

# **REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE**

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

(traditional management and control model)

Issuer: **SALINI IMPREGILO S.p.A.**  
Website: [www.salini-impregilo.com](http://www.salini-impregilo.com)

Year to which the Report refers: **2015**  
Date of approval of the Report: **16 March 2016**

## CONTENTS

<b>GLOSSARY.....</b>	<b>4</b>
<b>1. ISSUER PROFILE .....</b>	<b>5</b>
<b>2. INFORMATION ON THE OWNERSHIP STRUCTURE (ARTICLE 123-BIS.1 OF TUF) AS AT MARCH 16, 2016 .....</b>	<b>7</b>
a) <i>Share capital structure (Article 123-bis. 1.a) of TUF).....</i>	<i>7</i>
b) <i>Restrictions on the transfer of securities (Article 123-bis.1.b) of TUF) .....</i>	<i>8</i>
c) <i>Significant investments in share capital (Article 123-bis.1.c) of TUF).....</i>	<i>8</i>
d) <i>Securities carrying special rights (Article 123-bis. 1.d) of TUF).....</i>	<i>8</i>
e) <i>Employee share ownership schemes: mechanism for the exercise of voting rights (Article 123-bis. 1.e) of TUF).....</i>	<i>8</i>
f) <i>Restrictions on voting rights (Article 123-bis. 1.f) of TUF) .....</i>	<i>8</i>
g) <i>Shareholder agreements (Article 123-bis. 1.g) of TUF) .....</i>	<i>8</i>
h) <i>Change of control clause (Article 123-bis. 1.h) of the TUF) and Bylaws provisions about takeover bids (Article 104.1-ter and Article 104-bis.1) .....</i>	<i>9</i>
i) <i>Delegated powers regarding share capital increases and to authorize purchase own shares (Article 123-bis.1.m) of TUF) .....</i>	<i>9</i>
l) <i>Management and coordination (Article 2497 et seq of the Italian Civil Code).....</i>	<i>10</i>
<b>3. COMPLIANCE (Article 123-bis.2.a) of TUF).....</b>	<b>11</b>
<b>4. BOARD OF DIRECTORS .....</b>	<b>17</b>
4.1 <i>APPOINTMENT AND REPLACEMENT (ARTICLE 123-BIS.1.L) TUF).....</i>	<i>17</i>
4.2 <i>COMPOSITION (ARTICLE 123-BIS.2.D) OF TUF) .....</i>	<i>21</i>
4.3. <i>ROLE OF THE BOARD OF DIRECTORS (Article 123-bis.2.d) of TUF) .....</i>	<i>26</i>
4.4. <i>EMPOWERED BODIES.....</i>	<i>28</i>
4.5. <i>OTHER EXECUTIVE DIRECTORS.....</i>	<i>31</i>
4.6. <i>INDEPENDENT DIRECTORS .....</i>	<i>31</i>
4.7. <i>LEAD INDEPENDENT DIRECTOR.....</i>	<i>32</i>
<b>5. HANDLING OF COMPANY INFORMATION.....</b>	<b>32</b>
<b>6. BOARD COMMITTEES (Article 123-bis.2.d) of TUF).....</b>	<b>33</b>
<b>7. NOMINATING COMMITTEE .....</b>	<b>33</b>
<b>8. COMPENSATION COMMITTEE .....</b>	<b>35</b>
<b>9. DIRECTORS' REMUNERATION .....</b>	<b>37</b>
<b>10. CONTROL AND RISK COMMITTEE .....</b>	<b>37</b>

<b>11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....</b>	<b>41</b>
11.1. DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM .....	47
11.2. CHIEF INTERNAL AUDITOR .....	48
11.3. ORGANIZATION MODEL pursuant to Legislative Decree no. 231/2001 .....	49
11.4. INDEPENDENT AUDITORS.....	51
11.5. MANAGER IN CHARGE OF FINANCIAL REPORTING AND OTHER ROLES AND FUNCTIONS ....	51
11.6. COOPERATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM.....	52
<b>12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS .....</b>	<b>53</b>
<b>13. APPOINTMENT OF STATUTORY AUDITORS .....</b>	<b>54</b>
<b>14. COMPOSITION AND DUTIES OF THE BOARD OF STATUTORY AUDITORS (Article 123-bis.2.d) of TUF .....</b>	<b>56</b>
<b>15. INVESTOR RELATIONS .....</b>	<b>58</b>
<b>16. SHAREHOLDERS' MEETINGS (Article 123-bis.2.c) of TUF).....</b>	<b>59</b>
<b>17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (Article 123-bis.2.a) of TUF).....</b>	<b>60</b>
<b>18. CHANGES SINCE YEAR END .....</b>	<b>60</b>

## **GLOSSARY**

**Board/Board of Directors:** the Board of Directors of Salini Impregilo S.p.A.

**Civil Code/ CC:** the Italian Civil Code.

**Code/Corporate Governance Code:** The Corporate Governance Code of listed companies approved in July 2015 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

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

**Consob Regulation on Markets:** the Regulation issued by Consob with Resolution no. 16191 of 2007 (as amended) concerning markets.

**Consob Regulation on Related Parties:** the Regulation issued by Consob with Resolution no. 17221 of 12 March 2010 (as amended) concerning related party transactions.

**Consolidated Finance Act/TUF:** Legislative Decree no. 58 of February 24, 1998.

**Financial year:** the financial year to which the Report refers - 2015 financial year.

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

**Report:** The report on corporate governance and ownership structure that companies are required to prepare pursuant to art. 123-bis TUF.

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## 1. ISSUER PROFILE

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Salini Impregilo S.p.A. is an issuer with shares listed on the Mercato Telematico Azionario (electronic stock exchange) managed by Borsa Italiana S.p.A., resulting from the merger of Salini S.p.A. into Impregilo S.p.A., with effect from January 1, 2014<sup>1</sup>.

With this merger the *Campione Nazionale®* project was finalized. This project aims to create a global leader with the expertise, skills, track record and dimensions necessary to compete in the global construction industry through more efficient and effective business management.

In the first few days of 2016, the Company also completed acquisition of 100% of Lane Industries Incorporated, a US company founded in 1890 and specializing in the transport sector, with a reputation characterized by reliability, trustworthiness, fairness and stability.

This operation represents a further milestone in the Company's expansion and will help to strengthen the growth process of the Salini Impregilo Group, representing an ideal platform to seize business opportunities not only in the US but more generally on the American continent.

Also in the light of the above, Salini Impregilo is currently an industrial group specializing in the construction of major, complex projects, a dynamic Italian company able to compete with leading global players. Through its business and organizational skills, technical and financial expertise, risk management abilities and time and cost optimization capacity, Salini Impregilo has an unrivalled wealth of expertise and skills which enables it to play a leadership role in the civil engineering large-scale works market and large-scale infrastructure and plant construction business.

Operating in more than 50 countries with over 30,000 employees, a production value at the end of 2015 of approximately €4.7 billion and an order book exceeding €33 billion, the group is a global player in the construction of complex large-scale infrastructures, specializing in the Water and Dams segment where the Group is a world leader, as well as in the Railways and Metro Systems, Roads and Motorways.

Salini Impregilo bases its activities on a strong passion for construction which is reflected in its wealth of international projects. The Group has been operating in the dams and hydroelectric plants, hydraulic works, railways and metro systems, airports and motorways, civil and industrial building sectors for over 100 years.

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

The corporate governance structure adopted by Salini Impregilo is based on the guidelines set out in the "Corporate Governance Code" approved in March 2006, amended in March

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<sup>1</sup> Deed of merger drawn up by Mr. Carlo Marchetti, notary public in Milan, filed under No. 10520 of Folder No. 5396

2010 and in December 2011 and most recently approved in July 2015 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Asonime and Confindustria, available to the market on Borsa Italiana's website <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf> (the "Code"), as it believes that having a well structured governance system is a pre-requisite for maximum efficiency and also ensures greater levels of transparency, thus increasing investor confidence in the Issuer.

The scope of this report on corporate governance and ownership structure (the "report") is to illustrate Salini Impregilo's corporate governance model and provide a brief description of how it has been implemented by the Issuer.

It is based on the specially designed form prepared by Borsa Italiana S.p.A. (Fifth edition - January 2015).

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE (ARTICLE 123-BIS.1 OF TUF) AS AT MARCH 16, 2016

### a) Share capital structure (Article 123-bis. 1.a) of TUF)

The share capital of Salini Impregilo is **€544,740,000.00** fully paid up.

This amount is the result of the share capital increase, in tranches pursuant to Article 2439 of the Italian Civil Code, and against payment, made, on the basis of the powers granted by the shareholders at their extraordinary meeting held on September 12, 2013, by the Board of Directors on June 20, 2014, passing from €500,000,000.00 to €544,740,000.00, namely, for a nominal amount of €44,740,000.00 in addition to a premium of €120,798,000.00 with the issue of 44,740,000 new ordinary shares with no par value and with regular dividend entitlement.

The above increase became effective on July 8, 2014, with the registration at the Milan Companies Register of the certificate attesting that the share capital increase was implemented.

The share capital of Salini Impregilo is divided into 493,788,182 shares, of which 492,172,691 **ordinary shares** and 1,615,491 **savings shares**, all without par value<sup>2</sup>.

The Company's shares are listed on the Mercato Telematico Azionario (electronic stock exchange) managed by Borsa Italiana S.p.A..

SHARE CAPITAL STRUCTURE			
	No. of shares	% of share capital	Stock exchange
<b>Ordinary shares</b>	492,172,691	99.67	<b>MTA</b>
<b>Savings shares</b>	<b>1,615,491</b>	<b>0.33</b>	<b>MTA</b>

Salini Impregilo has not issued other financial instruments that give the right to subscribe newly issued shares.

The Issuer has a share-based incentive plan in place in the form of Performance Shares, approved by the Shareholders' Meeting of April 30, 2015, which provides for allocation, free of charge, to the beneficiaries of this plan, subject to the achievement of certain goals determined by the Board of Directors, of shares already in circulation and in the Company's portfolio (or subsequently purchased) or, at the discretion of the same, of newly issued shares pursuant to Article 2349 of the Italian Civil Code..

To this end, the Extraordinary Shareholders' Meeting of April 30, 2015, amended Article 7 of the Bylaws, inserting the following paragraph: *"Furthermore, it is also permitted, in the*

<sup>2</sup> The shareholders eliminated the nominal amount of the ordinary shares and savings shares in the extraordinary session of the shareholders' meeting on October 12, 2004.

*manner and forms required by law, to allocate profits and/or profit reserves to employees of the Company or its subsidiaries, through the issue of shares, pursuant to the first paragraph of Article 2349 of the Italian Civil Code".*

For further information on this point, please refer to the Information Document issued in accordance with Article 84-bis of the Issuers Regulation, published on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "*Governance – Shareholders' Meeting*" as an annex to the fourth item on the Ordinary Shareholders' Meeting of April 30, 2015, as well as the 2016 Remuneration Report published on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the section "*Governance – Shareholders' Meeting*".

**b) Restrictions on the transfer of securities (Article 123-bis.1.b) of TUF**

Salini Impregilo does not have any restrictions on the transfer of securities.

**c) Significant investments in share capital (Article 123-bis.1.c) of TUF**

Based on the statements made in accordance with Article 120 of TUF, shareholders with investments of more than 2% in the Issuer's ordinary share capital are currently:

SIGNIFICANT INVESTMENTS IN SHARE CAPITAL		
Declarant	<i>Direct shareholder, if other than the declarant</i>	<i>% of ordinary shares</i>
<b>Salini Simonpietro</b>	Salini Costruttori S.p.A.	<b>63,71</b>

**d) Securities carrying special rights (Article 123-bis. 1.d) of TUF**

Salini Impregilo has not issued any securities with special control rights. The Issuer's Bylaws does not contain any provisions on multiple or majority voting rights.

**e) Employee share ownership schemes: mechanism for the exercise of voting rights (Article 123-bis. 1.e) of TUF**

The Performance Share Plan referred to in point a) above of this section does not envisage any specific mechanisms for the exercise of voting rights, where this is not directly exercised by the employees themselves.

**f) Restrictions on voting rights (Article 123-bis. 1.f) of TUF**

Salini Impregilo does not have any restrictions on voting rights.

**g) Shareholder agreements (Article 123-bis. 1.g) of TUF**

The Issuer is not aware of any shareholder agreements, considered to be material under Article 122 the TUF.

**h) Change of control clause (Article 123-bis. 1.h) of the TUF) and Bylaws provisions about takeover bids (Article 104.1-ter and Article 104-bis.1)**

The Issuer and its subsidiaries have entered into some agreements of a financial nature or contracts which by taking effect, amend or terminate in the event of a change of shareholders controlling the Issuer. Disclosure of the specifics contained in the agreements could cause serious damage to the Company and its subsidiaries.

Salini Impregilo's Bylaws do not contain provisions on takeover bids and, therefore, do not depart from the measures about the *passivity rules* pursuant to Article 104.1 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 TUF.

**i) Delegated powers regarding share capital increases and to authorize purchase own shares (Article 123-bis.1.m) of TUF)**

***Delegated powers to increase share capital***

On April 30, 2015, the Extraordinary Shareholders' Meeting approved the amendment of Article 7 of the Bylaws for the purposes of granting the Board of Directors: (i) the power to increase share capital, on one or more occasions and, in any event, in tranches, with the exclusion of option rights pursuant to Article 2443 and 2441.4, second sentence, of the Italian Civil Code, namely against payment and in cash, by issuing, also in tranches, a number of ordinary and/or savings shares that does not exceed 10% of the total number of Salini Impregilo shares outstanding on the date that the Delegated Power is exercised; (ii) the power, pursuant to Articles 2443 and 2420-ter of the Italian Civil Code, to increase share capital, on one or more occasions and, in any event, in tranches, against payment or for free, and to issue convertible bonds, also with the exclusion of the option right pursuant to 2441.4, first part (i.e. to issue new ordinary and/or savings shares to be paid through contribution in kind) and/or paragraph 5 (i.e. when the interest of the company so requires) of the Italian Civil Code, subject to revocation of the power granted with the shareholders' resolution on September 12, 2013 (iii) the power, pursuant to Article 2443 of the Italian Civil Code, to increase share capital, on one or more occasions and, in any event, in tranches, against payment, also with the exclusion of the option right pursuant to Article 2441.5 (i.e. through the issue of new shares to be offered to individuals - including directors, contract workers and/ consultants - in respect of which there is no employee-employer relationship with the company and/or its subsidiaries and/or parent companies), paragraph 6 and/or 8 (i.e. through the issue of new shares to employees of the company and/or its subsidiaries and/or parent companies) of the Italian Civil Code and/or to increase share capital, free of charge, pursuant to Article 2349 of the Italian Civil Code (i.e. through the issue of new shares to offer free of charge to employees of the company and/or its subsidiaries drawn from the profits or profit reserve), to service the remuneration plans based on financial instruments pursuant to Article 114-bis of the TUF.

***Authorization to repurchase treasury shares***

On September 19, 2014, the Shareholders' Meeting of Salini Impregilo authorized the Board of Directors to repurchase treasury shares in view of a medium-long term investment, in order to (i) establish a portfolio of treasury shares to be used for any extraordinary transactions, (ii) establish a portfolio of treasury shares to service the

remuneration and retention plans for management and personnel; and (iii) operate on the market to support the liquidity of the Company's shares and for the purpose of stabilizing its price, in the presence of anomalous fluctuations compared with expected market trends.

The authorization was resolved for the maximum duration of 18 months from the date of said Shareholders' Meeting (and therefore until 19 March 2016), as permitted by the applicable legal and regulatory provisions (article 2357.3, of the Italian Civil Code) for the purchase on one or more occasions of up to a maximum number of ordinary treasury shares that does not exceed 10% of the total number of shares outstanding at the time of the transaction (or, if less, up to the maximum limit set from time to time by the legal and regulatory provisions), also considering any ordinary treasury shares held by the Company at that date either directly, or indirectly through its subsidiaries, at a unit price such that it cannot differ in any event, either upwards or downwards, by more than 20% with respect to the price recorded for the share in the stock exchange trading session prior to each individual transaction.

On the basis of the shareholders' resolution on September 19, 2014, the Issuer launched the program for the purchase of ordinary shares on October 7, 2014. The purpose of this program was to establish a portfolio of ordinary treasury shares with a view to medium and long term investment, in the context of any extraordinary financing transactions.

According to this program, and to the purchases made from the aforementioned date of October 7, 2014 until October 31, 2014, there not having been put in place, on the other hand, transactions in the financial years 2015 and 2016 to the present date, the Issuer currently holds 3,104,377 treasury shares, equal to 0.631% of the ordinary share capital and 0.629% of the total share capital.

The purchases made were periodically communicated, in accordance with legal and regulatory provisions, in the notices of October 13, 20 and 27, 2014, as well as November 3, 2014, published on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Investor Relations - Press releases" section.

In view of the forthcoming expiry of the aforementioned authorization to purchase treasury shares, scheduled for March 19 next, it is confirmed that to date, no additional Board proposals have been formulated for renewal of said authorization by the next Shareholders' Meeting of the Company.

In addition to the above, the Ordinary Shareholders' Meeting on September 19, 2014 authorized the Board of Directors to sell and/or in any event dispose of all the treasury shares held without any time limit (and therefore also beyond expiry of the deadline per the purchase of treasury shares mentioned above), for all the purposes specified above and using any of the methods permitted by the prevailing applicable regulations (also through subsidiaries) at a sale price to be established from time to time.

The Board of Directors, as at the present date, has not sold any of its treasury shares.

For everything not mentioned here, please refer to the Directors' Report prepared pursuant to Article 73 of the Consob Issuers' Regulation and the minutes of the shareholders' meeting of September 19, 2014 published on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance - Shareholders' Meeting" section.

## **I) Management and coordination (Article 2497 et seq of the Italian Civil Code)**

The Company is subject to the management and coordination of Salini Costruttori S.p.A., as confirmed by the Board of Directors on December 12, 2013.

The information required by Article 123-bis.1.i) of 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 remuneration report published pursuant to Article 123-ter of TUF.

The information required by Article 123-bis. 1.l) of TUF (*"the rules applicable about 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).

### **3. COMPLIANCE (Article 123-bis.2.a) of TUF**

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Salini Impregilo has complied with the requirements of the original version of the Corporate Governance Code issued by the Committee for Corporate Governance of Borsa Italiana S.p.A. and the subsequent version published in July 2002.

Following publication of the new Corporate Governance Code in March 2006 by the Committee for Corporate Governance of Borsa Italiana, the Issuer's Board of Directors resolved, in their meeting on December 20, 2006, to ask the internal control committee to perform an in-depth comparative analysis of the company's corporate governance structure with regard to the Code requirements and to provide the board with its assessments, opinions and proposals about alignment with the Code and necessary actions.

Based on the analysis and proposals of the internal control committee, the board resolved, in their meeting on March 12, 2007, to comply with the Corporate Governance Code drawn up by the Committee for Corporate Governance of Borsa Italiana S.p.A. (March 2006 version), with the methods and exceptions set out below.

Finally, on October 16, 2012, after analyzing the individual changes to the December 2011 Corporate Governance Code and considering the proposals by the control and risk committee in the meeting held on September 21, 2012, the Board of Directors resolved to confirm the Issuer's compliance with the Corporate Governance Code, as revised in December 2011, using the methods set out below.

On December 17, 2014, after examining the additional updates to the Corporate Governance Code of July 2014, the Board resolved to confirm the Issuers compliance with the Corporate Governance Code in the July 2014 edition.

On December 17, 2015, after examining the additional updates to the Corporate Governance Code of July 2015, the Board resolved to confirm the Issuers compliance with the Corporate Governance Code in said latest edition.

Specifically, in order to align the company's corporate governance structure with the standards and criteria of the Code (March 2006 version), on March 12, 2007, the Board of Directors resolved:

- with respect to criterion 1.C.1.b), to classify FISIA Italimpianti S.p.A., Impregilo International Infrastructures N.V. and EcoRodovias Infraestrutura e Logística (formerly Primav Ecorodovias) S.A. as "strategic subsidiaries". At present, the group does not have an investment in Ecorodovias Infraestrutura e Logística S.A. and, therefore, it is no longer a strategic subsidiary of Salini Impregilo. On October 14,

2014, the Board of Directors also took note of the situation of the target market of Fisia Italimpianti SpA and ordered its reorganization. Therefore, that company is no longer classified as a strategic subsidiary of the Issuer

- with respect to criterion 1.C.1.f), to establish the general criteria concerning major transactions, as described in section 4.3 of this report;
- with respect to criterion 1.C.1.g), to perform once a year, during the meeting held to approve the financial statements, an assessment of the size, composition and working of the Board of Directors itself and its committees;
- with respect to criterion 1.C.3., to adopt the rules described in section 4.2 of this report;
- with respect to criterion 2.C.1., to confirm the previous assessment stated at the board meeting held on July 7, 2005, and therefore, to consider the directors who are members of the executive committee as non-executive, given that participation in this committee, considering the frequency of the meetings and subject of the related resolutions, does not entail the systematic involvement of its members in the day-to-day management of the company nor does it lead to a significant increase in their remuneration compared to that received by the other non-executive directors; and, therefore, only the CEO qualifies as an executive director; this assessment was further confirmed by the Board on March 16, 2016;
- with respect to criterion 2.C.2., as proposed by the chairperson, that the relevant internal functions provide all the directors and statutory auditors with access to the company's intranet site to allow their direct access to the documentation and information posted thereon;
- with respect to criterion 3.C.4., to generally comply with the requirements set by the Code about directors' independence; and that any non-compliance therewith should be justified;
- with respect to criterion 3.C.5., that the outcome of the controls performed to check the correct application of the criteria and procedures put in place by the board to assess the independence of its members be communicated by the Board of Statutory Auditors to the market in its report to the shareholders. The Board of Statutory Auditors stated that it complies with this resolution during said board meeting of March 12, 2007;
- with respect to criterion 3.C.6., that the independent directors meet annually, before the board meeting held to approve the annual financial statements, for self-assessment purposes and that any remedial action to be taken be examined with respect to the role played by independent directors within the board; they report to the board on their findings;
- with respect to criterion 4.C.1., to approve a specific "Procedure for the internal management and external communication of documents and information" to replace the "Internal regulations for disclosing "price sensitive" documents and information to the market", approved by the Board of Directors on March 27, 2001, as described in paragraph 5 of this report;
- with respect to criterion 5.C.1.c), to make available to the internal control and remuneration committees (now the control and risk committee and the compensation and nominating committee, respectively) an annual budget of €25,000 per committee to be used for any necessary consultancy or other services to carry out their duties. The prior authorization of outlays is not necessary although the committees are

required to document their expenses. They may also avail of internal information and personnel. The Board of Directors resolved to increase the control and risk committee's budget from €25,000 to 50,000 on May 11, 2011. This amount can be increased up to €100,000 with the documented request by the committee chairperson and approval by the Board of Directors' chairperson;

- with respect to standard 6.P.2., not to set up an appointment committee as, to date, the shareholders have not encountered difficulties in proposing suitable candidates (and no such difficulties are envisaged) such that the composition of the Board of Directors complies with that recommended by the Code; following the amendments to the Code approved by the Committee for Corporate Governance in December 2011, the board resolved to rename the remuneration committee as the remuneration and appointment committee on July 18, 2012, giving it the duties envisaged by the Code for the appointment committee;
- with respect to criterion 6.C.1., to comply with the criterion proposing the related change in the Bylaws to the shareholders in their extraordinary meeting; the shareholders actually resolved to change the Bylaws in their extraordinary meeting of June 27, 2007; following the new rules introduced by Legislative Decrees nos. 27 and 39 of January 27, 2010, the Board of Directors amended Article 20 of the Bylaws again pursuant to Article 24 of the same Bylaws, as described in section 4.1 of this report;
- with respect to criterion 7.C.3., to assign the duties as per such criterion to the remuneration committee; that the committee shall appoint a chairperson from among its members and shall draw up operating rules; with its resolution of May 2, 2011, following renewal of the Board of Directors elected by the shareholders on April 28, 2011 and in order to set up a remuneration committee, the Board of Directors gave this new committee the duties set out by the Code drawn up by Borsa Italiana's Committee for Corporate Governance (March 2006 edition), as amended in March 2010; on July 18, 2012, the board elected by the shareholders on July 17, 2012, gave compensation and nominating committee the following duties set out by the Code as revised in December 2011, when setting it up; On April 30, 2015 the Board of Directors appointed by the Shareholders' Meeting held on the same date, in re-electing its Compensation and Nominating Committee, granted to said Committee the tasks envisaged by the Code (July 2014 edition);
- with respect to criterion 8.C.1.a), considering changes in legislation over time and in the organizational structure, to postpone the procedure, and, when and if necessary, to update the "Guidelines for internal control policies" approved by the Board of Directors on March 21, 2000, with the assistance of the internal control committee; on March 25, 2009, the board resolved to adopt, on proposal of the internal control committee, a document setting out the ""Guidelines for the internal control system", replacing the "Guidelines for Internal Control Policies" approved by the Board on March 21, 2000. This document was updated to its current version by the Board of Directors on March 16, 2016. This document defines and sets out the objectives of the internal controls, the guiding principles and the parties in charge of it (the Board of Directors, the Control and Risk Committee, the CEO as the Executive Director in charge of the Internal Control and Risk Management System, the Board of Statutory Auditors, the Manager in charge of financial reporting, the Independent Auditors, the Integrity Board pursuant to Article 6 of Legislative decree no.231/01), the Internal Auditing Manager, as well as the managers of functions assigned with "second level" controls, such as the Compliance Function and the Risk Management Function), as well as components making up the internal control system;

- with respect to criterion 8.C.1.b), to appoint the CEO as the “Executive director in charge of internal controls”; finally, on April 30, 2015, following the appointment of the current Board by the shareholders' meeting held on the same date, the Board confirmed the CEO as the *“director in charge of the internal control and risk management system”*, according to the provisions of standard 7.P.3 letter a) (i) of the Code;
- with respect to the last paragraph of criterion 8.C.1., to set the remuneration of the internal control supervisor after consulting the internal control committee and upon the proposal of the CEO, as the Executive director in charge of internal controls; on August 26, 2011, with the approval of the Executive director in charge of internal controls and the directors making up the internal control committee, the Board of Directors approved the proposal of the remuneration committee and resolved on the internal control supervisor's remuneration; on September 25, 2012, January 14, 2014 and February 23, 2016, the Board of Directors resolved on the remuneration of the internal control supervisor and the chief internal auditor upon the proposal of the Director in charge of the internal control and risk management system and with the favorable opinion of the control and risk committee and the Board of Statutory Auditors;
- with respect to criteria 8.C.1. and 8.C.3., to give the internal control committee the duties and functions set out in letters a), b), c), f) and g) of criterion 8.C.3 and those of criteria 8.C.1 and 9.C.1; Moreover, having acknowledged acceptance in this regard by the Board of Statutory Auditors, to attribute to the latter the functions and duties referred to in letters d) and e) of Criterion 8.C.3., it being understood that the Board of Statutory Auditors, in performance of such duties and functions, shall comply with the procedures that enable the Board of Directors to find in the work of the Board of Statutory Auditors, promptly made available to the former, adequate analysis of the matters under its responsibility; that the committee shall appoint a chairperson from among its members and shall draw up operating rules; that the committee shall meet at least four times a year and always when the annual, interim financial and quarterly reports are being approved; finally, on July 30, 2015, the Board of Directors appointed by the Shareholders' Meeting held on the same date, re-elected the Control and Risk Committee and assigned to said Committee the duties pursuant to Article 7 of the Code (in the version of July 2014 in force at the time);
- with respect to criterion 8.C.6., to define the duties of the internal control supervisor in line with such criterion; and that the Person in charge of Internal Control (currently coinciding with the Chief Internal Auditor) also reports to the CEO as the “Executive director in charge of internal controls”;
- with respect to criterion 9.C.1., to replace the “Guidelines for transactions with related parties” ruling until then; the Board of Directors approved a specific new procedure on November 30, 2010, after receiving the favorable opinion of the committee for related-party transactions, pursuant to Article 2391-bis of the Italian Civil Code and Article 4.1 and 4.3 of the Consob regulation on related parties; this procedure, described in section 12 of this report, sets out the rules, methods and criteria aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out by the Issuer either directly or via its subsidiaries; subsequently, in its meetings held on April 20, 2012, July 9, 2012, May 13, 2013, December 17, 2014 and November 11, 2015, the Board of Directors amended the procedure for related party transactions after receiving the favorable opinion of the committee for related-party transactions which was in turn supported by the Corporate Governance Advisory Board until expiry of office of the same (April

30, 2015). The Board of Statutory Auditors of the Company ascertains compliance of the Procedure with the principles set out in Consob related parties regulation, most recently on November 11, 2015;

- with respect to criterion 9.C.2., that, subject 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 may participate in the related discussions and vote thereon as such participation represents a reason for taking a responsible decision about a transaction about which the director may have greater knowledge than the other directors; that, however, the Board of Directors or executive committee may ask such directors to leave the meeting during the discussion on a case-by-case basis;
- in relation to standard 10.P.3. and application criteria 10.C.6. and 10.C.7., to adopt the *"Guidelines for relations with the Board of Statutory Auditors"* after the latter's approval;
- with respect to criterion 10.C.7., to propose to the shareholders, in an extraordinary meeting, that the lists of candidate statutory auditors shall be deposited at the company's registered office at least fifteen (rather than ten, as provided for on March 12, 2007) days before the date set for the meeting; in their extraordinary meeting of June 27, 2007, the shareholders actually modified the Bylaws; following the new rules introduced by Legislative Decrees nos. 27 and 39 of January 27, 2010, the Board of Directors amended Article 29 of the Bylaws again pursuant to Article 24 of the same Bylaws, as described in section 13 of this report; the latter article of the Bylaws has also undergone further changes, approved by the Extraordinary Shareholders' Meeting of April 30, 2015, intended to describe in greater detail the subjects and areas relevant for the purposes of paragraph 2, letters b) and c) and paragraph 3 of Article 1 of the Ministerial Decree no. 162 of March 30, 2000;
- with respect to criterion 11.C.1., that the document *"Procedures for the attendance of shareholders at shareholders' meetings of Salini Impregilo and for exercise of voting rights"* will be published and posted on the website [www.salini-impregilo.com](http://www.salini-impregilo.com) (under the *"Governance - Shareholders' Meeting"*) section;
- to note that the company's corporate governance system already complies with the other provisions of the Code.

In addition to the above, in order to further align the company's corporate governance structure with the standards and criteria of the Code (July 2015 version), on December 17, 2015, the Board of Directors:

- *with respect to application criterion 1.C.1. letter b) "The Board of Directors: [...] omissis ... ] b) defines the nature and the level of risk consistent with the strategic objectives of the issuer, including in its assessment all risks that can be relevant in view of sustainability of the issuer's activity in the medium to long term;"* acknowledged that this activity is included in the 2016 Risk Management Plan ;
- with respect to the comments on Article 1: *"The Committee underlines the crucial role of the Board of Directors in the evaluation of the actual operation of the internal control and risk management system that may be significant in terms of sustainability of the issuer's activity in the medium to long term. In the presence of significant circumstances, the Board of Directors acquires the necessary information and takes all the appropriate measures for protection of the company and of disclosure to the market ."*,

acknowledged the appointment of the Group Risk Officer, as an additional measure of the control and risk management system in place, and in the definition of a 2016 Risk Management Plan;

- with respect to application criterion Article 7.C.2, "*The Control and Risk Committee in assisting the Board of Directors: [...] omissis ...] g) supports, 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,*" acknowledged that the Control and Risk Committee, appointed by the Board, already carried out the investigations for managing risks related to adverse facts that might arise in the performance of activities;
- with respect to the comment of Article 7, "*The Committee believes that at least in the issuing companies belonging to the FTSE-MIB index, an adequate internal control and risk management system must have an internal system for reporting by employees of any irregularity or violation of the applicable legislation and internal procedures (so-called whistleblowing systems) in line with national and international best practices, guaranteeing a specific and reserved information channel as well as the anonymity of the informant.*", on a totally voluntary basis - since there is no requirement, being a Company not included in the FTSE-MIB index - and for the purposes of alignment with best practices, with the favorable opinion of the Control and Risk Committee, approved the adoption of a special system for the management of reports relating to any irregularities or violations of applicable legislation and internal procedures;
- with respect to the comment of Article 5, "*The Committee underlines the importance of the involvement of the Nominating Committee in the event that the Board of Directors itself, consistent with applicable legislation, submits a list for the renewal of the Board*", approved the involvement of the Compensation and Nominating Committee in the event of submission of the list by the Board of Directors for renewal of the Board itself;
- with respect to the comment of Article 3, "*Independent directors meet in accordance with criterion 3.C.6. holding meetings convened ad hoc. Independent directors' meetings are to be understood as separate and different meetings from those of Board committee meetings.*", as confirmed by the independent directors, acknowledged that the manner in which the same meet, at least once a year, shall envisage meetings convened ad hoc and duly minuted;
- with respect to the Article 4.C.1, "*The establishment and functioning of the committees envisaged by the Code meet the following criteria: [...] omissis ...] d) the meetings of each committee shall be minuted and the chairman of the committee shall inform the next Board of Directors meeting;*" approved that in each Board meeting there shall be communications by the Chairmen on the activities of the various Board Committees chaired by the same;
- with respect to the comment of Article 4, "*In companies belonging to the FTSE-Mib index, the Board of Directors shall evaluate the possibility of forming a special committee dedicated to supervision of sustainability issues related to exercising the company's activities and its interaction with all stakeholders; alternatively, the Board shall assess whether to group or distribute these functions among other committees.*",

acknowledged that the Control and Risk Committee had responsibility for sustainability issues;

- with respect to the comment of Article 5 of the Corporate Governance Code "*As for the procedures adopted for succession [of executive directors], the Committee hopes that these contain a clear definition of objectives, tools and timing of the process, involvement of the Board, as well as a clear division of responsibilities, starting with investigation.*" appointed the Compensation and Nominating Committee to initiate the activities for possible updating of the current succession plan, to be submitted to the Board of Directors.

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Salini Impregilo and its strategic subsidiaries are not subject to non-Italian legislation that would affect the Issuer's corporate governance structure.

## **4. BOARD OF DIRECTORS**

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### **4.1 APPOINTMENT AND REPLACEMENT (ARTICLE 123-BIS.1.L) TUF)**

Article **20** of the Salini Impregilo Bylaws envisages that "*The Company is managed by a Board composed of a minimum of seven and a maximum of fifteen members.*

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

*The Shareholders' Meeting, prior to proceeding with the appointment, shall determine the number of members of the Board of Directors and 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.*

*Directors are elected using lists submitted by the shareholders and 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, 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 at the Issuer's registered office at least twenty-five days before the date of first call of the shareholders' meeting, as detailed in the notice calling the meeting.*

*Each individual shareholder, shareholders who are parties to significant shareholder agreements pursuant to Article 122 of Legislative Decree no. 58/1998 of February, the parent, subsidiaries and jointly controlled entities pursuant to Article 93 of Legislative Decree No. of 58/1998 February 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 in the aggregate 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 imperative provisions of laws or regulations.<sup>3</sup>*

*Together with each list and within the respective time limits stated above, the shareholders must file: (i) 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 for the relevant offices; (ii) a professional and personal profile of each candidate and mention of whether they qualify as independent and any offices held as director or statutory auditor in other companies; and (iii) any other information that is requested in the notice calling the shareholders' meeting and required under the applicable law or regulations.*

*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.*

*Lists containing a number of candidates greater than or equal to three shall consist of candidates belonging to both genders, in order that at least one third (in any case rounded up) of candidates belong to the less represented gender.*

*Lists submitted that do not meet the above requirements will be treated as not having been submitted.*

*The following procedure is carried out to elect the directors:*

*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, all Directors except one shall be taken from the list with the highest number of votes, in the progressive order in which they are shown on the list, while the remaining Director shall be taken from the minority list that has obtained the highest number of votes and is not connected in any way, even indirectly, with the shareholders who filed or voted the list that obtained the largest number of votes.*

*If the first two lists obtain the same number of votes, from each of said lists, in the order in which they were listed in the list itself, an equal number of Directors less 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; 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*

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<sup>3</sup> Consob established the percentage as 1% for the presentation of lists for the election of the directors and statutory auditors of Salini Impregilo, pursuant to the TUF and the Issuer Regulation in its resolution no.19499 of January 28, 2016.

*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.*

*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 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 in any case to ensure 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.*

*Should one or more directors leave their position during the year, in order to ensure that the majority of the board is always made up of directors appointed by the shareholders, the Board of Directors shall replace them pursuant to Article 2386 of the Italian Civil Code, appointing candidates from the list to which the former director belonged, in consecutive order, and who are still eligible and willing to accept the position. Directors who have left office are always replaced: (i) ensuring the presence of the number of directors with the independence characteristics required by law necessary and (ii) in compliance with the applicable legislation on gender equality.*

*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.*

*Unless otherwise resolved by the Shareholders' Meeting, Directors are not subject to the ban referred to in Article 2390 of the Italian Civil Code.*

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

*The Shareholders' Meeting shall determine the remuneration of the Board of Directors and may determine the procedures for its division among directors, should the remuneration be determined for the entire Board.*

*The remuneration of directors with special duties is determined by the Board of Directors after consultation with the Board of Statutory Auditors".*

### ***SUCCESSION PLANS***

With respect to criterion 5.C.2 of the Code, the Board of Directors approved a succession plan (the “**Plan**”) defined, also on the basis of the relevant proposals made by the compensation and nominating committee on March 19, 2014, which handled the preliminary investigation, and subsequently updated by the board resolution on March 19, 2015.

The Plan includes the procedures to apply in order to ensure the continuity of company management in the event the CEO leaves office before the end of his term of office, also making all decisions necessary for the immediate future, attributing the appropriate powers and proxies to the Chairperson.

The plan consists of: (i) compliance with the Bylaws concerning the replacement of Directors ceasing to hold office; (ii) compliance with the regulations approved by the Board of Directors concerning the maximum number of positions that can be held in other companies pursuant to criterion 1.C.3 of the Code; (iii) compliance with the principles set forth in criterion 2.C.5 of the Code concerning “cross directorship”; (iv) competence and experience requirements of the individual to be appointed; (v) a balance between enhancing internal management skills (through a structured management assessment procedure) and opening to the market.

The Plan provides for appointing the Chairperson of the Board of Directors to identify a possible successor of the CEO. The chairperson, after consultation with the compensation and nominating committee, will also be required to prepare a proposal for the Board of Directors.

The role of the compensation and nominating committee is to assess, on an annual basis, whether to revise the plan. However, the Board of Directors has the power to (i) call on, at any time, the compensation and nominating committee to propose a revision of the plan providing guidelines or (ii) to revise the plan directly.

On December 17, 2015, the Board of Directors appointed the Compensation and Nominating Committee to initiate the activities for possible updating of the Succession Plan. The Committee will address this issue during the next meeting scheduled in the current year.

## 4.2 COMPOSITION (ARTICLE 123-BIS.2.D) OF TUF

### COMPOSITION OF THE CURRENT BOARD AND COMMITTEES AT THE END OF THE 2015 FINANCIAL YEAR (THE "FINANCIAL YEAR")

Board of Directors													Control and Risk Committee		Compensation and Nominating Committee		Executive Committee	
Position	Members	Year of birth	Date of first appointment	In office since	In office until	List (M/m)	Executive	Non-executive	Independent as per Code	Independent as per TUF	(*)	No. of other positions	(*)	(**)	(*)	(**)	(*)	(**)
Chairperson	Alberto Giovannini	1955	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X		15/15	8					12/14	M	
Chief Executive Officer* ♀	Pietro Salini	1958	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M	X			14/15	-					13/14	P	
Director	Marco Bolgiani	1957	30.4.15	30.4.15	Shareholders' meeting to approve the financial statements at December 31, 2014	m		X	X	11/11	1	12/12	M					
Director	Marina Brogi	1967	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	15/15	2			7/7	P			
Director	Giuseppina Capaldo	1969	06.11.12	11.06.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	13/15	2	17/19	M					
Director	Mario Cattaneo	1930	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	14/15	3	19/19	P					
Director	Roberto Cera	1955	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X		15/15	1							
Director	Laura Cioli	1963	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	8/15	2							

Board of Directors														Control and Risk Committee		Compensation and Nominating Committee		Executive Committee	
Position	Members	Year of birth	Date of first appointment	In office since	In office until	List **	Executive	Non-executive	Independent as per Code	Independent as per TUF	(*)	No. of other offices	(*)	(**)	(*)	(**)	(*)	(**)	
Director	Nicola Greco	1949	12.9.13	12.09.13	Shareholders' meeting to approve the financial statements at December 31, 2014			X	X	X	14/15	1			6/7	M	6/6	M	
Director	Pietro Guindani	1958	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	X	13/15	3	16/19	M					
Director	Geert Linnebank	1956	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	X	14/15	3			7/7	M			
Director	Giacomo Marazzi	1940	12.9.13	12.09.13	Shareholders' meeting to approve the financial statements at December 31, 2014			X	X	X	14/15	1					12/14	M	
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 the financial statements at December 31, 2014			X	X	X	13/15	2	18/19	M					
Director	Laudomia Pucci	1961	17.7.12	17.07.12	Shareholders' meeting to approve the financial statements at December 31, 2014	M		X	X	X	11/15	1			6/7	M			
DIRECTORS WHO TERMINATED DURING THE FINANCIAL YEAR 2015																			
Chairperson	Claudio Costamagna		17.7.12	17.7.12	14.7.2015	M		X			7/8	4					10/10	M	
Quorum required to present lists at time of last appointment: 1%																			
No. of meetings held during the financial year in question:						BoD: 15						CRC: 19		CNC: 7		EC: 14			

**Note**

\* This symbol indicates the Director in charge of the internal control and risk management system:

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

\* By date of first appointment of each director is meant the date on which the director was appointed for the first time (ever) to the Issuer's Board of Directors.

\*\* This column indicates the list from which each director was taken ("M": majority list; "m": minority list; BoD: list submitted by the BoD).

\*\*\* This column indicates the number of offices as director or statutory auditor held by the person in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance companies or large companies. In the Report on Corporate Governance the positions are indicated in full.

(\*) This column indicates the attendance of directors in Board and committee meetings, respectively, in relation to the total number of meetings held during the respective period of office.

(\*\*) This column indicates the qualification of the director in the Committee: "P": chairman; "m": member.

The Salini Impregilo Shareholders' Meeting held on April 30, 2015 appointed the new Board of Directors for three years, and therefore until the Shareholders' Meeting for approval of the financial statements at December 31, 2017, based on the applications submitted by means of the following 2 lists.

- 1) Majority list submitted by the shareholder Salini Costruttori S.p.A., containing 14 candidates for the office of director of the Company, in the persons of:

- Marina Brogi
- Giuseppina Capaldo
- Mario Giuseppe Cattaneo
- Roberto Cera
- Laura Cioli
- Claudio Costamagna
- Alberto Giovannini
- Nicola Greco
- Pietro Guindani
- Geert Linnebank
- Giacomo Marazzi
- Franco Passacantando
- Laudomia Pucci
- Pietro Salini

These candidates were all elected with the favorable vote of approx. 86.53% of the voting capital.

- 2) Minority list submitted by the law firm Trevisan & Associati on behalf of shareholders who together held 1.18% (5,801,923 shares) of the Company's share capital, with the following two candidates for the office of director of the Company:

- Marco Bolgiani;
- Angelo Busani.

The first candidate of the minority list, Marco Bolgiani, was elected with the favorable vote of 11.77% of the voting capital.

On July 14, 2015, Claudio Costamagna resigned as Director (non-independent non-executive) and Chairman of the Company's Board of Directors, accordingly also the office of the same as a member of the Executive Committee being forfeited.

The Board of Directors, which met on the same date, therefore:

- appointed, as the new Chairman of the Board of Directors, Alberto Giovannini, former Director of the Company, who, on the same date, resigned from his position as Chairman and member of the Committee for Related Party Transactions;
- reduced the composition of the Executive Committee from 5 to 4 members.

On February 24, 2016, the independent and non-executive Director Laura Cioli resigned as Director of the Issuer by virtue of offices held in other companies.

On March 16, 2016, the Board of Directors appointed as Director, pursuant to Article 2386 of the Italian Civil Code, Grazia Volo, non-executive and non-independent director, replacing Claudio Costamagna, who will remain in office until the next Shareholders' Meeting. On the same date the Board also called the Shareholders' Meeting for the appointment of two Board Members.

The Board of Directors therefore currently consists of 14 members, it being the responsibility of the next Shareholders' Meeting of the Company to adopt all and the most appropriate resolutions in this regard.

On this point, please refer to the Directors' Report which will be published, as provided by law, on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance - Shareholders' Meeting" section.

The directors' personal and professional profiles are presented in their *curricula vitae* posted on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "Governance - Board and Committees" section.

No further change in the Board of Directors or its committees has taken place since year end.

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

In its meeting of December 12, 2007, the board resolved to adopt a specific rule:

*"Whereas for the purposes of this rule, "companies of significant size" are":*

- a. Italian companies listed on Italian or other EU state regulated markets;*
- b. banks, financial brokers pursuant to Article 107 of Legislative Decree no. 385 of September 1, 1993, stock brokerage companies pursuant to Article 1.1.e) of the Consolidated Act, variable capital investments companies (OEICs) pursuant to Article 1.1.i) of the Consolidated Act, fund management companies pursuant to Article 1.1.o) of the Consolidated Act, insurance companies pursuant to Article 1.1.s), t) and u) of Legislative Decree no. 209 of September 7, 2005, set up as companies as per paragraphs V, VI and VII, section V, chapter V of the Italian Civil Code not listed on Italian or EU state regulated markets;*
- 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, not listed on Italian or other EU state regulated markets,*

*the maximum number of offices that can be held by the directors of Impregilo S.p.A. (now Salini Impregilo) is:*

#### **Executive directors**

*The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed four.*

#### **Non-executive directors members of the executive committee**

*The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed six.*

**Non-executive directors who are not members of the executive committee**

*The maximum number of positions as director or statutory auditor in other significant size companies cannot exceed eight.*

*In order to calculate the number of positions:*

- positions in companies that are directly and/or indirectly controlled by Impregilo S.p.A. (now Salini Impregilo), are its parent companies or are subject to joint control are not considered;*
- positions as alternate statutory auditor are not considered;*
- positions held in significant size companies belonging to the same group which is not that of the Issuer are considered to have the following "weight":*
  - *first position: one*
  - *second position: one and a half*
  - *from three up: two.*

*Should a director be offered new positions that would lead to their exceeding the above ceilings, they shall inform the board promptly of this so that the board can grant waivers (also temporary) to the maximum number of positions set in this rule. The waiver shall be adequately documented. It shall be described in the company's corporate governance report together with the reasons therefor."*

The current composition of the board complies with the above general criteria.

***INDUCTION PROGRAM***

In order to provide the Directors and Statutory Auditors with an adequate background to the Issuer's sector, its characteristics and developments as well as the relevant legislative framework, the Chairperson ensures 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;
- the directors have access to the company's intranet portal, where they can find information and documentation about the above topics (including the reports prepared by the Integrity Board as per Legislative Decree no. 231/01 about the legislative framework and standard practices);
- working sessions are held to illustrate specific business issues to the directors and statutory auditors.

During the 2015 financial year, in particular in-depth sessions for directors and statutory auditors were held on specific topics, such as, for example, acquisition of the entire share capital of Lane Industries Incorporated, referred to Section 1 above of this Report.

For the 2016 financial year, an induction plan on subjects strictly related to the company's business as well as to economic policy issues of interest to the Company, which started with a first in-depth session on the subject of business evolution and competitive markets, was also defined.

#### **4.3. ROLE OF THE BOARD OF DIRECTORS (Article 123-bis.2.d) of TUF**

Pursuant to Article **24** of the Bylaws (available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "Corporate Governance - Bylaws" section), the 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 carry out the company's activities as per its business object or related activities, except for those actions reserved exclusively for the shareholders by law.

The Board of Directors may thus 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 a merger and spin-off in compliance with the provisions of Articles 2505 and 2505 bis of the Italian Civil Code.

By law, the directors may not remain in office for more than three years and their term of office expires at the date of the shareholders' meeting held to approve the financial statements of the last year of their term. As not provided for otherwise in Salini Impregilo's Bylaws, the directors may be re-elected.

Pursuant to Article **21** of the Bylaws, the Board of Directors elects a chairperson from among its members and (possibly) one or two deputy chairpersons who substitute the chairperson in their absence or impediment.

Article **20** of the Bylaws provides that the Board of Directors has a minimum of seven and a maximum of fifteen members.

Salini Impregilo's Board of directors met 15 times in 2015; on average, each meeting lasted about two hours.

The 2016 financial year calendar (available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), in the "Governance - Corporate Events" section) envisages 5 meetings.

Three other Board meetings were held in 2016.

The Board, as part of the self-assessment process carried out in 2015, acknowledged that the chairperson, assisted by the board secretary, has provided the directors with the available documentation and information about the issues to be discussed before each meeting, and to have ensured their confidentiality through specific safeguard measures for the Directors and Statutory Auditors to access documentation. When useful, the documentation was made available together with specific executive summaries to aid the directors' understanding and review of the matters to be discussed. Specifically, the independent directors found that the information provided by the CEO to the board was satisfactory.

The board meetings were usually attended by the secretary and the manager in charge of financial reporting. When appropriate, experts and managers of the Issuer and its group companies also participated, depending on the matters to be discussed, to ensure the proper and profitable working of the meetings and to provide any in-depth information necessary.

The chairperson ensured that the items on the agenda were each allowed enough time to allow their complete and constructive discussion and to analyze the supporting documentation, including the information provided before each meeting.

The directors expressed their positions and contributed to the meetings.

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With respect to criterion 1.C.1.a) of the Code, the Board is responsible for:

- the strategic, business and financial plans of the Issuer and its group, and to periodically monitor their implementation;
- the Issuer's corporate governance system;
- the structure of the group headed by the Issuer.

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- With respect to criterion 1.C.1.c) of the Code, in its meeting of March 16, 2016, and after the control and risk committee's positive assessment, the board found the organizational, administrative and accounting structures of the Issuer and Impregilo International Infrastructures N.V. to be adequate, with particular respect to the internal control and risk management system.
- With respect to criterion 1.C.1.e) of the Code, the Board, during its institutional meetings, evaluated the general performance of the company, also compared the planned objectives, taking into account, in particular, the information provided by the delegated bodies.
- With respect to criterion 1.C.1. f) of the Code, the Board meeting held on April 30, 2015 resolved to be responsible for the following acts and operations:
  - exercising voting rights (a) at extraordinary meetings of the shareholders of the strategic subsidiaries and (b) at ordinary meetings of the aforementioned shareholders of the strategic subsidiaries called to appoint their directors;
  - examining and approving the Budget, the Business Plan and the Commercial Plan/Acquisition Plan;
  - performing all significant transactions that do not require shareholder approval as per the "Regulations for related party transactions", approved from time to time;
  - purchasing and selling equity investments in companies, consortia or other entities, not included in the Group's perimeter, including a companies or business units, for an amount exceeding €50 million.

With respect to criterion 1.C.1.g) of the Code and as resolved by the Board of Directors on March 12, 2007, and set out in section 3 of this report, during its meeting of March 16, 2016, the board assessed the size, composition and working of the board itself and its committees, following the review of the compensation and nominating committee that met on March 15, 2015. It considered aspects such as the professional characteristics, experience (including of a management nature) and the gender of the Board and related committees, and their length of term of office.

The self-assessment process, which involved each director completing a questionnaire, was prepared by the compensation and nominating committee, with the support of the internal audit unit, in a way to ensure that the opinions provided were received in anonymous form as well as the opportunity to propose actions to improve performance. In short, the results obtained from the above analysis showed that:

- the composition of the Board is such that each Director has adequate professional experience, both in management and at an international level, in the various issues providing the greatest support to the activities of the corporate bodies, including

technical, economic, financial and legal issues. Thanks to this combination of professional experience, the Board of Directors has fulfilled and will continue to fully discharge all of its functions and duties;

- the documentation and information available on the issues to be discussed have been provided to the directors in a clear and comprehensive manner, ensuring sufficient confidentiality of the pre-board meeting information, in adequate time before each meeting. The directors participate in the work of the Board appropriately and actively contribute to the discussion and decisions taken;
- the number of board meetings held, their duration, interval and frequency appear to be adequate;
- the issues to be resolved by the Board of Directors have been thoroughly examined and the empowered bodies have provided information to the Board of Directors on the activities carried out in exercising the powers conferred upon them;
- the directors take part in initiatives aimed at increasing their awareness of the company's situation and dynamics, also with respect to the relevant legislative framework;
- the number of independent directors is considered appropriate in relation to the composition of the Board of Directors and for the activities carried out by the company;
- in the performance of the duties of their office, the Board of Directors is supported by the internal committees described below. The dimensions, expertise and experience of these committees are such that they are able to carry out their respective tasks effectively.

With respect to 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 ban referred to in Article 2390 of the Italian Civil Code. In 2015 and 2016, to the present date, there were no critical issues or needs of an organizational nature that required the need to request to the Shareholders' meeting to make exemptions from the abovementioned ban.

#### **4.4. EMPOWERED BODIES**

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

The Board of Directors may delegate part of its powers to one or more directors, setting limits and proxy operating methods. It may appoint directors and representatives, who do not necessarily have to be board members, and establishes their powers (Article **25** of the Bylaws).

The Board of Directors appointed Pietro Salini as CEO on April 30, 2015. 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 and may delegate responsibility for the organization and running of certain business activities.

The Board also reserved for itself, in addition to those powers reserved exclusively to it by law, also the exclusive authority for any decisions related to:

- the exercise of voting rights (a) at extraordinary meetings of the shareholders of the strategic subsidiaries and (b) at ordinary meetings of the aforementioned shareholders of the strategic subsidiaries called to appoint their directors;

- examining and approving the Budget, the Business Plan and the Commercial Plan/Acquisition Plan;
- performing all significant transactions that do not require shareholder approval as per the “Regulations for related party transactions”, approved from time to time;
- purchasing and selling equity investments in companies, consortia or other entities, not included in the Group's perimeter, including a companies or business units, for an amount exceeding €50 million.

The CEO, Pietro Salini, is in charge of running the company (Chief Executive Officer). As required by criterion 2.C.5, it should be noted that no *interlocking directorate* situation exists, given that the CEO does not hold directorships in any other Italian listed companies.

#### **CHAIRPERSON OF THE BOARD OF DIRECTORS**

The chairperson is the company's legal representative and has signatory powers with third parties and in court pursuant to Article **28** of the Bylaws. The chairperson does not have special strategic decision-making powers.

The chairperson of the Board of Directors is not the chief executive officer nor is he the majority shareholder of the Issuer.

#### **EXECUTIVE COMMITTEE (ARTICLE 123-BIS.2.D) OF TUF**

Pursuant to Article **25** of the Bylaws, the Board of Directors may delegate all or part of its powers (not reserved to it by law) to an executive committee consisting of a number of members to be less than half that of the Board of Directors, including the CEO, who acts as chairperson of the executive committee.

The Board of Directors set up an executive committee, in accordance with Article **25** of the Bylaws.

The Executive Committee, until April 30, 2015, consisted of the following Board Members:

#### **Executive Committee until April 30, 2015**

Chairperson	Pietro Salini
Member	Claudio Costamagna
Member	Alberto Giovannini
Member	Giacomo Marazzi

The Board of Directors meeting of April 30, 2015, following the renewal of the Company's Board, resolved to establish as five the number of members of the Executive Committee. As a result of the Board resolutions of April 30, 2015, the Executive Committee, until July 14, 2015, consisted of the following Board Members:

#### **Executive Committee from April 30 to July 14 2015**

Chairperson	Pietro Salini
Member	Claudio Costamagna
Member	Alberto Giovannini
Member	Giacomo Marazzi
Member	Nicola Greco

On July 14, 2015, the Board of Directors, following the resignation from office of Executive Committee member Director Claudio Costamagna on the same date, resolved to reduce the composition of the Executive Committee from five to four members, which therefore currently consists of the following members:

#### **Executive Committee since July 14, 2015**

Chairperson	Pietro Salini
Member	Alberto Giovannini
Member	Nicola Greco
Member	Giacomo Marazzi

The executive committee is convened as required and meetings are not scheduled for each year.

The executive committee met 14 times during the year and each meeting lasted an average of approximately one hour.

Two meetings have been held by the executive committee in the course of the year.

Please see the Table provided in Section 4.2 for information on the percentage of meetings attended by each member of the executive committee during the year.

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The Board of Directors delegated all the ordinary and extraordinary administrative powers reserved to it to the executive committee, except for those powers reserved exclusively to it by law and those related to the performance of the following actions and transactions, reserved to the board:

- i. the exercise of voting rights (a) at extraordinary meetings of the shareholders of the strategic subsidiaries and (b) at ordinary meetings of the aforementioned shareholders of the strategic subsidiaries called to appoint their directors;
- ii. examining and approving the Budget, the Group Business Plan and the Commercial Plan/Acquisition Plan;
- iii. the performance of all significant transactions that do not require shareholder approval as per the "Regulations for related party transactions", described in section 12 of this report, approved from time to time;
- iv. purchasing and selling equity investments in companies, consortia or other entities, not included in the Group's perimeter, including a companies or business units, for an amount exceeding €50 million.

In addition, with regard to commercial initiatives, the Board of Directors assigned the following specific functions to the Executive Committee:

- a. approval of participation in initiatives not included in the Commercial Plan/Acquisitions Plan approved from time to time;
- b. approval of participation in tenders with respect to which the CEO has an interest on his own behalf or on that of third parties pursuant to Article 2391 of the Italian Civil Code;
- c. monitoring of the progress of the acquisition plan in place, of tenders submitted in line with the same and of initiatives under preparation.

#### **Information to be provided to the Board of Directors**

The Board of Directors meets at least every three months. The CEO, also as chairperson of the executive committee, reported to the board and the Board of Statutory Auditors on the activities carried out under proxy and key transactions at these meetings and whenever required by the specific circumstances.

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

The Board of Directors currently consists of one executive director (the CEO) and 13 non-executive directors.

As described in section 3 about criterion 2.C.1., the directors making up the executive committee are considered to be non-executive as involvement in the committee, given the subject of the related resolutions, does not entail the systematic participation of its members in the day-to-day management of the company nor does it lead to remuneration such that would compromise their independence.

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

The Issuer's Board of Directors is currently composed of the following 10 independent directors:

<b>Independent Directors</b>
Marco Bolgiani
Marina Brogi
Giuseppina Capaldo
Mario Giuseppe Cattaneo
Nicola Greco
Pietro Guindani
Geert Linnebank
Giacomo Marazzi
Franco Passacantando
Laudomia Pucci

The Board, applying all the criteria provided for by the Corporate Governance Code, evaluated, at the first opportunity after its appointment and, therefore, on April 30, 2015, as well as subsequently on March 16, 2016, existence of the independence requirements provided for by the Code for each of the non-executive directors, applying all the criteria provided for by the Code itself, publishing the results of its evaluation by means of a disclosure to the market.

The Issuer's **10** independent directors meet the independence requirements pursuant to both the Consolidated Finance Act and the Code.

The Board of Statutory Auditors checked the correct application of the criteria and procedures adopted to check independence by the board. The outcome of such process will be communicated by the Board of Statutory Auditors to the market in its report to the shareholders.

As resolved by the Board of Directors about criterion 3.C.6. of the Code in its meeting of March 12, 2007, the independent directors meet annually before the board meeting held to approve the annual financial statements for self-assessment purposes and so that any remedial action to be taken can be examined with respect to the role played by

independent directors within the board. This meeting was held on February 23, 2016 and the independent directors reported to the Board meeting held on March 16, 2016. During the financial year, two meetings of the independent directors were held for the following activities.

When agreeing to their inclusion in the lists of candidate directors, the independent directors have not agreed to maintain their independence throughout their term of office and, if necessary, to resign.

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The independent directors, during the meetings held in the financial year:

- expressed a favorable opinion on the qualification as non-executive of the directors who serve on the executive committee;
- carried out a self-assessment with respect to the role played by independent directors within the Board of Directors;
- supported the Compensation and Nominating Committee with regard to the most appropriate manner for carrying out the board evaluation for the 2015 financial year.

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

As the requirements of the Code are not met, the board has not deemed it necessary to designate an independent director as lead independent director.

### **5. HANDLING OF COMPANY INFORMATION**

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On December 12, 2007, the Board of Directors approved a special *“Procedure for the internal management and external communication of documents and information”* as proposed by the CEO. This procedure substituted the “Internal regulations for disclosing price sensitive documents and information to the market” approved by the Board of Directors on March 27, 2001.

The Procedure includes the guidelines for the internal management and external communication of documents and information, especially inside information as per Article 114.1 of TUF (“Inside information”).

It covers all those parties who, based on their employment or professional activities or duties, have frequent or infrequent access to company information about the Issuer. Such parties are required to (i) maintain such confidential information secret; (ii) use such information solely to carry out their employment or professional activities; and (iii) not use such confidential information contrary to the current legislation.

Specifically, the directors and statutory auditors of Salini Impregilo and its subsidiaries are required to maintain information and documents obtained by them during the execution of their duties confidential as well as the contents of any discussions carried out during board meetings and as part of the work of the Board of Statutory Auditors.

In order to ensure a coordinated and standard approach, any contact with the press or other mass media or with financial analysts and institutional investors that involves information (even when not confidential) about Salini Impregilo or its subsidiaries can only take place after authorization by the chairperson or CEO of Salini Impregilo or the Investor Relations and Corporate Identity units of Salini Impregilo, in accordance with the Procedure.

The chairperson and CEO of the Issuer are responsible for managing privileged information.

The related administrative bodies are responsible for management of privileged information about the subsidiaries, which may be disclosed in accordance with the Procedure.

Only the chairperson and CEO of Salini Impregilo may disclose privileged information to the market.

The communication of privileged information must respect the criteria of completeness, timeliness, transparency, adequacy and continuity. Investors should be provided with the same information to avoid discontinuity or the creation of situations that could affect the listed share price.

The Chairperson is responsible for ensuring compliance with the Procedure.

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

## **6. BOARD COMMITTEES (Article 123-bis.2.d) of TUF**

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The Board of Directors has set up a control and risk committee, a compensation and nominating committee (which carries out the duties assigned by Article 5 of the Code to the nomination committee and Article 6 to the compensation committee, as the Code rules for the composition of the two committees are complied with and attainment of the objectives is guaranteed) and a committee for related - party transactions as described in section 12 of this Report, together with the executive committee described in section 4.4.

For the Issuer, as it is subject to management and coordination by Salini Costruttori S.p.A., Article 37 of the Consob Markets Regulation also applies. According to this Article, subsidiaries subject to management and coordination by another company must have an internal control committee composed of independent directors. The foregoing also applies to the other committees recommended by the Corporate Governance Code, where established. The composition of these Salini Impregilo committees complies with the provisions of art. 37 of the Consob Market Regulations.

The decision to set up just one committee to combine the nomination and remuneration functions is based on organizational 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 retained functions attributed to one or more of its committees by the Code.

## **7. NOMINATING COMMITTEE**

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As noted in section 6 of this report, the board, most recently on April 30, 2015, set up a compensation and nominating committee (previously called the remuneration and appointment committee). In addition to the duties assigned under Article 6 of the Code to the compensation committee, it also carries out the duties assigned by Article 5 of the Code to the nominating committee, as the Code rules for the composition of the two committees are complied with and attainment of the objectives is guaranteed.

### **COMPOSITION AND DUTIES OF THE NOMINATING COMMITTEE (ARTICLE 123-BIS.2.D) OF TUF**

The compensation and nominating committee meets whenever the chairperson deems it necessary and in order to carry out its mandate, as there is no calendar for the year. It is coordinated by its chairperson.

The compensation and nominating committee also meets at the justified request to its Chairman of at least two members of the Committee or of the Chairman of the Board of Statutory Auditors.

During the financial year, the compensation and nominating committee met 7 times with meetings averaging roughly one and a quarter hours.

Four meetings of the compensation and nominating committee were held during the current financial year.

Please see the Table provided in Section 4.2 for information on the percentage of meetings attended by each member of the compensation and nominating committee during the year.

The committee in question, as most recently appointed on April 30, 2015, as a result of the renewal of the Board of Directors by the Shareholders' Meeting, currently consists of the following independent directors:

<b>Compensation and nominating committee</b>	
Chairperson	Marina Brogi
	Nicola Greco
	Geert Linnebank
	Laudomia Pucci

The Chairperson (on 3 occasions), the CEO (on 2 occasions, for issues related to the compensation of the Key Management Personnel) and the managers of the Issuer attended committee meetings upon invitation when the committee deemed it was necessary and appropriate for the more effective discussion of the items on the agenda.

### **Duties of the nominating committee**

In its meeting of April 30, 2015, the Board of Directors resolved to give the compensation and nominating committee the following duties, pursuant to Article 5 of the Code: Therefore, the compensation and nominating committee is vested with the following functions:

- a) the presentation to the Board of Directors of opinions about the board's size and composition as well as recommendations about suitable board members;
- b) the presentation to the Board of Directors of candidates when directors need to be co-opted or independent directors replaced.

In the light of the above, the committee also provides advice about the issues as per criteria 1.C.3 and 1.C.4 of the Code and the procedures for preparation of a succession plan for the executive director pursuant to criterion 5.C.2 of the Code.

During the financial year, in the Shareholders' Meeting held on April 30, 2015, called, inter alia, to deliberate on the appointment of the Board expiring with the approval of the financial statements at December 31, 2014, the compensation and nominating committee, pursuant to Article 5 of the Corporate Governance Code, presented proposals on the composition of the Board of Directors, with specific reference to the professional profiles whose presence is deemed appropriate for the composition of the Board, taking into account the professional competence, experience, (including managerial experience) and gender of its members, as well as the number of years in office.

These Board of Directors guidelines were published, in the manner and timing provided for by the relevant regulations, on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance - Shareholders' Meeting" section as Annex A to the Board of Directors' Report on the second item on the agenda of the Ordinary Shareholders' Meeting of April 30, 2015.

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Minutes of its meetings are drawn up regularly.

The committee may access information and internal functions as required to carry out its duties. It may also avail of the services of external consultants: during the year, no appropriateness or need arose for the use of external consultants to perform the duties assigned to the committee with respect to appointments.

On March 12, 2007, the Board of Directors resolved to give the committee an annual budget of €25,000 to cover the costs of any necessary consultancy or other services required to carry out its duties. The prior authorization of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

## **8. COMPENSATION COMMITTEE**

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As noted in section 6 of this report, the board set up a compensation and nominating committee which, as mentioned above, in addition to the duties assigned under Article 5 of the Code to the nominating committee (see section 7), also carries out the duties assigned by Article 6 of the Code to the compensation committee, as the Code rules for the composition of the two committees are complied with and attainment of the objectives is guaranteed.

### **COMPOSITION AND DUTIES OF THE COMPENSATION AND NOMINATING COMMITTEE (ARTICLE 123-BIS.2.D) OF TUF)**

The compensation and nominating committee meets whenever the chairperson deems it necessary and in order to carry out its mandate, as there is no calendar for the year. It is coordinated by its chairperson.

The committee also meets at the justified request to its Chairman of at least two members of the Committee or of the Chairman of the Board of Statutory Auditors.

As concerns the related activities, specifically the definition of the 2016 remuneration policies, the committee met for a total of 7 times, with each meeting lasting about one hour and fifteen minutes, on average.

Four meetings of the compensation and nominating committee were held during the current financial year.

Please see the Table provided in Section 4.2 for information on the percentage of meetings attended by each member of the compensation and nominating committee during the year.

The committee in question, as most recently appointed on April 30, 2015, as a result of the renewal of the Board of Directors by the Shareholders' Meeting, currently consists of the following independent directors:

## **Compensation and nominating committee**

Chairperson	Marina Brogi
	Nicola Greco
	Geert Linnebank
	Laudomia Pucci

Given the personal and professional characteristics of its members, the board has found that the members of the compensation and nominating committee have suitable financial or remuneration policy knowledge and experience.

The directors did not attend the committee meetings held to decide on their remuneration to be proposed to the Board of Directors.

The Chairperson of the Board of Directors (on 3 occasions), the CEO (on 2 occasions, for issues related to the compensation of the Key Management Personnel) and the managers of the Issuer attended committee meetings for several items on the agenda, upon invitation when the committee deemed it was necessary and appropriate for the more effective discussion of the items on the agenda.

The compensation and nominating committee approved, most recently on May 13, 2015, its operating regulations, which provide that proceedings are coordinated by the Chairman, that committee meetings are attended by the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the same, and case by case, in relation to the matters to be discussed, the Chairman of the Board of Directors, the CEO, the other Directors, the Manager in charge of financial reporting and other managers and external company consultants may be invited.

During the financial year, the Chairman of the Board of Statutory Auditors or another Statutory Auditor designated by the same participated in the committee meetings and the other Statutory Auditors were also able to participate.

### **DUTIES OF THE COMPENSATION AND NOMINATING COMMITTEE:**

In its meeting of April 30, 2015, the Board of Directors resolved to give the compensation and nominating committee the advisory and proposal functions, pursuant to Article 6 of the Code: Therefore, the compensation and nominating committee is vested with the task of:

- presentation to the Board of Directors of the remuneration report and, specifically, the remuneration policy for the directors and key management personnel for presentation to the shareholders in their meeting called to approve the financial statements, within the legal terms;
- regularly assessing the adequacy, overall consistency and actual application of the general policy adopted for the remuneration of the directors and key management personnel; the latter's conduct is assessed based on the information provided by the CEOs; making the relevant proposals to the Board of Directors;
- presentation to the Board of Directors of proposals about the remuneration of the executive directors and other directors with special positions, setting performance objectives tied to the variable part of the remuneration; monitoring the decisions taken by the board and ensuring specifically that the performance objectives are met.

During 2015, for the activities related to the definition of the remuneration policies, the compensation and nominating committee was assisted by an advisor after checking that the advisor was not in situations that could interfere with his/her exercise of independent judgment.

During the financial year, the compensation and nominating committee, pursuant to Article 6 of the Corporate Governance Code, presented proposals to the Board concerning: a) definition of the objective parameters of the 2013/2015 Long Term Incentive Plan of the CEO; b) definition of the objective parameters of the 2015 Short Term Incentive and 2015–2017 Long Term Incentive Plan of the CEO and Key Management Personnel; c) emoluments in favor of corporate officers and internal committees, in accordance with Article 2389, paragraph 3 of the Italian Civil Code; d) 2015–2017 Performance Share Plan; e) Remuneration Report pursuant to Article 123- ter of the TUF.

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Minutes of its meetings are drawn up regularly.

When carrying out its duties, the committee had access to internal information and functions, as necessary, and to external consultants.

On March 12, 2007, the Board of Directors resolved to give the committee an annual budget of €25,000 to cover the costs of any necessary consultancy or other services required to carry out its duties. The prior authorization of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

## **9. DIRECTORS' REMUNERATION**

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The information in this section is included in the 2016 Remuneration Report published pursuant to Article 123-ter of the TUF and will be made available on the Internet site [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "*Corporate governance - Shareholders' Meetings*" section.

### **Incentive mechanisms for the Chief Internal Auditor and the Manager in charge of financial reporting**

The incentive mechanisms for the Chief Internal Auditor are consistent with the tasks assigned to the same, pursuant to Criterion 6.C.3 of the Code.

The incentive mechanisms for the Manager in charge of financial reporting are described in the 2016 Remuneration Report.

### **Compensation for directors in the case of their resignation, dismissal, retirement or termination of the relationship following a takeover bid (Article 123-bis.1.i) of TUF**

The Issuer does not have agreements with its directors for their compensation in the case of their resignation, dismissal, retirement, removal from office without just cause or termination of the relationship following a takeover bid.

During the year there were no cases of termination of office or the termination of employment of executive directors or general directors.

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

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As noted in Section 6 of this report, the board has set up a control and risk committee.

## **Composition and duties of the control and risk committee (Article 123-bis.2.d) of TUF)**

The control and risk committee meets whenever the chairperson deems it necessary and in order to carry out its mandate, as there is no calendar for the year. It is coordinated by its chairperson.

The committee also meets at the justified request to the Chairman of at least two members of the Committee or of the Chairman of the Board of Statutory Auditors.

The control and risk committee met 19 times during the year and each meeting lasted an average of approximately 2 hours and 45 minutes.

The control and risk committee has held 4 meetings this year.

Please see the Table provided in Section 4.2 above for information on the percentage of meetings attended by each member of the control and risk committee during the year.

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The control and risk committee, up to April 30, 2015, was composed of the following independent directors:

<b>Control and Risk Committee</b>	
Chairperson	Mario Giuseppe Cattaneo
	Giuseppina Capaldo
	Pietro Guindani
	Franco Passacantando

The Board of Directors meeting of April 30, 2015, following the renewal of the Company's Board, appointed a new Control and Risk Committee which is therefore currently composed of the following independent Directors:

<b>Control and Risk Committee since April 30, 2015</b>	
Chairperson	Mario Giuseppe Cattaneo
	Marco Bolgiani
	Giuseppina Capaldo
	Pietro Guindani
	Franco Passacantando

The Board, considering the personal and professional characteristics of the members of the control and risk committee, has concluded that the committee is composed entirely of independent directors who have suitable financial or remuneration policy knowledge and experience.

Most recently on May 14, 2015, the control and risk committee approved rules for its working which establish that its proceedings are coordinated by the chairperson and that the chairperson of the Board of Statutory Auditors or another statutory auditor designated by him participate. The Chairman of the Board of Directors and the CEO, the latter in relation to the activities and tasks that pertain to his role as Director in charge of the internal control and risk management system, are invited to committee meetings. It is also envisaged that any other person, whose presence is deemed by the committee to be appropriate in relation to the individual items to be discussed, may attend committee meetings.

All control and risk committee meetings have always been attended by the chairperson of the Board of Statutory Auditors or another statutory auditor designated by him (and the other statutory auditors were also free to attend).

Committee meetings were also attended by the Chief Internal Auditor except for one meeting held by the committee with full participation within the scope of the in-depth session for directors and statutory auditors regarding the proposed acquisition of Lane Industries Incorporated as mentioned above in this report in section 4.2.

Upon invitation and to make its working more efficient, the committee invited the chairperson of the Board of Directors, the CEO, the Manager in charge of financial reporting, the relevant internal functions, the Integrity Board, external consultants and the representatives of the independent auditors to attend certain meetings.

#### **DUTIES OF THE CONTROL AND RISK COMMITTEE**

As resolved by the Board of Directors on April 30, 2015 and December 17, 2015, as regards criteria 7.C.1 and 7.C.2 of the Code, the control and risk committee has the following duties:

- providing the Board of Directors with opinions on:
  - 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, defining the degree of compatibility of these risks with company management and its strategic objectives;
  - 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 efficiency;
  - approval at least once a year of the audit plan prepared by the chief internal auditor;
  - description of the main characteristics of the internal control and risk management system, as well as the procedures for coordination of the parties involved, in the corporate governance report, expressing its assessment of their adequacy;
  - assessment of the findings presented by the auditor engaged to carry out the legally-required audit in its management letter (if prepared) and in the audit report;
  - appointment and removal from office of the chief internal auditor;
  - Reporting to the Board of Directors on the suitability of the resources of the internal audit unit for carrying out their duties;
  - definition of remuneration of the chief internal auditor in line with internal policies;
- assessment with the manager in charge of financial reporting, and after consulting the auditor engaged to carry out the legally-required audit and the Board of Statutory Auditors, of the correct application of the accounting policies and their consistency for the preparation of the consolidated financial statements;
- expression of opinions on specific aspects related to the identification of key business risks;

- review of the periodic reports on the internal control and risk management system, especially those prepared by the internal audit unit;
- monitor the independence, adequacy, effectiveness and efficiency of the internal audit unit;
- it may ask the internal audit unit to carry out checks of specific operating areas and it reports thereon to the chairperson 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 interim 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;
- performance of the other duties assigned to it by the board.

During the financial year, the control and risk committee reviewed and assessed the work plan and reports prepared by the Chief Internal Auditor and Chief Compliance Officer, and the reports drawn up by the Integrity Board as per Legislative Decree no. 231/2001; it expressed, in agreement with the Board of Statutory Auditors, a favorable opinion, together with the manager in charge of financial reporting and the representatives of the independent auditors, on the correct application of the accounting policies and their consistency during preparation of the consolidated financial statements, reporting thereon to the Board of Directors. During approval of the draft annual financial statements and the interim financial report, the committee informed the Board of Directors about its activities and the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness. This opinion was shared by the Board of Statutory Auditors.

The committee, during the course of the financial year, also found the organizational, administrative and accounting structure of the Issuer and its strategically significant subsidiaries Impregilo International Infrastructures N.V. and Fisia Italimpianti S.p.A. to be adequate; it approved the revisions of the Organization, Management and Control model required by Article 6 of Legislative Decree no. 231/01 and by the Code of Ethics. It ascertained that the members of the Integrity Board met the subjective requirements of the Organization, Management and Control Model and, therefore, that the entire body met these requirements; it examined the draft of the summary documentation of the preclosure data as at December 31, 2014, of the Annual Financial Report as at December 31, 2014, of the Interim Financial Report as at June 30, 2015 and of the Interim Directors' Report as at March 31 and 30 September 2015, as well as the draft Budget 2015; it approved certain amendments to its internal regulations; it approved the Company's "whistleblowing" procedure; it examined and positively assessed the Risk Management activity plan; it examined and positively assessed the acquisition of the entire equity investment in Lane Industries Incorporated; it was updated regarding the Company's Sustainability Plan; it met certain company functions.

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Minutes of the committee meetings are drawn up regularly.

The control and risk committee may access information and internal functions as required to carry out its duties.

On May 11, 2011, the Board of Directors resolved to give the internal control committee an annual budget of €50,000 to cover the costs of any necessary consultancy or other services required to carry out its duties, which can be increased to €100,000 with the documented request by the committee chairperson and approval by the Board of Directors' chairperson. The prior authorization of outlays is not necessary although the committee is required to document its expenses. It may also avail of internal information and functions.

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

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The guidelines for internal controls were defined by the Board of Directors on March 21, 2000, and subsequently updated and approved on March 25, 2009, November 12, 2014 and March 16, 2016.

As required by the Code, the company's internal control and risk management system consists of a set of rules, procedures and organizational structures put in place to ensure business operations in line with the objectives defined by the Board of Directors, which is able to identify measure, manage and monitor the main risks. The objective is to ensure the safeguarding of the company's assets, an efficient and effective operating system, reliable financial information and compliance with the laws and regulations as well as the Bylaws and internal procedures.

The internal control and risk management system is based on standards that require that business activities be based on applicable internal and external rules, 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 transactions, that those parties that take or implement decisions, that 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 involved in the internal control and risk management system, recognized by the bylaws and the Code, are the Board of Directors, the CEO as the Director in charge of the internal control and risk management system, the control and risk committee, the Manager in charge of financial reporting, the Board of Statutory Auditors, the Independent Auditors and the Internal Audit unit, each by carrying out their duties and roles. The Integrity Board appointed pursuant to Article 6 of Legislative Decree no. 231/01 supports the Board of Directors within the scope of its competence.

Following the merger of Impregilo and Salini, changes were made to the organizational structure of the Internal Control and Risk Management System which now includes "second level" corporate control functions, in staff to the CEO, and represented by the Compliance Function and Risk Management Function.

The Compliance Function is responsible for identifying the norms, rules and principles of significance to the Company, as well as ensuring that internal procedures are consistent with the same and effectively applied, all in order to prevent, monitor and manage the risk of legislative non-compliance. The same is also the company representative for issues related to Corporate Social Responsibility, and is also responsible for corruption prevention.

As regards the Risk Management Function, please refer to section I.1 below.

The Internal Audit function, directly reporting to the Board of Directors, represents the third-level control structure.

The sources and principles comprising the Company's Internal Control and Risk Management System are represented by: Corporate Governance Code - July 2015 edition, Salini Impregilo Code of Ethics, containing the standards of conduct, ethical and basic values that the Group adopts in the pursuit of its objectives, the Organization, Management and Control Model pursuant to Legislative Decree no. 231/01, the Model of administrative, accounting and operational procedures for preparation of the Group financial statements pursuant to Law 262/05, the Anti-Corruption Model, the Business Plan approved from time to time, the additional internal regulations, i.e. the set of corporate documents defining roles and responsibilities within the organization, including the assignment of responsibilities for managing company risks, including, by way of example but not limited to, Organization Charts, Organizational Communications and Memos, the Guidelines pursuant to Law 262/05, the Framework, Interfunctional and Operational Procedures; the system of proxies and powers, structured so as to attribute powers of authorization and signature consistent with the organizational 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 annually, the audit plan prepared by the Chief Internal Auditor, subject to the opinion of the Control and Risk Committee and in consultation with the Director in charge of Internal Control and Risk Management System and the Board of Statutory Auditors.

Upon approval of the 2015 financial statements, the Control and Risk Committee expressed its favorable opinion to the Board of Directors on the adequacy and effectiveness of the internal control and risk management system with respect to the business characteristics and risk taken, following its review of the reports drawn up by the chief internal auditor and the Integrity Board and based on interviews with the same and with the Manager in charge of financial reporting and the independent auditors.

The Board of Directors agreed with and adopted this positive assessment.

The Board of Statutory Auditors also agreed with this positive assessment.

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

After approving the business and strategic plan, which sets out the management team's strategic objectives, on March 19, 2014, the Board of Directors commenced a procedure to define the nature and level of risk compatible with these objectives. This process, described in the following paragraphs, was assisted by the control and risk committee.

#### ***I.1 Risk Management***

The Issuer has launched a project for the development and implementation of a Risk Management model that will be gradually extended to all operating companies and make it possible to address and manage the risks in accordance with the industry best practices.

During 2015, the project focused on the development of the Risk Management framework to be implemented, through the identification and categorization of the types of risk with potential business impact, as well as on the development of methodologies and tools fit for managing the risk factors considered relevant to the Group: Country Risk, Counterparty Risk, Project Risk.

With this approach, the Issuer has sought to adopt a system able to detect and manage the main risks to which it is exposed via both a detailed (i.e. at the level of each individual

country, counterparty, project) as well as portfolio analysis, with a view to assessing the profile of the risk taken compared to the risk limits defined at the overall level.

In line with the project development plans, the Issuer has appointed the Group Chief Risk Officer in charge of the Risk Management Function, with "second level" control functions related, in particular, to 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 as well as monitoring of mitigation actions taken by the Risk Owners.
- support in strategic and commercial planning, proposing to the corresponding guidelines as well as the company's risk appetite to the competent bodies;
- support in operations, with a view to achieving the strategic goals defined in the Business Plan;
- assurance as to 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;

## ***1.2 Risk Assessment***

Pending completion of the project indicated in the previous paragraph, the Issuer, in relation to 2015, conducted a Risk Assessment aimed at assessing the risks that could affect the achievement of the Industrial Plan, the results of which are provided in detail in section I.4 below.

The Top Management involved assessed both the level of exposure to a potentially negative event in terms of impact and probability of risk, and the suitability of the internal control system based on the effectiveness of existing controls.

The methods used for the Risk Assessment included the following stages:

### *a. Identification of the risks*

This phase was based on the update of the Risk Catalog assessed in the previous year based on the organizational changes that took place. Compared with the previous year, the classification by type, in line with best market practices, was defined in categories aligned with both the reality and language of Salini Impregilo as well as the areas of intervention of the Risk Management project. The "Organizational Risk" and "Information Systems Risk" categories were therefore defined, in order to align them with the Group language and needs, and the "Country Risk" category, previously considered in Strategic Risk, was included.

### *b. Risk assessment*

The assessment of inherent risk, i.e. assessed independently of related controls, was performed by combining the probability of occurrence of the risk event and the potential impact on the targets generated by such risk.

### *c. Identification and assessment of controls for the identified risks*

The inherent risk was subsequently analyzed on the basis of the assessment of the effectiveness of the existing control system in the different company processes. Specifically, using the initial mapping of processes as a basis, the level of effectiveness

of the control activities was assessed. On the basis of the application of these controls to mitigate the risk, the residual level of each risk analyzed was determined.

*d. Verification of the effectiveness of the controls for the identified risks*

As part of the Group's organization and the requirements of the internal control and risk management system there are different bodies and company functions dedicated to the verification of the effective functioning of the System. Specifically, the internal audit function, as part of the annual audit plan approved by the control and risks Committee (the "Audit plan"), checks compliance of the company processes with respect to internal control and risk management system procedures, also considering the results of the risk assessment activities and by monitoring the development of the programs implementing improvements identified with reference to the design of the controls.

***I.3 Main characteristics of the risk management system in relation to the financial reporting process, pursuant to Article 123-bis.2.b) of TUF***

The scope of the internal control and risk management system in relation to the financial reporting process is to ensure the credibility, accuracy, reliability and timeliness of such reporting. Salini Impregilo has designed, implemented, monitored and updated its system over time in accordance with guidelines based on international frameworks and best practices dedicated to financial reporting management.

These guidelines have been specified to comply with the characteristics of the Issuer and its operating units that contribute to financial reporting (both those for the parent and the group). 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 they are not legally separate from the parent under Italian law (e.g. foreign branches), have their own administrative and organizational structures and produce their financial reporting independently due to their industrial characteristics..

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 Law 262/05, whereby the effective use of the application procedures is checked and any developments and integrations necessary due to the wide-ranging operating scope in which the group works are identified.

The monitoring plan is developed with a risk-based approach comparable to that applied for the definition of the audit plan prepared by the Chief Internal Auditor. The Manager in charge of financial reporting assigns specific mandates on the Internal Audit Function to carry out audits on the financial reporting process.

**I.4 Risk Assessment Results**

The results of the risk assessment are described below based on the nature and significance of the residual risk, on the basis of management evaluations, including an overview of the most significant factors.

### *Organizational*

This category pertains to the risks related to the integration process and availability and quality of human resources. As regards the first aspect, these are risks related to the need to align the culture and management of company processes within the Group.

With regard to human resources, talent acquisition and the development of specialized competence centers are activities that the management considered essential to ensure the success and continuity of the company, aspects that are particularly relevant in the increasingly sophisticated contexts in which the Group operates. In fact, projects are underway, such as Tomorrow Builders, aimed at strengthening structures, fostering the growth of internal resources.

### *Counterparty*

The main risks concern management of relations with Customers and the choice of Partners and suppliers, in particular subcontractors. Contract management and customer relations is characterized by an external risk component mainly related to the structure, the skills and the financial resources of Customers. Project management requires, in all its phases, a strong coordination between the operating units and headquarters to identify and resolve any issues with the counterparty in a timely manner and in accordance with the contract.

Moreover, this category also includes the risks associated with drawing up agreements with any partners and setting up Joint Ventures, also taking in to account the effect that some organizational choices could have at Group level. As regards suppliers, the choice of reliable and highly qualified subcontractors is a crucial element in achieving project objectives.

### *Strategic*

This category includes risks related to business management, assessment of the competitive environment and the conditions of what the Group considers target countries from a social, political and economic standpoint.

Salini Impregilo is present in certain countries characterized by a level of economic, political and social instability which is an important aspect evaluated in the development of the Commercial Plan.

During the project study phase, special attention is paid to the social and cultural context of the relevant country, the type of customer and contract and the sources of funding to finance the projects.

### *Operational*

These risks are associated with the Group's operational processes, including the organization of the project management structures, planning production and completing the actual work. This category can be further divided into subgroups to identify the risks related to the bidding, design and procurement processes, subcontract and supplies management, production planning and management and asset management. Among the operational risks, of particular significance are those related to Quality, Environment, Health and Safety processes since customers are increasingly attentive to compliance with legislation.

Such risks relate to both construction and concession initiatives and can be characterized by both an element of an internal nature, for example organizational in relation to the procedures adopted for resource management, as well as one of an external nature with

regard to events related to social and business contexts that can influence project development

The management has identified as crucial design as an element characterizing the quality and excellence of the Group which will further strengthen the process through qualified resources in order to meet customer demands, in line with project deadlines and costs.

#### *Reporting*

The risks related to reporting concern the preparation and monitoring of economic and financial information disclosed to the market, as well as tax management with particular focus on the different local legislations of the countries in which the Group operates. This latter issue is characterized by monitoring by the internal structure and the support of specialist advisors, especially outside the national context in which the Group operates.

Assessment by the management concerning the controls put in place on the budget preparation process and the related disclosures was positive despite the typical uncertainties of the construction business.

#### *Financial*

This category includes risks related to the ability to gain access to financial markets, treasury management, at both central and peripheral level, and insurance management.

Financial risk management within the Group is subject to strict controls in line with the company strategies covering a considerably longer timeframe, and with due regard for the short term needs of the operating companies. It is pointed out, for example, that the financial position is also influenced by fluctuations in the local currency of reference. As regards contract management with customers, verification indices are defined to protect against risks related to price variation. In general, it is also important to monitor the "foreign exchange balance", i.e. the alignment between the portion of contract work paid by the customer in local currency and the purchases in the country of reference. Headquarters, on a central basis, plays a significant role in the coordination of the peripheral facilities in order to ensure control of the financial resources available and on the covenants related to loan contracts.

#### *Informative Systems*

These are risks associated with completion of the implementation process of information systems common to all operating units of the Group. In particular, the management has highlighted the importance of staff training on the use of applications. It is also pointed out that the Group is continuing in system development and standardization, improving the level of integration and reliability of the IT architecture.

#### *Legal*

Legal risks refer to meeting requirements linked to the financial market, of a legislative nature, to industrial relations, but especially to aspects related to contract management vis-a-vis Customers and subcontractors and suppliers.

Management has emphasized the importance of monitoring contract management from the very first stages of a project, as well as defining a standard contract for supplies and subcontracting, which reduce counterparty default risks.

#### *Compliance*

These are the risks associated with regulatory compliance, whether based upon external factors, such as legislative, fiscal or contractual requirements in a broad sense, or internal factors, such as compliance with the Group Code of Ethics and company procedures.

### *Reputation*

This category includes the risks associated with events that could tarnish the image of the Group, both nationally and internationally.

The management considered the supervision of sensitive information and market disclosure management to be adequate.

### *Fraud*

The Group has adopted a system of policies, procedures and controls, from the Code of Ethics to the Anti-corruption Model, designed to ensure a suitable internal control system to prevent fraud, both internal and external.

In general, the Group Internal Control and Risk Management System is the result of the effective and appropriate evaluation of risk mitigation, also helping to significantly reduce the impact of risks of external origin.

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

The Board of Directors elected by the shareholders' meeting on April 30, 2015, confirmed 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 the Internal Control and Risk Management System, has the following tasks, in accordance with the Corporate Governance Code:

- implement 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;
- ensure 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 to the examination of the Board of Directors;
- report to the Control and Risk Committee (or to the Board of Directors) in a timely manner on issues and problems emerging in the course of his activities or which have otherwise come to his attention, in order that the Committee (or the Board) may take appropriate action;
- request the internal audit unit to perform checks of specific operating areas and the compliance with internal rules and procedures during business activities (when necessary); he informs the Chairperson of the Board of Directors, the Chairperson of the Control and Risk Committee and the Chairperson of the Board of Statutory Auditors thereon;

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 implementation of the guidelines of the Internal Control and Risk Management System, ensuring that the same is an integral part of the operations and

culture of the Group, activating to this end suitable information, communication and training processes and promoting the adoption of remuneration and disciplinary systems that incentivize proper risk management and discourage behavior 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.

## **11.2. CHIEF INTERNAL AUDITOR**

The Chief Internal Auditor is in charge of the structure vested with "third-level" control activities, meaning by this the independent verification of the structure and functionality of the Internal Control and Risk Management System as a whole, also by monitoring line controls as well as so-called "second-level" controls.

In particular, he is in charge, through the formalization of a specific mandate, of carrying out the activities under his responsibility, as provided for by the Corporate Governance Code, both on a continuous basis as well as in relation to specific needs and in compliance with the international standards of the profession.

The role of the Chief Internal Auditor of Salini Impregilo was, on May 14, 2014, conferred by the Board of Directors on Francesco Albieri with a Board resolution of the same date.

The Board of Directors also approved the remuneration to be paid for carrying out above mentioned position, in line with company policies.

The above appointment and related remuneration were approved, at the proposal of the Director in charge of the Internal Control and Risk Management System, with the favorable opinion of the Control and Risk Committee and having consulted the Board of Statutory Auditors.

The Chief Internal Auditor, in accordance with 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 prioritization 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 useful 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 its containment. The periodic reports contain an assessment of the adequacy of the Internal Control and Risk Management System;
- f) prepares additional reports and notes on issues and events of particular importance in a timely manner;
- g) in parallel transmits the reports referred to in points e) and f) to the Chairman of the Board of Directors, of the Control and Risk 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 as of the audit plan, the reliability of information systems, including accounting systems.

The structure of the internal audit unit is composed of persons with different levels of experience necessary to carry out their duties. Under the budget assigned and approved by the Board of Directors, the above unit engages external consultants when necessary to fulfill specific requirements of the audit plan.

In performing the activities under his responsibility, the chief internal auditor had direct access to all the functions and information useful to carry out his duties, he 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 controls and risk management system. The chief internal auditor provided timely additional reports and notes on issues and events of particular significance, and delivered them, as part of his remit, to the Chairperson of the Board of Directors, of the Control and Risk Committee, as well as to the Director in charge of the Internal Control and Risk Management System and to the other parties involved.

During 2015, the internal audit unit checked the reliability of the information systems, including the accounting systems. It also monitored the integration process of the technology platforms which were subject to an assessment and found to be appropriate for the intended purpose. As a result thereof, the unit can continue carrying out checks based on an internationally accepted control-based framework.

The Chief Internal Auditor is financially independent with his own budget approved each year by the Board of Directors after consulting the control and risk committee.

Moreover, the chief internal auditor worked together with the other control bodies, as explained in Section 11.6 below.

### **11.3. ORGANIZATION MODEL pursuant to Legislative Decree no. 231/2001**

On January 29, 2003, the Company adopted the "Organization, Management and Control Model" required by Article 6 of Legislative Decree no. 231/01, based on the Confindustria guidelines, approved on March 7, 2002.

Following the changes in legislation after adoption of the first model, the Board of Directors revised the model on March 30, 2005 reflecting the update to the Confindustria guidelines of May 18, 2004, the code of conduct and the model drawn up by the National Association of Building Constructors (ANCE), approved on March 31, 2003, and subsequently revised on September 1, 2004.

On September 12, 2006, July 21, 2008, March 25, 2009, August 28, 2009, March 25, 2010, August 26, 2011, March 26, 2012, October 16, 2012, August 5, 2013, May 14, 2014, August 3, 2015 and February 23, 2016, following the extension of the offenses covered, the internal reorganizations that had taken place in the meantime, and the update of the "Activities at risk" and in accordance with best practices that led to a new update of the Confindustria guidelines approved on July 21, 2014, the Board of Directors approved the new "Organization, Management and Control model" (the general section of which is available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "Governance - Internal Control and Risk Management" section) and related updates.

In order to comply with the specific provisions of Legislative Decree no. 231/01 and considering the analysis of the company's situation and activities potentially at risk, the offenses committed when dealing with the public administration, forgery of coins, public credit notes and duty stamps, corporate crimes, terrorist acts or subversion of democratic order, crimes against the individual, market abuse and international crimes, handling of stolen goods, laundering and use of money, assets or other illegally gained goods, crimes

against safety in the workplace, cybercrimes and the unlawful processing of data, organized 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. Moreover, as a result of the recent legislative updates, the offenses included in Legislative Decree no. 231/01 have been further extended with the introduction of self-laundering and false accounting offenses and with the extension of environmental offenses.

On September 12, 2006, the Board of Directors set the number of members of the Integrity Board as per Article 6 of Legislative Decree no. 231/2001 as three, in line with that required by the new Organization, Management and Control Model. Previously, the board had been monocratic (internal control supervisor). Currently the composition of the Integrity Board envisages a member internal to the Company, identified in the person of the Chief Internal Auditor, and two professionals from outside the Company, one of which also holds the position of Independent Director. The Board provided for the corresponding appointments, most recently on August 3, 2015, for three years and therefore until approval by the Board of Directors of the half-yearly financial report at June 30, 2018. In accordance with the Model, the Chairman of the Integrity Board is identified in the member external to the Company and who is not a Director. The Integrity Board's members have specific expertise in inspections, analyses of control systems and legal issues (in particular, criminal proceedings) so that they can properly carry out their duties. The Board of Directors decided not to give the Board of Statutory Auditors the functions of the Integrity Board.

The strategically significant subsidiary Impregilo International Infrastructures N.V. is a company under Dutch law and therefore it is not subject to the provisions of Italian Legislative Decree 231/2001.

The Salini Impregilo Group Code of Ethics forms part of the Model (available on the website [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "*Governance – Governance system*") section. The present version was approved by the Salini Impregilo's Board of Directors on July 14, 2015.

## **ANTI-CORRUPTION MODEL**

On June 16, 2014, the Company implemented the Anti-Corruption Compliance System, which summarizes the commitment to the principles introduced by the anti-corruption laws and by international best practices.

It provides a systematic reference framework 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 is thus intends to act as a guide in dealing with any risks of corruption that may arise during the course of business activities.

The Anti-Corruption Compliance System is embodied in the following documents and activities:

- Preparation, updating and application of the **Anti-Corruption Model**, approved by the Board of Directors on June 16, 2014 (available at [www.salini-impregilo.com](http://www.salini-impregilo.com) in the "Governance - Internal Audit and Risk Management" section)
- Adoption of the **Anti-corruption Policy**
- Preparation of specific controls, within detailed **Guidelines (Evaluation of Relevant Third Parties and Benefit Management vis-a-vis third parties)** and procedures, in order to define the roles and responsibilities of those involved and the operating procedures of processes and control tools envisaged in the abovementioned documents
- Establishment of the **Anti-Corruption Legal Support Unit**, within the Compliance Function
- Definition of a **Sanctions System**
- Creation of a dedicated channel for **Reporting** alleged violations of the anti-corruption principles.

The scope of application of the Anti-Corruption Compliance System is Salini Impregilo SpA, which promotes its adoption by Group companies or entities (consortia, joint ventures, etc.).

#### **11.4. INDEPENDENT AUDITORS**

With resolution dated April 30, 2015, Salini Impregilo appointed KPMG S.p.A. as the statutory auditors for the nine-year period 2015-2023, pursuant to Legislative Decree 39/10, at the end of a selection process managed by the Board of Statutory Auditors. Following examination of the offers from some of the leading players in the field of statutory auditing, the Board of Statutory Auditors identified a company with the requirements of Legislative Decree no. 39/10 to be submitted with a justified opinion for the approval of the Shareholders' Meeting.

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 Legislative Decree no. 58 of February 24, 1998, and Legislative Decree no. 39 of January 27, 2010. Their interim financial reports are reviewed. The independent auditors audit Salini Impregilo in accordance with the applicable legislation.

As part of the general audit plan for the group, the subsidiaries that do not exceed the thresholds set by Consob have nonetheless engaged the independent auditors on a voluntary basis.

#### **11.5. MANAGER IN CHARGE OF FINANCIAL REPORTING AND OTHER ROLES AND FUNCTIONS**

On June 27, 2007, the shareholders approved Article 26, to be included in Salini Impregilo's Bylaws. This new article regulates the appointment and removal from office of the manager in charge of financial reporting, his term of office, related fee and relevant professional characteristics.

Article 26 requires that the board appoint, and remove from office, after consulting the Board of Statutory Auditors, a manager to be in charge of financial reporting, setting his term of office and fee. The candidates shall have at least three years' experience in: (a) administration and finance or administration and control or management duties with responsibility for financial, accounting and control matters, with companies that have a share capital of at least €2 million or consortia of companies with a total share capital of

not less than €2 million; or (b) legal, economic or financial aspects closely related to the company's activities; or (c) management at 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.

Aspects and sectors closely related to the company's activities are those set out in the last paragraph of Article 29 (which states: *"As required by Article 1.2.b) and c) and paragraph 3 of Ministerial Decree no. 162 of March 30, 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"*).

The position of Manager in charge of financial reporting pursuant to Article 154-bis of TUF is currently held, with an open term, by General Director Group Finance & Corporate Massimo Ferrari, who was granted all the powers and authority required to effectively carry out his functions and duties, within the budget limits approved from time to time and which were provisionally fixed at €50,000.00.

The Board of Directors granted powers Massimo Ferrari specifically including:

- direct access to all information required to produce accounting data;
- unlimited use of internal communication channels that ensure the correct intragroup exchange of information;
- a free hand in organizing his unit in terms of both human and technical resources (materials, IT and any other resources);
- creation and adoption of administrative and accounting procedures independently, also by availing of the assistance of other company functions when necessary;
- assessment and modification of internal administrative and accounting procedures;
- participation in board and committee meetings, especially those which discuss issues related to his function and for which he is responsible;
- engaging external consultants, when necessary for specific issues;
- interacting with employees with control duties and exchanging information to ensure the ongoing mapping of risks and processes and the proper monitoring of the correct working of administrative and accounting procedures.

On February 25, 2015, the Board approved the Guidelines on the design of administrative, accounting and risk assessment processes pursuant to Law 262/2005.

The Manager in charge, on an annual basis, gives a mandate to the Internal Audit Unit for carrying out the tests concerning the adequacy of administrative and accounting procedures.

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

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

- Control and Risk Committee meetings are attended by the Board of Statutory Auditors, the Chairman of the Board of Directors, the Manager in charge of financial reporting and the Chief Internal Auditor. The Director in charge of the Internal Control and Risk Management System, the Chief Compliance Officer and the Group Risk Officer, as well as any other person whose presence the Committee deems appropriate in relation to the matters to be discussed may also attend.

- the Chief Internal Auditor periodically reports on his activities to the Control and Risk Committee, in order that the latter can inform the Board pursuant to the preceding paragraph;
- 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 appropriate action within their responsibilities to mitigate the risks 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 account any synergies;

## **12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS**

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On November 30, 2010, the Board of Directors approved a specific new procedure concerning related party transactions (the "Procedure"), which replaced the previous procedure approved by the Board on July 7, 2005, after receiving the favorable opinion of the committee for related-party transactions, pursuant to Article 7 2391-bis of the Italian Civil Code and Article 4, paragraphs 1 and 3, of the Consob regulation on related parties; On November 29, 2010, the Board of Statutory Auditors assessed the new procedure's compliance with the criteria set out in the Regulation.

The Board of Directors, at the meetings held on April 20, 2012, July 9, 2012, and May 13, 2013, December 17, 2014 and November 11, 2015 , further amended the Procedure, after obtaining the favorable opinion of the committee for related-party transactions and the conformity assessment made each time by the Board of Statutory Auditors on compliance with the principles of the Consob Related Parties Regulation.

The Procedure (available on the Internet site [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "Corporate Governance - Related party transactions" section) sets out the rules, methods and criteria aimed at ensuring the transparency and substantial and procedural correctness of related party transactions carried out by the Issuer either directly or via its subsidiaries.

The Board of Directors set up a committee for related - party transactions, consisting of the independent director appointed from the minority list and three other independent directors to carry out the functions envisaged by the Consob Related Parties Regulation. The Committee elected its Chairman, in the person of Alberto Giovannini, until July 14, 2015, and in the person of Marco Bolgiani, following the resignation of Alberto Giovannini on the above date.

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As described in section 3 of this report, on March 12, 2007, the directors resolved that, subject 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 may participate in the related discussions and vote thereon as such participation represents a reason for taking a responsible decision about a transaction about which the director may have greater knowledge than the other directors; however, the Board of Directors or executive committee may ask such directors to leave the meeting during the discussion on a case-by-case basis.

### 13. APPOINTMENT OF STATUTORY AUDITORS

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Article. **29** of Salini Impregilo's Bylaws requires that *"the shareholders elect a Board of Statutory Auditors, consisting of three standing and two alternate statutory auditors.*

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

*Appointment of the Board of Statutory Auditors takes place using lists submitted by the shareholders using the methods and within the timeframe set out below in accordance with the applicable legislation on gender equality. The candidates shall be listed in numerical sequence in each list. The lists have two sections: one for the candidate for the office of statutory auditor and one for the candidate for the office of alternate statutory 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.*

*Lists that have a total number of candidates of three or more must contain candidates of both genders, so that the gender with fewer representatives has at least one fifth (on the first term of office starting after August 12, 2012) and then one-third (rounded up) of the candidates to the office of Statutory Auditor, and at least one fifth (on the first term of office starting after August 12, 2012) and then one-third (rounded up) of the candidates to the office of Alternate Auditor.*

*Shareholders, shareholders forming part of significant shareholder agreements as per Article 122 of Legislative Decree no. 58 of February 24, 1998, the parent, subsidiaries and jointly controlled entities as per Article 93 of the same decree 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, own shares making up the percentage of share capital required for presentation of lists for candidate directors, may present lists (see section 4.1 of this report).*

*Together with each list, and within the timeframe described earlier, the shareholders deposit: (i) information about the shareholders presenting the list; (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 for the relevant offices, including compliance with the ceiling for the number of positions that can be held under the current law and regulations; (iii) a professional and personal profile of each candidate; and (iv) any other information that is requested by the applicable law or regulations given 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.*

*Lists submitted that do not meet the above requirements will be treated as not having 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.*

*The 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 Auditor and the remaining Alternate Auditor are taken from the list that receives the second highest number of votes and is submitted and voted by parties who are not connected, directly or indirectly, with the reference shareholders, pursuant to Article 148.2 of Legislative Decree no. 58 of February 24, 1998, 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, subject to the applicable legislation on gender equality.*

*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 contemplated 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.*

*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 equality.*

*The Shareholders' Meeting held pursuant to Article 2401, Section 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 equality.*

*Outgoing Statutory Auditors may be re-elected.*

*"As required by Article 1.2.b) and c) and paragraph 3 of Ministerial Decree no. 162 of March 30, 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".*

#### **14. COMPOSITION AND DUTIES OF THE BOARD OF STATUTORY AUDITORS (Article 123-bis.2.d) of TUF**

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The members of Salini Impregilo's Board of Statutory Auditors at the end of the year are reported below, together with additional information on their appointment, attendance at meetings of the Board of Statutory Auditors and other directorships or positions as statutory auditor that they hold in other companies.

## BOARD OF STATUTORY AUDITORS AS AT DECEMBER 31, 2014

Position	Members	Year of birth	First appointed on	In office since	In office until	List (M/m)	Independent as per Code	part. BoSA.	No. of other positions
Chairperson	Trotter Alessandro	1940	07.05.08	30.04.14	Shareholders' meeting to approve financial statements at 31.12.16	M	X	13/13	9
Statutory auditor	Naddeo Teresa Cristiana	1958	30.04.14	30.04.14	Shareholders' meeting to approve financial statements at 31.12.16	M	X	13/13	6
Statutory auditor	Villa Gabriele	1964	30.04.14	30.04.14	Shareholders' meeting to approve financial statements at 31.12.16	M	X	12/13	8
Alternate auditor	Tabellini Marco	1967	30.04.13	30.04.14	Shareholders' meeting to approve financial statements at 31.12.16	M	X		
Alternate auditor	Battistin Roberta	1971	30.04.14	30.04.14	Shareholders' meeting to approve financial statements at 31.12.16	M	X		
<b>Quorum required to present lists at time of last appointment: 1%</b>									
<b>No. of meetings held during the year: 13</b>									

There were no outgoing Statutory Auditors during 2015.

At Salini Impregilo Shareholders' Meeting held on April 30, 2014, the shareholders appointed the current Board of Statutory Auditors, including the chairperson on the Board of Statutory Auditors, electing all the candidates on the sole list presented by the shareholder Salini Costruttori S.p.A. The term of office of the current board of auditors will end on the date of approval by the shareholders of the financial statements as at December 31, 2016. The appointment of the new Board of Statutory Auditors was unanimously approved by the voting capital, equal to 91.25% of the company's overall voting rights.

The statutory auditors' personal and professional profiles are presented in their *curricula vitae* posted on the Internet site [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "Governance - Board of Statutory Auditors" section.

The Board of Statutory Auditors met 13 times during the year, with meetings averaging one hour and thirty minutes.

Meetings are called when necessary and a calendar does not exist.

Three meetings have been held in 2015.

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The shareholders appointed the new statutory auditors in their meeting on April 30, 2014. The Board of Statutory Auditors confirmed on May 14, 2014, that each statutory auditor met the independence requirements set out in the Code. On March 12, 2015, the Board of Statutory Auditors confirmed they had continued to meet such requirements throughout the year. The Board of Statutory Auditors applied all the criteria set out in the Corporate Governance Code in assessing independence.

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Salini Impregilo complies with the guidelines of criterion 8.C.3 of the Code, whereby statutory auditors that either directly or on behalf of third parties have an interest in a specific transaction shall inform the other statutory auditors and the chairperson of the Board of Directors promptly and completely about the nature, scope, origin and terms of their interest.

In the meetings held during the year, the statutory auditors met the independent auditors who described the scope of their engagement, their responsibilities and independence (in writing) as well as the procedures carried out for Salini Impregilo and the group companies that have engaged them. As part of its duties, the Board of Statutory Auditors worked with the internal audit unit and the control and risk committee.

The Board of Statutory Auditors, in carrying out its activities, worked together with the internal audit unit and with the control and risk committee, and took part, along with the chief internal auditor, in the meetings of the control and risk committee. The chief internal auditor also participated in several Board of Statutory Auditors' meetings when it his work.

## **15. 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 an ongoing dialogue with its shareholders and institutional investors based on a common understanding of their roles. Such dialogue takes place within the boundaries

established for confidential information to ensure that investors and potential investors receive information upon which they can base their investment decisions.

Therefore, it set up Investor Relations unit in July 2001 which reports to the head of the Investor Relations unit (currently Fabrizio Rossini) whose specific duties include managing relations with investors. This person has an e-mail address specifically for receiving communications and requests from shareholders ([investor.relations@salini-impregilo.it](mailto:investor.relations@salini-impregilo.it)). The Investors Relations section in company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) contains all the financial information as well as up-to-date documents of interest to the shareholders, so that they may exercise their rights in an informed manner.

Salini Impregilo posts information of interest to its shareholders on its Internet site [www.salini-impregilo.com](http://www.salini-impregilo.com).

## **16. SHAREHOLDERS' MEETINGS (Article 123-bis.2.c) of TUF**

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The document providing an overview of the procedures for participating at Salini Impregilo shareholders' meetings and the exercise of voting rights is posted on the company's website [www.salini-impregilo.com](http://www.salini-impregilo.com) (under the "*Corporate Governance - Shareholders' Meetings*" section).

Article **12**) of the Bylaws establishes that meetings can take place in Italy and not necessarily at the registered office. 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.

Pursuant to Article **14**) of the Bylaws, 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 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.

Article **15**) of the Bylaws establishes that both ordinary and extraordinary shareholders' meetings shall be constituted and pass resolutions according to law. Sections 4 and 13 of this report set out the conditions for electing members of the Board of Directors and the Board of Statutory Auditors.

Article **16**) of the Bylaws states that the Shareholders' Meeting shall be convened by a notice to be published under the terms and conditions of the law. That article also states that 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.

Pursuant to Articles **17**) **18**) and **19**) of the Bylaws, the meeting is chaired by the chairperson of the Board of Directors, or in his absence, by one of the deputy chairpersons. If this is not possible, the meeting appoints a chairperson from among the directors or shareholders present. The chairperson of the Shareholders' meeting has full powers to verify the eligibility of holders of voting rights to attend the meeting and, more specifically, the validity of proxies, so as to ascertain whether the meeting is duly convened and with the required quorum, as well as the power to manage and govern the proceedings and establish the voting procedures. 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.

As described in Section 4.3 of this Report, the Bylaws, in Article 24, attributes to the Board of Directors responsibility to 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 a merger and spin-off in compliance with the provisions of Articles 2505 and 2505 bis of the Italian Civil Code.

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The shareholders approved the "Rules for Impregilo S.p.A. shareholders' meetings" (now Salini Impregilo) during their ordinary meeting on May 8, 2001. These rules are available at [www.salini-impregilo.com](http://www.salini-impregilo.com), under the "*Corporate Governance - Shareholders' Meeting*" section, and were drawn up using the format proposed by Assonime. Their scope is 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 its opinion and make proposals.

These rules set out the methods used to ensure each shareholder's right to take part in discussions about the matters on the agenda.

The Shareholders' Meeting held on April 30, 2015 was attended by (including the Chairman and the Chief Executive Officer) 12 Directors in the Ordinary and 13 Directors in the Extraordinary session. The Board of Directors reported to the shareholders about the activities both carried out and planned for the future in the meetings. It took the necessary steps to ensure that the shareholders receive adequate information about the matters in order to be able to make informed decisions. None of the shareholders asked the chairperson of the compensation committee to report on how the committee works.

In accordance with current Bylaws requirements, changes in the Issuer's market capitalization during the year did not impair the exercise of actions or privileges designed to protect the minority shareholders.

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (Article 123-bis.2.a) of TUF)**

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There are no other corporate governance practices beyond those described in the previous Sections of this Report.

## **18. CHANGES SINCE YEAR END**

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No changes in the company's corporate governance structure other than those described in this report have taken place since the year end.

by: The Chairman  
Alberto Giovannini

**LIST OF POSITIONS HELD IN OTHER COMPANIES LISTED ON REGULATED MARKETS  
(ALSO FOREIGN), IN FINANCIAL COMPANIES, BANKS, INSURANCE COMPANIES OR  
COMPANIES OF SIGNIFICANT SIZE  
(THE COMPANIES IN QUESTION ARE NOT PART OF THE ISSUER'S GROUP).**

<b>Director</b>	<b>Company</b>	<b>Position</b>
<b>Alberto Giovannini</b>	UNIFORTUNE ASSET MANAGEMENT SGR MTS S.p.A.- EURO M.T.S. UNIFORTUNE INVESTMENT MANAGEMENT LTD THE WAREHOUSE TRUST COMPANY LLC (US) DTCC DERIVATIVES REPOSITORY LTD (UK) DTCC DERIV/SERV LLC (US) DTCC DATA REPOSITORY (US) NetOTC SERVICES Ltd	Chairperson Chairperson Chairperson Director Director Director Director Director Director
<b>Pietro Salini</b>	NTD	
<b>Marco Bolgiani</b>	NTD	
<b>Marina Brogi</b>	UBI BANCA S.c.p.a. LUXOTTICA GROUP S.p.A.	Director Director
<b>Giuseppina Capaldo</b>	FERRARI N.V. CREDITO FONDIARIO S.p.A.	Director Director
<b>Mario Cattaneo</b>	BRACCO S.p.A. SIA S.p.A. MICHELIN ITALIANA S.A.M.I. S.p.A	Director Chair of the BOSA Statutory auditor
<b>Roberto Cera</b>	NTD	
<b>Laura Cioli</b>	RCS MediaGroup S.p.A. Telecom Italia S.p.A.	Chief Executive Officer Director

Director	Company	Position
<b>Nicola Greco</b>	PERMASTEELISA S.p.A.	Director
<b>Pietro Guindani</b>	VODAFONE ITALIA S.p.A. .	Chairperson
	ENI S.p.A.	Director
	FINECOBANK S.p.A.	Director
<b>Geert Linnebank</b>	INDEPENDENT TELEVISION NEWS	Director
	CARTESIUS ADVISORY NETWORK AG-ZUG	Director
	REFERENDUM FACTS LTD – London	Director
<b>Giacomo Marazzi</b>	BENI STABILI SIIQ	
<b>Franco Passacantando</b>	EUROCLEAR PLC	Director
	EUROCLEAR SA/NV	Director
<b>Laudomia Pucci</b>	FASHION FLORENCE INTERNATIONAL	Chairperson

#### DIRECTORS NO LONGER IN OFFICE

Director	Company	Position
<b>Claudio Costamagna</b>	CC & SOCI S.r.l.	Chairperson
	FONDO STRATEGICO ITALIANO S.p.A.	Chairperson
	FSI INVESTIMENTI S.p.A.	Chairperson
	CASSA DEPOSITI E PRESTITI S.p.A.	Chairperson
		Chairperson