due for the performance of the above-mentioned function, consistently with company policies.

Said appointment and relevant remuneration is resolved upon proposal of the Director in Charge of the Internal Control and Risk Management System, having received the approval of the Control, Risk and Sustainability Committee and having consulted the Board of Statutory Auditors.

The Chief Internal Auditor, according to the provisions of the Corporate Governance Code:

- a) verifies, both on an ongoing basis, and in relation to specific needs and in compliance with international standards, the functioning and suitability of the Internal Control and Risk Management System, through an audit plan, approved by the Board of Directors, based on a structured process of analysis and prioritisation of the key risks;
- b) reports directly to the Board of Directors and is not in charge of any business areas;
- c) has direct access to all the functions and information needed to carry out his duties;
- d) has adequate means to perform the assigned function;
- e) prepares periodic reports containing adequate information concerning his activities, the way in which risk management is performed, as well as compliance with the plans defined for their containment. The periodic reports contain an assessment of the adequacy of the Internal Control and Risk Management System;
- f) promptly prepares additional reports and memorandums on issues and events of particular importance;
- g) simultaneously transmits the reports referred to in points e) and f) to the Chairman of the Board of Directors, of the Control, Risks and Sustainability Committee, of the Board of Statutory Auditors and to the Director in charge of the Internal Control and Risk Management System;
- h) verifies, within the scope of the audit plan, the reliability of information systems, including accounting systems.

The structure of the Internal Audit function is composed of persons with different levels of professional experience and suited to the fulfilment of their duties. Under the budget assigned and approved by the Board of Directors, the above function employs external consultants when necessary to fulfil the specific requirements of the audit plan.

In performing the activities under his responsibility, the Chief Internal Auditor had direct access to all the necessary functions and information to carry out his duties, prepared regular reports providing suitable information about his activities and the methods used to manage risk and compliance with risk containment plans. He also assessed the suitability of the Internal Control and Risk Management system. The Chief Internal Auditor provided timely additional reports and memorandums on issues and events of particular significance, and delivered them, as part of his remit, to the Chairman of the Board of Directors, of the Control, Risks and Sustainability Committee, as well as to the Director in charge of the Internal Control and Risk Management System and to the other parties involved.

The Internal Audit function carries out a check on the reliability of the information systems each year, including therein the accounting systems. It also carries an annual activity dedicated to the processes related to the Corporate Information technology domain, using internationally accepted control-based frameworks as a reference.

The Internal Audit & Compliance Director is financially independent with his own budget approved each year by the Board of Directors after consulting the Control, Risks and Sustainability Committee.

Moreover, the Internal Audit & Compliance Director worked together with the other control bodies, as explained in Section 11.6 below.

### **12.3. ORGANISATION MODEL pursuant to Italian Legislative Decree no. 231/2001**

Since January 29th, 2003, the Company has adopted the "Organisation, Management and Control Model" required by article 6 of Italian Legislative Decree no. 231/01, based on the Confindustria guidelines, approved on March 7th, 2002.

The Model, in the years following the first-time adoption, has been constantly updated due to the changes concerning the crimes to be included, but also as a result of the company organisational changes that have occurred in the meantime, the update of the "Areas of activities at risk" and in compliance with the evolution of *best practices* promoted by Confindustria and by Associazione Nazionale Costruttori Edili (ANCE).

The "Organisation, Management and Control Model", whose current version was approved by the Board of Directors of Salini Impregilo on November 14th, 2018, is available, as regards the General part, on the

Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the "Governance - Internal Control and Risk Management System - Organisational Model" section.

Said update has been deemed as necessary in order to comply with the provisions of the applicable law on Whistleblowing, as introduced by Italian Law no. 179 of November 30th, 2017 (*"Provisions for the protection of employees reporting offences or irregularities which they gain knowledge of as part of a public or private employment relationship"*), and other new legislative provisions introduced after the updating of the Model (September 2017).

In order to comply with the specific provisions of Italian Legislative Decree no. 231/01 and considering the analysis of the company's situation and activities potentially at risk of offence, the following offences are considered relevant and therefore specifically examined in the Model: offences committed when dealing with the public administration, forgery of coins, public credit notes and revenue stamps, corporate crimes, terrorist acts or subversion of the democratic order, crimes against the individual, market abuse and international crimes, handling of stolen goods, money laundering and its use, assets or other illegally gained goods, crimes against safety in the workplace, cybercrimes and the unlawful processing of data, organised crime, induction to not make statements or to make false statements to judicial authorities, counterfeiting, crimes against industry and trade, copyright crimes, environmental crimes, employment of illegally staying third-country nationals, offenses relating to undue incitement to give or promise anything of value and corruption between individuals (as reformulated by Italian Legislative Decree no 38/2017 with the introduction of the instigation to corruption) self-laundering, false accounting and crimes of illegal intermediation and exploitation of labour (*"illegal hiring"*).

On September 12th, 2006, the Board of Directors set the number of members of the Supervisory Body as per article 6 of Italian Legislative Decree no. 231/2001 at three, in line with the provisions of the Organisation, Management and Control Model (previously, the Board had been monocratic, in the person of the Internal Control Supervisor). Currently, the composition of the Supervisory Body makes provision for a member within the Company, identified in the person of the Chief Internal Auditor, and two professionals from outside the Company. The Board provided for the corresponding appointments, most recently on July 25th, 2018, for three years and therefore until approval by the Board of Directors of the half-yearly financial report at June 30th, 2021. In accordance with the Model, the Chairman of the Supervisory Body is identified from the members not belonging to Company personnel. The Supervisory Body is composed of persons with specific expertise in inspections, analyses of control systems and legal issues (in particular, criminal proceedings), to ensure the presence of the necessary professionals suited to performing the relevant duties. The Board of Directors decided not to assign the Board of Statutory Auditors the functions of the Supervisory Body.

CURRENT SUPERVISORY BODY		
<b>Ugo Lecis</b>	Chairman	External expert
<b>Giacomo Marazzi</b>	Member	External expert
<b>Francesco Albieri</b>	Member	Chief Internal Auditor

Lane Industries Incorporated – the only subsidiary of strategic relevance at the date of this Report - is a US company and, therefore, not subject to the provisions of Italian Legislative Decree no. 231/2001.

The Code of Ethics, the current version of which has been approved by the Salini Impregilo Board on April 12th, 2017, is an integral part of the Model (available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the "Governance – Internal Control and Risk Management System - Code of Ethics" section.

#### 12.4. ANTI-CORRUPTION MODEL

In compliance with the Code of Ethics and in accordance with the tenth principle of the Global Compact on the basis of which *"companies undertake to fight all forms of corruption, including extortion and bribery"*, Salini Impregilo's fight against corruption is embodied in the Anti-Corruption Compliance System.

To this end, on June 16th, 2014, the Company implemented the Anti-Corruption Compliance System, which summarises the commitment to the principles introduced by the anti-corruption laws and by international Best Practices.

The Model has been most recently updated and approved by the Board of Directors of Salini Impregilo on September 26th, 2018.

It provides a systematic framework of reference of the regulatory instruments and policies on anti-corruption, which Salini Impregilo intends to pursue in order to prevent active and passive corruption, in particular, for offers or requests for money, advantages and/or other benefits, or payments, made or received, by anyone acting in the name or on behalf of the Company in relation to business activities, ensuring compliance with anti-corruption legislation. The System thus intends to act as a guide in dealing with any risks of corruption that may arise during the course of business activities.

The System has undergone an analysis by an external certifying body and on July 21st, 2017, Salini Impregilo obtained the UNI ISO 37001:2016 certification "Anti-bribery Management System" that complies with the highest international standards for the prevention of corruption and transparent business management.

The Anti-Corruption Compliance System is based on the Anti-Corruption Model and the Guidelines defining roles and responsibilities of subjects involved in the management of processes at risk of corruption as well as the relative control systems. In order to ensure assistance and consultation on matters of Anti-Corruption, Salini Impregilo has established, within its Compliance Function, an Anti-Corruption Legal Support Unit, appointed with giving specific information and explaining issues concerning the Model and Anti-Corruption laws of Italy or of the Countries in which the Group operates. The Company has also adopted a specific Whistleblowing Platform allowing the employees, co-operators, consultants, suppliers and any other third party involved with Salini Impregilo to submit, including in anonymous form, reports about alleged or known violations of applicable laws or regulations, of the Code of Ethics, of the Anti-Corruption Model and/or of the Organisation, Management and Control Model, pursuant to Italian Legislative Decree no. 231/01.

The scope of application of the Anti-Corruption Compliance System refers to Salini Impregilo S.p.A, which promotes its adoption by the companies or entities (consortia, joint ventures, etc.) whom it is part of.

## **12.5. INDEPENDENT AUDITORS**

Based on the reasoned opinion of the Board of Statutory Auditors, at the end of a selection process overseen by the Board itself through the examination of the offers submitted by some of the main players of the statutory audit field, the Company's Shareholders' Meeting held on April 30th, 2015, appointed KPMG S.p.A. as the Independent auditors for the period 2015-2023 pursuant to Italian Legislative Decree no. 39/10. On April 30th, 2018, the Shareholders' Meeting resolved the adjustment of the compensation for the Independent Auditors, based on the proposal formulated by the Board of Directors, in line with the reasoned recommendation of the Board of Statutory Auditors, pursuant to article 16, paragraph 2 of the (EU) Regulation no. 537/2014<sup>19</sup>.

Salini Impregilo and its main subsidiaries have engaged independent auditors to perform the statutory audit of their financial statements and to check that their accounting records are kept correctly as required by the TUF and the Italian Legislative Decree no. 39 of January 27th, 2010, in the version in force as at the date, as well as of the interim financial reports.

The appointed Independent Auditors exercise accounting control over Salini Impregilo, in accordance with the relevant applicable legislation.

As part of the general audit plan for the Group, in addition to the audit engagements assigned pursuant to law, other Group entities have nonetheless engaged the independent auditors on a voluntary basis.

General principles for complying with the requirements provided by European Law on Independent Auditing (EU Regulation no. 537/2014), also by adopting an internal procedure, have been identified.

As regards the various developments, the new rules revise, in particular, the existing relationships between the Independent Auditors and the Board of Statutory Auditors of the public interest entity, in terms of the time limits and responsibilities concerning the authorisation procedures for Audit and Non-Audit engagements. Special attention is dedicated to Non-Audit Services, each of which, except for tasks forbidden by the applicable law or services which may compromise the independence of the Auditor, may be assigned to the Independent Auditors only after the authorisation of the Board of Statutory Auditors.

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<sup>19</sup>For further information, please refer to the Management Report on the items in agenda for the Shareholders' Meeting of 30th April 2018, published on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), section "Governance – Shareholders' Meeting", as part of the relevant documents for said meeting.

A monitoring system for Non-Audit tasks appointed to the Independent Auditor and its Network has been adopted, in order to safeguard all the above, as provided by the EU Regulation no. 537/2014.

## 12.6. FINANCIAL REPORTING MANAGER AND OTHER COMPANY ROLES AND FUNCTIONS

Article 27) of the Bylaws requires that the Board appoints, and removes from office, after consulting the Board of Statutory Auditors, a **Financial Reporting Manager**, setting his term of office and fee. The candidates chosen must have at least three years' experience in: (a) administration and finance or administration and control or management functions with responsibility for financial, accounting and control matters, with companies that have a share capital of at least €2 million or consortia of joint-stock companies that have a total share capital of at least €2 million or (b) legal, economic or financial aspects closely related to the company's activities; or (c) management functions in a state body or public administration office active in the credit, financial or insurance sectors or in sectors closely related to that of the Company<sup>20</sup>.

The position of Financial Reporting Manager pursuant to article 154-bis of the TUF is currently held, on a permanent basis, by the General Manager Corporate & Finance Massimo Ferrari, who was granted all the powers and authority required to effectively carry out his functions and duties, with spending power within the budget limits approved from time to time and, most recently, by the Board of Directors' meeting held on March 11th, 2020, deemed adequate by the Financial Reporting Manager.

The Board of Directors granted powers to Massimo Ferrari, and specifically, the power to:

- directly access all information required to produce accounting data;
- use internal communication channels with no limits, that ensure a correct intra-group exchange of information;
- independently organise his unit in terms of both human and technical resources (materials, IT and any other resources);
- independently define and adopt administrative and accounting procedures, also by availing of the assistance of other company functions;
- assess and modify company policies, procedures and organisational structures that may relate to administrative and accounting processes;
- participate in Board and Committee meetings, especially those which discuss issues related to the activities and responsibilities of the Financial Reporting Manager;
- engage external consultants, when necessary for specific company needs;
- interact with employees with control duties and exchange information to ensure the ongoing mapping of risks and processes and proper monitoring of the correct operation of administrative and accounting procedures.

On February 25th, 2015, the Board approved the Guidelines of the design of administrative, accounting and risk assessment processes pursuant to Italian Law no. 262/2005, further updated with resolution of January 18th, 2017.

The Financial Reporting Manager assigned a specific mandate to the Internal Audit Function to carry out tests regarding the adequacy of administrative-accounting procedures.

The Board, lastly on March 11th, 2020, expressed its positive opinion on the adequacy of the powers and means of the Financial Reporting Manager as well as on the effective respect of the administrative and accounting procedures set up by the latter.

## 12.7. COOPERATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In order to maximise the efficiency of the internal control and risk management system and reduce duplication of activities, the Guidelines of the Internal Control & Risk Management System envisage a timely methods of coordination and information flows among those involved in said system. In particular, it is envisaged that:

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<sup>20</sup> Topics and business sectors closely related to the Company's activities are those set out in the last paragraph of article 30, last comma, of the Bylaws (which states: "As required by article 1, paragraph 2, letters b) and c) and paragraph 3 of Italian Ministerial Decree no. 162 of March 30th, 2000, the fields (legal, economic, financial and technical-scientific) and the sectors serving areas of engineering, geology, construction of public and private works, building, and construction in general are considered strictly relevant to the scope of activities of the Company").

- Control, Risks and Sustainability Committee meetings are to be attended by the Chairman of the Board of Statutory Auditors or another Auditor appointed by him (with the possibility for other members of the control body to participate), the Financial Reporting Manager, the Internal Audit & Compliance Director and the Group Risk Officer. The Chairman of the Board of Directors, the Director responsible for the Internal Control and Risk Management System, managers, consultants, the Independent Auditors as well as any other subject whose presence is considered by the Committee to be suitable for the specific items to be discussed.
- the Chief Internal Auditor periodically reports on his activities to the Control, Risks and Sustainability Committee, so that the latter can inform the Board;
- the Chief Internal Auditor promptly transmits and, normally, also to the Risk Owners and others involved in the Internal Control and Risk Management System, the reports prepared at the end of the audit in order to allow the above-mentioned persons to promptly take the necessary actions within their competence to control the risks that emerged;
- the Chief Compliance Officer, the Chief Internal Auditor and the Group Risk Officer liaise with each other in carrying out the audits, also through the mutual sharing of work plans and information, taking into consideration the existing complementary aspects.

### 13. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The Company has adopted a procedure for related party transactions.

This procedure was amended, most recently, on December 6th, 2019, by virtue of the board resolution adopted, pursuant to the applicable legislation, based on the prior favourable opinion issued by the members of the Committee for Related Party Transactions currently in office, as well as by additional independent directors present at that point, and based on a prior evaluation of compliance with the principles of the Consob Regulation on Related Party Transactions expressed by the Board of Statutory Auditors.

The Procedure (available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance - Documents" section) aims to define the rules, methods and principles aimed at ensuring the transparency and substantive and procedural correctness of Related Party Transactions carried out by the Issuer, either directly or via its subsidiaries.

To carry out the tasks and functions envisaged by the Consob Regulation on Related Party Transactions, the Board of Directors, most recently by means of resolution of May 9th, 2018 has set up a Committee for Related Party Transactions, whose composition - updated on December 6th, 2019 - is currently as follows.<sup>21</sup>

CURRENT COMMITTEE FOR RELATED PARTY TRANSACTIONS		
<b>Giuseppe Marazzita</b>	Chairman	non-executive Independent Director
<b>Ferdinando Parente</b>	Member	non-executive Independent Director
<b>Giuseppina Capaldo</b>	Member	non-executive Independent Director

Pursuant to article 26) of the Company Bylaws, the Committee for Related Party Transactions is composed of three Independent Directors, of which: (i) the first member chosen from the Independent Directors drawn from the list that obtained the highest number of votes and listed in the first five on said list, to whom the functions of Committee Chairman are attributed; (ii) the second member to be chosen from the Independent Directors taken from the list that obtained the highest number of votes and listed among the next nine members of said list; and (iii) the third member to be chosen from the Independent Directors drawn from the minority list. If, at the time of appointment of the Board of Directors, a minority list has not been presented, the remaining member is chosen from the

<sup>21</sup> During the Financial Year 2019, before the co-optation of 5 new Directors by the Board of Directors on December 6th, 2019, the Committee for Related Party Transactions was composed of Ferdinando Parente (Chairman), Giuseppina Capaldo, Giacomo Marazzi and Geert Linnebank.



Independent Directors drawn from the list that obtained the highest number of votes and listed among the second nine on said list.

\* \* \* \* \*

The Board meeting of March 12th, 2007, resolved that, without prejudice to the provisions of article 2391 of the Italian Civil Code, directors with interests, either directly or on behalf of third parties, in a corporate transaction to be approved by the Board of Directors or Executive Committee, where established, may participate in the related discussions and vote thereon as said investment represents a reason for taking a responsible decision about a transaction about which the director may have greater knowledge than the other directors; the Board of Directors or Executive Committee, where established, may still ask that these directors leave the meeting during the discussion on a case-by-case basis.

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## **14. APPOINTMENT OF THE STATUTORY AUDITORS**

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Article **30)** of Salini Impregilo's Bylaws requires that “the Shareholders Meeting elects a Board of Statutory Auditors, consisting of three standing and two alternate statutory auditors.

As regards the composition of the list for the appointment of the Board of Statutory Auditors, specific agreements are in place between the majority shareholder Salini Costruttori and CDPE, as reported in the Key Information published on the Company's website<sup>22</sup>.

The Statutory Auditors must meet the requirements prescribed by law, the Bylaws and other applicable provisions.

The Board of Statutory Auditors is appointed, in accordance with the applicable legislation governing gender balance, based on lists submitted by the shareholders according to the methods and in respect of the limits indicated in the Bylaws. Candidates shall be listed in numerical order in each list. Lists have two sections: one for the candidate for the office of statutory auditor and one for the candidate for the office of alternate auditor. They shall include at least one candidate for each position and may comprise up to a maximum of three candidates for the office of statutory auditor and up to two for the office of alternate auditor.

Lists submitted by the shareholders are filed at the Company's registered office to be available for public consultation as indicated in the notice calling the Shareholders' Meeting. They shall be filed at least twenty-five days before the date of first call of the meeting, unless other mandatory terms are established by legislative and regulatory provisions.

At the date of this Report, the Bylaws require that the lists containing a total number of candidates of equal to or more than three are composed of candidates from both genders, so that at least one third of the candidates to the office of statutory auditor (nonetheless rounded up) and at least one third of the candidates to the office of alternate auditor (nonetheless rounded up) belong to the less represented gender in said list. The Board of Directors' meeting of March 11th, 2020 resolved to present for approval to the next Extraordinary Shareholders' Meeting certain amendments to article 30 of the Bylaws, in order to adjust the statutory provisions on the appointment and composition of the Board of Statutory Auditors into line with the provisions governing gender balance introduced by Italian Law no. 160/2019<sup>23</sup>.

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<sup>22</sup> In particular, the Agreement with CDPE requires, starting from the next renewal of the Board of Statutory Auditors which will be presented for approval of the shareholders at the meeting on April 22nd, 2020: (i) Salini Costruttori to designate 1 (one) statutory auditor and 1 (one) alternate auditor; (ii) CDPE to designate 1 (one) statutory auditor; and (iii) the minorities to designate 1 (one) statutory auditor (which will be the Chairman of the Board of Statutory Auditors) and 1 (one) alternate auditor, it remaining understood that, where the minorities do not present a list, having carried out the necessary formalities to allow said parties to present their candidacy during the shareholders' meeting called to resolve on the renewal of the Board of Statutory Auditors, the Chairman will also be drawn from the majority list, from the candidates designated by Salini Costruttori. For more details, please see the Key Information.

<sup>23</sup> Pursuant to art. 1, paragraph 304 of Italian law no. 160 of December 27th, 2019, as from the first renewal of the Issuer's control body, the new allocation criterion with regard to gender quotas pursuant to art. 148 of the TUF and art. 1, paragraph 303 of the Italian law of December 27th, 2019 will be applied, which stipulates that the least represented gender obtains at least two fifths of the statutory members of the Board of Statutory Auditors. Furthermore, it is hereby specified that, with Communication No. 1/20 of January 30th, 2020, Consob established that “pending an adjustment to the regulatory framework and taking into account the urgency related to the application of the new provisions as from the forthcoming renewals of the corporate bodies ... omission ... will consider the rounding up to the higher unit ... omission ... inapplicable to the corporate bodies made up of three members due to the

For more details on this point, please refer to the Report of the Board of Directors published on the Company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section “Governance – Shareholders’ Meeting”, as part of the documentation relating to said Meeting.

Shareholders, shareholders forming part of significant shareholder agreements as per article 122 of the TUF, the Parent, subsidiaries and jointly controlled entities as per article 93 of the TUF may not present, or be involved in presenting, also via trustees or nominees, more than one list. Nor can they vote, also via trustees or nominees, for more than one list. Moreover, each candidate may only be present in one list in order to be eligible. Acceptances or votes breaching such prohibition shall not be assigned to any list. Only those shareholders that, either individually or together with other shareholders, at the time of presentation of the list, hold the total equity investment necessary for presenting the lists regarding the election of the members of the Company’s Board of Directors are entitled to present lists (see Section 4.1 of this Report).

With each list, and within the time-frame described earlier, shareholders must deposit: (i) information about the identity of the shareholders who presented the lists; (ii) statements whereby each candidate accepts their candidature and states, under their own responsibility, the non-existence of any reasons for ineligibility or incompatibility and the existence of the requirements set out in the provisions in force for the relevant offices, including therein compliance with the limits on the maximum number of positions that can be held under the current law and regulations; (iii) a CV of each candidate in which their professional and personal profiles are detailed exhaustively, as well as (iv) any other information required by the applicable law or regulations indicated in the notice calling the Shareholders’ Meeting.

A certificate issued by a legally-authorised intermediary must also be filed, within the time limit established in the rules governing the publication of lists by the Company, showing ownership of the number of shares necessary to submit lists at the date of filing of the list with the Company.

Lists submitted that do not meet the above requirements will be treated as if they had not been submitted.

Candidates who are ineligible or incompatible or who do not meet the requirements established by the applicable laws and regulations or hold more offices than the maximum limits established in the applicable laws and regulations cannot be included in the lists.

Statutory Auditors are elected as follows:

1. two Statutory Auditors and one Alternate Auditor are taken from the list that obtains the highest number of votes in the shareholders’ meeting, according to the numerical sequence in which they are listed in the sections of the list;
2. the remaining Statutory Auditors and the remaining Alternate Auditors are taken from the second list that receives the highest number of votes and which has been submitted and voted on by parties who are unconnected, directly or indirectly, with the reference shareholders, pursuant to article 148, paragraph 2 of the TUF, according to the numerical sequence in which the candidates are listed in the sections of this list (“Minority list”). If two lists receive the same amount of votes, the elected candidates shall be taken from the list submitted by the shareholders holding the largest ownership stake or, subordinately, from the list submitted by the largest number of shareholders.

If the above method does not ensure the composition of the Board of Statutory Auditors in accordance with the applicable legislation on gender equality, the elected candidates shall be substituted accordingly using the list that obtained the most votes, according to the numerical sequence in which the candidates are listed.

When the list system is not used, shareholders elect statutory auditors by majority vote, without prejudice to observance of the applicable legislation on gender balance.

The candidate listed first on the Minority List shall serve as Chairman of the Board of Statutory Auditors. Statutory Auditors shall cease to hold office in the cases set forth in the applicable laws and regulations and whenever they no longer meet the requirements for election prescribed by these Bylaws.

When one of the Statutory Auditors needs to be replaced, the Alternate Auditor from the same list is co-opted. If both the Statutory and Alternate Auditors from the Minority List are no longer in office, the vacancy shall be filled by the candidate listed next on that list or, if not available, by the first candidate on the Minority List that obtained the second largest number of votes.

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*arithmetical impossibility. Therefore, with reference to these latter, Consob will consider that rounding down to the lower unit is in line with the new provisions. The rounding up to the higher unit provided for in paragraph 3 of the aforementioned 144-undecies.1 of the Issuers’ Regulation for corporate bodies consisting of more than three members remains unchanged.”*

In all cases, the replacement procedure detailed above must ensure that the composition of the Board of Statutory Auditors complies with the applicable legislation on gender balance.

The Shareholders' Meeting held pursuant to article 2401, paragraph 1, of the Italian Civil Code, shall elect or replace Statutory Auditors in compliance with the principle of necessary representation of minorities, and in compliance with the applicable legislation on gender balance.

Outgoing Statutory Auditors may be re-elected.

As required by article 1, paragraph 2, letters b) and c) and paragraph 3 of Italian Ministerial Decree no. 162 of March 30th, 2000, the fields (legal, economic, financial and technical-scientific) and the sectors serving areas of engineering, geology, construction of public and private works, building, and construction in general are considered strictly relevant to the scope of activities of the Company.

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The remuneration of the Statutory Auditors, pursuant to Application Criterion 8.C.3. of the Code, must be commensurate to the required commitment, to the significance of the role covered and to dimensional and sector related business aspects. In this regard, please refer to the considerations reached by the Board of Directors regarding the Recommendation no. 4 in the letter dated December 19th, 2019 of the Chairman of the Corporate Governance Committee of Borsa Italiana S.p.A., pursuant to subsequent paragraph 19.

## 15. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting of Salini Impregilo of April 27th, 2017 appointed the Board of Statutory Auditors for a term of three Financial Years, and therefore, until the date of the Shareholders' Meeting called to approve the Financial Statements for the year ended December 31st, 2019, based on the applications submitted through the following two lists.

LISTS FOR RENEWAL OF BOARD OF STATUTORY AUDITORS (presented at the Meeting of April 27th, 2017)			
Subject submitting the list	no. shares - list submission % of ord. share cap.	Candidates of the list	% vote (of the voting capital)
Salini Costruttori	326,440,689 66.326%	<u>Statutory Auditors</u> 1. Alessandro Trotter* 2. Teresa Cristiana Naddeo* 3. Leonardo Quagliata <u>Alternate Auditors</u> 1. Piero Nodaro* 2. Giuseppina Pisanti	90.092%
Law Firm Trevisan & Associati <sup>24</sup>	12,345,704 2.508%	<u>Statutory Auditors</u> 1. Giacinto Gaetano Sarubbi* <u>Alternate Auditors</u> 2. Roberto Cassader*	9.794%

\* Candidate selected in compliance with the provisions of the article 30 of the Bylaws (see Section 13). Pursuant to this article, the candidate for Statutory Auditor elected from the minority list, Giacinto Gaetano Sarubbi, has assumed the responsibilities of Chairman of the Board of Statutory Auditors.

<sup>24</sup>For the Shareholders: (1) Aletti Gestielle SGR S.p.A. managing the funds: Fondo Gestielle Obiettivo Italia, Fondo Gestielle Cedola Italy, Fondo Gestielle Obiettivo Europa, Fondo Gestielle Obiettivo Cedola Multitarget II, Fondo Gestielle Dual Brand Equity 30, Fondo Volterra Absolute Return, Fondo Gestielle Absolute Return and Fondo Gestielle Obiettivo Internazionale; (2) Arca Fondi SGR S.p.A. managing the fund Arca Azioni Italia; (3) Eurizon Capital SGR S.p.A. managing the funds: Eurizon Azioni PMI Italia, Eurizon Azioni Italia, Eurizon Progetto Italia 70, Eurizon Progetto Italia 40 and Eurizon Progetto Italia 20; (4) Eurizon Capital SA managing the funds: Equity Italy Smart Volatility, Equity Italy, Flexible Beta Total Return and Equity Small Mid Cap Italy; (5) Fideuram Asset Management (Ireland) managing the funds: Fideuram Fund Equity Italy and Fonditalia Equity Italy; (6) Fideuram Investimenti S.p.A. managing the fund Fideuram Italia; (7) Interfund Sicav Interfund Equity Italy; (8) Mediolanum Gestione Fondi SGR S.p.A. managing the funds: Mediolanum Flessibile Italia and Mediolanum Flessibile Sviluppo Italia; (9) Mediolanum International Funds - challenge funds challenge Italian Equity; (10) Generali Investments Luxembourg SA managing the fund GIS European eqty Recov; (11) Pioneer Asset Management SA managing the fund PF - Italian Equity; (12) Pioneer Investment Management SGRpa managing the fund Pioneer Italia Azionario Crescita; (13) Ubi Sicav comparto Italian Equity UbiPramerica Multiasset Italy.

Further information concerning the composition of the Board of Statutory Auditors at the end of the Financial Year, can be found in Table 2 attached to this Report.

As regards the professional profiles, please see the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance – Board of Statutory Auditors" section.

In light of the expiry reported above, the Board of Directors' meeting of March 11th, 2020 resolved to present for approval of the next Ordinary Shareholders' Meeting the necessary resolutions regarding the appointment of the Board of Statutory Auditors for the years 2020-2021-2022 and its Chairman, as well as the attribution of the relevant compensation.

For more details on this point, please refer to the Report of the Board of Directors published on the Company website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "Governance – Shareholders' Meeting", as part of the documentation relating to said Meeting.

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The Board of Statutory Auditors is convened as required and meetings are not scheduled for each financial year.

During the Financial Year, there were 15 meetings of the Board of Statutory Auditors, some of which were held jointly with the Control, Risks and Sustainability Committee, with an average duration of 2 hours and 22 minutes.

Further information concerning the percentage attendance of each member of the Board of Statutory Auditors at the meetings held during the Financial Year, are shown in the Table 2, attached to this Report. Up until today's date, 5 meetings have been held during the financial year, some of which were held jointly with the Control, Risks and Sustainability Committee.

#### **DIVERSITY POLICIES IN THE COMPOSITION OF THE BOARD OF STATUTORY AUDITORS**

With regards for the methods of definition of the aforesaid Policies, the Company adheres to the following methodology:

- verification and internal self-evaluation by the Board of Statutory Auditors as to its composition and functioning, considering the aspects relevant to gender, age and educational and professional background diversity;
- sharing the results of said self-evaluation with the Board of Directors;
- evaluation by the Board of Directors of the adoption of possible ad-hoc policies, based on what was submitted by the Board of Statutory Auditors.

#### *Gender diversity*

The composition of the Board of Statutory Auditors, at the date of this Report, complies with the provisions of the law with regard to gender quotas of the Board of Statutory Auditors (Italian Law no. 120/2011)<sup>25</sup>, as well as with the Application Criterion 8.C.3. providing that *"At least one third of the effective and alternate auditors of the Board of Statutory Auditors belongs to the less represented gender"*. In line with the provisions of Italian Law no. 120/2011 and of the 2012 Consob Resolution no. 18098, the Company introduced to article 30 of its Bylaws, specific provisions aiming at ensuring a balanced composition of the Board of Statutory Auditors in terms of gender.

As reported in previous paragraph 13, the Board of Directors' meeting of March 11th, 2020 also resolved to present for approval to the next Extraordinary Shareholders' Meeting the additional amendments to article 30 of the Bylaws, in order to adjust the statutory provisions on the appointment and composition of the Board of Statutory Auditors into line with the recent provisions governing gender balance introduced by Italian Law no. 160/2019.

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<sup>25</sup>The provisions of said regulation with regard to gender balance, were implemented on April 30th, 2014, and April 27th, 2017, at the time of shareholders meetings of Salini Impregilo, which resolved, respectively, on the first and the second renewal of the Board of Statutory Auditors from the date of entry into force of the Italian Law no. 120/2011.

At the time of renewal of said body, the Board of Directors also recommends to the Shareholders, in the Directors' Report on the items on the agenda, the submission of lists which take into account the provisions and indications on the matter of gender diversity.

In the light of the above and having taken into account the indications of the Board of Statutory Auditors within its self-evaluation for the Financial Year, no additional policies on gender diversity have been adopted.

#### *Age diversity*

In relation to age diversity, in view of the indications of the Board of Statutory Auditors within the context of its self-evaluation relating to the Financial Year - from which it appears that the Board of Statutory Auditors is adequate in relation to age diversity - no ad-hoc policy has been adopted on the matter.

#### *Educational and professional background diversity*

Taking into account the indications of the Board of Statutory Auditors within the context of its self-evaluation relevant to the Financial Year - from which it appears that the Board of Statutory Auditors is adequately composed in relation to the professional competences held by its members, also pursuant to article 2397 of the Italian Civil Code and article 148 of the TUF - no ad-hoc policy has been adopted on the matter.

\* \* \* \* \*

On April 27th, 2017, after the appointment of the Board of Statutory Auditors by the Meeting on the same day, the Board of Statutory Auditors confirmed that it met the independence requirements set out by article 148 of the TUF and the Application Criterion 8.C.1. of the Code for each Statutory Auditor, communicating it to the Board of Directors which, based on the statements submitted by the new Statutory Auditors and the information held by the Company, ascertained that all Statutory Auditors met said independence requirements.

The Board of Directors has communicated the outcome of those evaluations by means of a press release to the public, again on April 27th, 2017, published on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Media - Press Releases" section.

After its shareholders' meeting appointment, most recently on November 28th, 2019, the Board of Statutory Auditors confirmed that each statutory auditor met said requirements.

The Board of Statutory Auditors applied all the criteria set out in the Corporate Governance Code in carrying out the above evaluations. As concerns, in particular, the independence requirement of the Standing Auditor Alessandro Trotter, for whom, already during the Year 2018, nine years of office have passed since the first appointment for the Board of Statutory Auditors of the Issuer, the Board of Statutory Auditors has applied the principle of the prevalence of substance over the form, acknowledging the independence stated by said statutory auditor, during the annual verification.

\* \* \* \* \*

As regards Induction, please see what has been reported by the Board of Directors (paragraph 4.2 of this Report).

\* \* \* \* \*

Pursuant to Application Criterion 8.C.4 of the Code, the Statutory Auditors' remuneration is calculated based on the commitment required, the significance of the role covered as well as the dimensions and sector characteristics of the Issuer.

On that matter, the Meeting of April 30th, 2018 approved the proposal made by the Board of Directors regarding the adjustment of the remuneration of the Board of Statutory Auditors, starting from the Financial Year 2018.<sup>26</sup>

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<sup>26</sup> Please see, in this regard, the Board of Directors' Report on the items on the agenda of the shareholders' meeting held on April 30th, 2018, published on the Company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance – Shareholders' Meeting" section, as well as the 2019 Remuneration Report, made available on the Company's website according to law.

Salini Impregilo complies with the recommendation of Application Criterion 8.C.4 of the Code whereby statutory auditors who, either directly or on behalf of third parties, have an interest in a specific transaction shall promptly and comprehensively inform the other statutory auditors and the Chairman of the Board of the nature, terms, origin and scope of their interest.

In the meetings of the Board of Statutory Auditors held during the year, the Statutory Auditors met the Independent Auditors who described the scope of their appointment, their responsibilities of the auditors, as well as the activities carried out for Salini Impregilo and the group companies that have engaged them. During the Financial Year, the independent auditors confirmed their independence in written form to the Board of Statutory Auditors.

The Board of Statutory Auditors, in carrying out its activity, coordinated with the Internal Audit function and with the Control, Risks and Sustainability Committee, participating with the Chief Internal Auditor in the meetings held by the aforementioned Committee. The Chief Internal Auditor also participated in several meetings of the Board of Statutory Auditors, where his activities were examined.

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## 16. INVESTOR RELATIONS

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The Company believes that it is in its interests - and also that it has a duty to the market - to have ongoing dialogue with its shareholders and institutional investors based on a common understanding of their roles. Such dialogue, nonetheless, is carried on in respect of the procedure for the processing of relevant and privileged information and the internal procedures for market communications, in order to ensure that investors and potential investors have the right to receive the same information for taking prudent investment decisions.

Therefore, the function currently known as the Investor Relations unit was set up in July 2001, which reports to the head of the Investor Relations unit (currently Amarilda Karaj) whose specific duties include managing relations with investors. The Investor Relator has a dedicated e-mail address for receiving communications and requests from shareholders ([investor.relations@salini-impregilo.com](mailto:investor.relations@salini-impregilo.com)).

A section relating to relations with shareholders, called "Investor Relations" ("Investitori" in the Italian site), is also active on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com), containing all the significant information for shareholders, so that they can exercise their rights in an informed manner.

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## 17. SHAREHOLDERS' MEETINGS

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The main provisions of the Bylaws concerning the Shareholders' Meetings of Salini Impregilo are reported below.

**ARTICLE 12** – Meetings can be called at different locations from the registered office, in Italy. Ordinary meetings are called every year within one hundred and twenty days of the reporting date and, at the very latest, within one hundred and eighty days if the legal conditions for doing so are met. Ordinary and extraordinary meetings are also called whenever the Board of Directors deems it suitable and when provided for by law. It also takes the authorisation decisions provided by the procedure for Related Party Transactions adopted by the Company, including therein urgent decisions in compliance with the simplified methods permitted by the applicable regulations on that matter.

**ARTICLES 13 and 13-bis)** - Each ordinary share gives the right to one vote. This article introduces, albeit in deferred mode, as better detailed below, an increase in the voting rights attributed to ordinary shares. In particular:

(a) consistently with the provisions of article 127-quinquies of the TUF, the increase in voting rights will accrue if the ordinary share belongs to the same subject, based on an actual right that legitimately entitles the holder to exercise the voting right (full ownership with right to vote or bare ownership with right to vote or usufruct with voting right), for a continuous period of at least 24 months and this situation is certified by the continuous registration, for a period of at least 24 months, in the special list duly established by the Issuer pursuant to article 143-quater of the Consob Issuers' Regulation and the new Bylaws;

(b) without prejudice to the above, the provision regarding the increased voting rights and the establishing and maintenance of the special list will enter into force from (and not before) the expiry of the 36th month after November 12th, 2019 (date of execution of the Share capital increase), or if before, the date on which the Board of Directors has ascertained the full completion of Progetto Italia pursuant to the Bylaws.

Therefore, the establishment of the specific list pursuant to article 127-quinquies, paragraph 2, of the TUF and the effectiveness of the continuous period of 24 months envisaged for the accrual of the increased voting rights will only apply from (and not before) the date referred to in previous letter (b).

**ARTICLE 14** – Each holder of a right to vote who is eligible to attend a Shareholders’ Meeting can be represented at the Shareholders’ Meeting by means of a written proxy given to another party, pursuant to the law.

The Chairman of the Shareholders’ Meeting is responsible for verifying the validity of the proxies and the rights of those present to attend the Meeting.

The Company, in availing itself of the right provided by law, does not appoint the representative pursuant to article 135-undecies of the TUF, except where the Board of Directors, for a given shareholders’ meeting, has resolved this appointment, providing information on it in the call notice of the relevant shareholders’ meeting.

**ARTICLE 15** – Both ordinary and extraordinary Shareholders’ Meetings shall be constituted and pass resolutions according to the law. The conditions for electing members of the Board of Directors and the Board of Statutory Auditors are set out respectively by articles 20 and 30 of the Bylaws, (Sections 4 and 13 of this Report).

**ARTICLE 16** – The Shareholders’ Meeting shall be convened by a notice to be published under the terms and conditions of the law. The Ordinary and Extraordinary Shareholders’ Meeting shall take place in a single call, unless the Board of Directors, for a given Shareholders’ Meeting, has resolved to specify the date for the second and, possibly, third call, providing such information in the call notice.

**ARTICLES 17 – 18 – 19** – The meeting is chaired by the Chairman of the Board of Directors, or in his absence, by one of the Deputy Chairmen. If this is not possible, the meeting appoints a chairman from among the directors or Shareholders present.

The Chairman of the Shareholders’ meeting has full powers to verify the eligibility of holders of voting rights to attend the meeting and, more specifically, (i) the validity of proxies, (ii) ascertain whether the Shareholders’ Meeting is regularly constituted and with the required quorum for passing resolutions, manage and govern the proceedings and establish the procedures for voting and appointing one or more vote-counters.

The Shareholders’ Meeting appoints a secretary who need not be a shareholder.

Resolutions are recorded in minutes entered in a special register signed by the Chairman, the Secretary and the vote-counters, if appointed.

The minutes of the Shareholders’ Meeting, if drawn up by a Notary (public), are subsequently recorded in the aforementioned register.

With regard to the ordinary Shareholders’ Meeting held on April 24th, 2019 and the extraordinary Shareholders’ Meeting held on October 4th, 2019, the Board of Directors submitted their reports on all the items on the respective agenda and the Issuer’s controlling shareholder (Salini Costruttori) did not present proposals regarding said matters on the agenda.

\* \* \* \* \*

The Ordinary Shareholders’ Meeting of May 8th, 2001 approved the “Regulation of Shareholders’ Meetings” based on the scheme proposed by Assonime, aiming to ensure the orderly conduct of Meetings, with respect to each shareholder’s fundamental right to request clarifications about matters on the agenda, to express his/her opinion and make proposals.

These regulations set out the methods used to guarantee each shareholder’s right to take part in discussions on the matters on the agenda (please see the article 6 of the aforementioned Regulation).



The “Regulation of Shareholders’ Meeting” is available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the “Governance – Shareholders’ Meeting” section.

The Ordinary Shareholders’ Meeting held this financial year held on April 24th, 2019 was attended by 9 Directors (including therein the Deputy Vice Chairman and the Chief Executive Officer). At the special Meeting of savings shareholders held on June 27th, 2019, no other directors took part, aside from the Deputy Vice Chairman, while 6 Directors attended the Extraordinary Shareholders’ Meeting held on October 4th, 2019 (including therein the Deputy Vice Chairman and the Chief Executive Officer).

The Board of Directors reported, at the Shareholders Meetings held during the financial year, on the activities carried out and planned for the future, and took the necessary steps to ensure that the shareholders receive adequate information about the necessary matters in order to be able to make informed decisions. No shareholder attending the meeting required the Chairman of the Compensation and Nominating Committee to report on the methods of performance of the functions of the Committee. In accordance with the current provisions of the Bylaws, changes in the Issuer’s market capitalisation during the year did not impair the exercise of the actions or prerogatives designed to protect the minority shareholders.

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## 18. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

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### **Corporate Social Responsibility Department**

The Company’s current organisational structure includes the Corporate Social Responsibility Department under the Corporate & Finance General Director. This department defines and guarantees the implementation of a Sustainability Plan that adheres to the company’s targets and that is consistent with international standards. It also prepares the Consolidated non-financial statement.

### **Sustainability matters connected to the performance of Company activities and the way the Company interacts with all stakeholders**

Although the Company does not belong to the FTSE-MIB index, but in view of the alignment with best practices, pursuant to the Comment to article 4 of the Code, the Board of Directors’ meeting held on December 17th, 2015, assigned the supervision of sustainability matters connected with the performance of company activities and the way in which the company interacts with all stakeholders, to the Control, Risks and Sustainability Committee (formerly the Control and Risk Committee).

### **Whistleblowing System**

With regard to the comment regarding article 7 of the Code, which envisages that *“The Committee believes that at least within issuing companies belonging to the FTSE-MIB index there should be an adequate internal control and risk management system that includes an internal whistleblowing system used by employees to report any irregular behaviour or violations of the applicable laws and regulations and internal procedures (whistleblowing systems), that are in line with the existing national and international best practices, which guarantee a specific and confidential information channel that safeguards the anonymity of the whistleblower”*, which is done altogether voluntarily - as there is no obligation for the Company to comply, as it is not included in the FTSE-MIB index - and in order to comply with current best practices, having obtained the favourable opinion of the Control, Risks and Sustainability Committee (formerly the Control and Risks Committee), on December 17th, 2015, the Board of Directors approved the adoption of a specific system for managing notifications regarding irregular behaviour or violations of the applicable laws and regulations and internal procedures.

On November 15th, 2017, the Company updated the procedure “Management of Reports and Investigations” aimed at regulating the processing of the reports received through the whistleblowing channel. The procedure is in line with the provisions of Italian Law no. 179/2017 and the best practice indicated by Confindustria in its well-known disclosure *“The regulation of whistleblowing”*.

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## 19. CHANGES SINCE YEAR END

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Since the end of the financial year, no changes were made to the Company’s corporate governance structure.



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## 20. THE OBSERVATIONS ON THE LETTER OF DECEMBER 19th, 2019 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

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The Board of Directors, at the meeting on February 26th, 2020, analysed the recommendations contained in the letter of December 19th, 2019 of the Chairman of the Corporate Governance Committee of Borsa Italiana S.p.A., aimed at evaluating the adoption of controls and solutions to ensure better compliance with the provisions of the Code and/or improved disclosures to be issued regarding the scope of this Report.

The considerations reached by Board of Directors during the aforementioned meeting were as follows:

- 1. regarding the sustainability of company activities**
  - *in relation to the recommendation of the Committee to integrate the sustainability of company activities in the definition of the remuneration strategies and policies, also on the basis of an analysis of the relevance of the factors that can impact the generation of value in the long-term*, the Board of Directors agreed to take into account this Recommendation in defining the 2020 Remuneration Policy, which will be submitted to the next Shareholders' Meeting to approve the financial statements as at 31 December 2019, to which reference should be made for further information.
- 2. as regards pre-meeting information**
  - *with regard to the recommendation of the Committee of ensuring, also in any regulation of meeting proceedings, adequate management of information flows to the Board of Directors, guaranteeing that the confidentiality requirements are protected, without compromising the completeness, use and promptness of the information*, the Board reached the considerations reported in paragraph 4.3, however acknowledging that the regulation of the proceedings of Board of Directors' meetings approved on November 7th, 2019 contains specific provisions regarding information flows to the Board of Directors;
- 3. regarding independence**
  - *in relation to the Committee's recommendation to more rigorously apply the independence criteria defined in the Code of Corporate Governance, inviting issuers to place a greater emphasis on the evaluation of the significance of the relations subject to evaluation and the Board of Directors to define, on an ex-ante basis, the quantitative and/or qualitative criteria to be used for evaluating the significance of the relations subject to examination*, the Board, having acknowledged that said recommendation outlines the contents - structured in more detail - of article 2, Recommendation 7, of the new Code of Corporate Governance published in January 2020, agreed that over the course of the next few months, based on the necessary prior in-depth analyses and the identification of the relevant best practice, the Company will take all the necessary measures on the subject;
- 4. regarding compensation**
  - *in relation to the recommendation of the Committee to the administration bodies - and the relevant competent committees regarding compensation - to verify that the quantification of the compensation paid to non-executive directors and members of the control body is adequate in accordance with the expertise, professionalism and commitment required by their role*, the Board of Directors agreed to take into account this Recommendation in defining the 2020 Remuneration Policy, which will be submitted to the next Shareholders' Meeting to approve the financial statements as at 31 December 2019., to which reference should be made for further information.

The aforementioned Recommendations have also been examined by the Board of Statutory Auditors, which has agreed on the considerations made by the Board of Directors.

For the Board of Directors  
The Chairman Donato Iacovone

**TABLE 1**  
**STRUCTURE OF THE BOARD AND OF THE COMMITTEES IN CHARGE AS OF THE END OF THE FINANCIAL YEAR 2019**

Board of Directors as of December 31 <sup>st</sup> , 2019													STRAT.CO.		CRSC		CNC		CRPT	
Position	Members	Year of birth	Date of first appointment *	In role from	In role until	List **	Exec	Non exec	Indep. from Code	Inde p. from TUF	(*)	No. of other positions ***	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Donato Iacovone	1959	06/12/19	06/12/19	Next Shareholders ' Meeting	M	-	X	-	-	2/2	1	-	-	-	-	-	-	-	-
Chief Executive Officer • ♦	Pietro Salini	1958	17/07/12	17/07/12	Shareholders ' Meeting to approve full year financial results 2020	M	X	-	-	-	19/21	1	-	M	-	-	-	-	-	-
Deputy Vice Chairman	Nicola Greco	1949	12/09/13	12/09/13	Shareholders ' Meeting to approve full year financial results 2020	M	-	X	X	X	21/21	1	-	M	8/10	M	-	M	-	-
Director	Francesca Balzani	1966	06/12/19	06/12/19	Next Shareholders ' Meeting	M	-	X	X	X	2/2	2	-	M	-	M	.	.	-	-
Director	Giuseppina Capaldo	1969	11/06/12	11/06/12	Shareholders ' Meeting to approve full year financial results 2020	M	-	X	X	X	20/21	2	-	-	9/10	M	-	-	3/3	M
Director	Mario Giuseppe Cattaneo	1930	17/07/12	17/07/12	Shareholders ' Meeting to approve full year financial results 2020	M	-	X	X	X	20/21	1	-	-	10/10	C	-	-	-	-
Director	Roberto Cera	1955	17/07/12	17/07/12	Shareholders ' Meeting to approve full year financial results 2020	M	-	X	-	-	20/21	1	-	-	-	-	-	-	-	-
Director	Pierpaolo Di Stefano	1969	06/12/19	06/12/19	Next Shareholders ' Meeting	M	-	X	-	-	1/2	4	-	C <sup>27</sup>	-	-	-	-	-	-

<sup>27</sup> Appointed as Chairman of the Strategic Committee on 20 January 2020

Director	Giuseppe Marazzita	1966	06/12/19	06/12/19	Next Shareholders' Meeting	M	-	X	X	X	2/2	-	-	-	-	-	-	M	-	M
Director	Marina Natale	1962	06/12/19	06/12/19	Next Shareholders' Meeting	M	-	X	X	X	2/2	3	-	M	-	M	-	-		
Director	Ferdinando Parente	1961	30/04/18	30/04/18	Shareholders' Meeting to approve full year financial results 2020	m	-	X	X	X	21/21	1	-	-	10/10	M	-	C	3/3	C
Director	Franco Passacantando	1947	12/09/13 with effect from 15/12/13	12/09/13 with effect from 15/12/13	Shareholders' Meeting to approve full year financial results 2020	M	-	X	X	X	19/21	2	-	-	8/10	M	-	-	-	-
Director	Laudomia Pucci	1961	17/07/12	17/07/12	Shareholders' Meeting to approve full year financial results 2020	M	-	X	X	X	15/21	2	-	-	-	-	7/7	M	-	-
Director	Alessandro Salini	1961	28/04/16	28/04/16	Shareholders' Meeting to approve full year financial results 2020	M	-	X	-	-	21/21	-	-	-	-	-	-	-	-	-
Director	Grazia Volo	1952	16/03/16	16/03/16	Shareholders' Meeting to approve full year financial results 2020	M	-	X	-	-	18/21	-	-	-	-	-	-	-	-	-

Directors who left office in 2019													STRAT.CO.		CRSC		CNC		CRPT	
Position	Members	Year of birth	Data of first appointment *	In role from	In role until	List **	Exec	Non Exec	Indep. from Code	Indep. from TUF	(*)	No. of other positions ***	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Director	Alberto Giovannini	1955	17/07/12	17/07/12	24/04/19	M	-	X	-	-	6/7	5	-	-	-	-	-	-	-	-
Director	Marina Brogi	1967	17/07/12	17/07/12	06/12/19	M	-	X	X	X	18/20	3	-	-	8/10	M	7/7	C	-	-
Director	Maria Raffaella Leone	1962	30/04/18	30/04/18	06/12/19	M	-	X	X	X	18/20	-	-	-	-	-	-	-	-	-
Director	Geert Linnebank	1956	17/07/12	17/07/12	06/12/19	M	-	X	X	X	17/20	3	-	-	-	-	7/7	M	3/3	M
Director	Giacomo Marazzi	1940	12/09/13	12/09/13	06/12/19	M	-	X	X	X	18/20	-	-	-	-	-	-	-	3/3	M

Specify the required quorum for submission of the lists at the last appointment: 1%

No. of meetings held during the Financial Year in question:	BoD: 21	STRAT.CO.: -	CRSC: 10	CNC: 7	CRPT: 3
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#### NOTES

• This symbol indicates the director in charge of the internal control and risk management system.

◊ This symbol indicates the main person responsible for Issuer management (Chief Executive Officer).

\* The date of first appointment for each director refers to the date on which the director was appointed for the first time (ever) to the Issuer BoD.

\*\* This column specifies the list from which each administrator has been taken (“M”: majority shareholder list; “m”: minority shareholders list; “BoD”: list submitted by the BoD).

\*\*\* This column specifies the number of positions as director or statutory auditor held by the person concerned in other companies listed on regulated markets, including abroad, in financial companies, banks, insurance companies or companies of significant size. The positions are specified in full in the Corporate Governance Report.

(\*) This column specifies the participation of directors in the BoD and Committee meetings, in relation to the total number of meetings held during their respective terms of office.

(\*\*) This column specifies the role of the member within the Committee: “C”: Chairman/Chairperson; “M”: Member.

#### KEY

STRAT.CO. – Strategic Committee

CRSC – Control, Risks and Sustainability Committee

CNC – Compensation and Nominating Committee

CRPT – Committee for Related Party Transactions

**TABLE 2**  
**STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AS OF THE END OF THE FINANCIAL YEAR 2019**

<b>BOARD OF STATUTORY AUDITORS AS OF 31.12.2019</b>									
Position	Members	Year of birth	Date of first appointment	In role from	In role until	List (M/m)	Indep. from Code.	part. BoSA	Number of other positions
Chairman	Giacinto Gaetano Sarubbi	1963	27/04/17	27/04/17	Shareholders' Meeting to approve the financial statements for year ended 31.12.19	m	X	15/15	2
Statutory Auditor	Alessandro Trotter	1940	07/05/08	27/04/17	Shareholders' Meeting to approve the financial statements for year ended 31.12.19	M	X	13/15	2
Statutory Auditor	Teresa Cristiana Naddeo	1958	30/04/14	27/04/17	Shareholders' Meeting to approve the financial statements for year ended 31.12.19	M	X	13/15	2
Alternate Auditor	Piero Nodaro	1959	27/04/17	27/04/17	Shareholders' Meeting to approve the financial statements for year ended 31.12.19	M			
Alternate Auditor	Roberto Cassader	1965	27/04/17	27/04/17	Shareholders' Meeting to approve the financial statements for year ended 31.12.19	m			
<b>Specify the required quorum for submission of the lists at the last appointment: 1%</b>									
<b>No. of meetings held during the Financial Year in question: 15</b>									

No members of the Board of Statutory Auditors left office in 2019.

**LIST OF POSITIONS HELD IN OTHER COMPANIES LISTED ON REGULATED MARKETS  
(INCLUDING ABROAD), IN FINANCIAL COMPANIES, BANKS, INSURANCE COMPANIES OR  
COMPANIES OF SIGNIFICANT SIZE  
AS OF THE END OF THE FINANCIAL YEAR 2019**

*(not part of the Issuer's Group)*

Director	Company	Position
<b>Donato Iacovone</b>	EY S.p.A. <sup>28</sup>	Managing Director
<b>Pietro Salini</b>	SALINI COSTRUTTORI S.p.A.	Chief Executive Officer
<b>Nicola Greco</b>	SALINI COSTRUTTORI S.p.A.	Board Member
<b>Francesca Balzani</b>	INWIT-INFRASTRUTTURE WIRELESS ITALIANE S.p.A. BANCA CESARE PONTI S.p.A.	Board Member Board Member
<b>Giuseppina Capaldo</b>	FERRARI N.V. TIM S.p.A.	Board Member Board Member
<b>Mario Cattaneo</b>	BRACCO S.p.A.	Board Member
<b>Roberto Cera</b>	DEUTSCHE BANK S.p.A.	Member of the Supervisory Board
<b>Pierpaolo Di Stefano</b>	CDP EQUITY S.p.A. CDP VENTURE CAPITAL SGR S.p.A. BF S.p.A. FSI SGR S.p.A. <sup>29</sup>	Chief Executive Officer Board Member Board Member Board Member
<b>Giuseppe Marazzita</b>	-	-
<b>Marina Natale</b>	AMCO S.p.A. FIERA MILANO S.p.A. VALENTINO S.p.A.	Chief Executive Officer Board Member Board Member
<b>Ferdinando Parente</b>	BANCA SELLA S.p.A.	Board Member
<b>Franco Passacantando</b>	EUROCLEAR SA/NV ANTIRION SGR	Board Member Chairman
<b>Laudomia Pucci</b>	FASHION FLORENCE INTERNATIONAL S.r.l EMILIO PUCCI S.r.l.	Chairperson Deputy Chairperson
<b>Alessandro Salini</b>	-	-
<b>Grazia Volo</b>	-	-

<sup>28</sup> Position ended on 28.02.2020.

<sup>29</sup> Position ended on 24.02.2020.

## DIRECTORS WHO HAVE LEFT OFFICE

Director	Company	Position
<b>Alberto Giovannini<sup>30</sup></b>	MTS S.p.A. EUROMTS LIMITED UNIFORTUNE INVESTMENT MANAGEMENT LTD DTCC DERIVATIVES REPOSITORY PLC (UK) DTCC DERIV/SERV LLC (US)	Chairman Chairman Board Member Board Member Board Member
<b>Marina Brogi</b>	MEDIASET S.p.A. CLESSIDRA SGR BANCO DI DESIO E DELLA BRIANZA S.p.A.	Board Member Statutory Auditor Board Member
<b>Maria Raffaella Leone</b>	-	-
<b>Geert Linnebank</b>	INDEPENDENT TELEVISION NEWS REFERENDUM FACTS LTD THOMSON REUTERS FOUNDATION - TRUSTEE	Non-executive Director Non-executive Director Non-executive Director
<b>Giacomo Marazzi</b>	-	-

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<sup>30</sup> Died on 24.04.2019.





**Salini Impregilo S.p.A.**

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

[www.webuildvalue.com](http://www.webuildvalue.com)

**Project coordination**

Salini Impregilo Corporate Identity and Communication

**Credits**

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