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)

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1. ISSUER PROFILE

Salini Impregilo S.p.A. (hereinafter "**Salini Impregilo**" or the '"**Issuer**") 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[1].

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.

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 over 50 countries with 34,400 employees, an annual turnover of roughly €4 billion and an order backlog of € 29 billion, the group is a global player in the construction industry and a world leader for infrastructure projects in the water segment.

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 S.p.A. is based on the guidelines set out in the "Corporate Governance Code" approved in March 2006, amended in March 2010 and in December 2011 and most recently approved, in its current version, in July 2014 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, available to the market on Borsa Italiana's website http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf (the "Code"), as it believes that having a well

[1] Deed of merger drawn up by Mr. Carlo Marchetti, notary public in Milan, filed under No. 10520 of Folder No. 5396

structured governance system is a pre-requisite for maximum efficiency and also ensures greater levels of transparency, thus increasing investor confidence in the Issuer.

To facilitate the assessment of

the Issuer's governance system and the information contained in this report, it should be noted that the shareholders' meeting called to approve the financial statements at December 31, 2014 will also be called on to express their views on several amendments to the bylaws. The proposed amendments mainly reflect the need to eliminate all procedural rigidity in the functioning of the corporate bodies and in the exercise of shareholders' rights.

The Articles of the company Bylaws affected by the proposal of the Board of Directors are, in particular, Articles 7 (Share Capital - Bonds), 10 (Right of withdrawal), 16 (Convocation of Shareholders' Meeting), 18 (Powers of the Chairman), 20 (Management and Representation), 24 (Management and Representation) and 29 (Board of Statutory Auditors) of the company Bylaws.

These amendments to the bylaws shall be mentioned from time to time in the relevant sections

of the report. At any rate, further details are provided in the various Board of Directors' Reports which will be published on the company's website www.salini-impregilo.com, under the Shareholders' Meeting section.

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 19, 2015

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 consists of 492,172,691 **ordinary shares,** with no par value[2], and 1,615,491 **savings shares**.

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***
Ordinary shares	492,172,691	99.67	**MTA**
Savings shares	**1,615,491**	**0.33**	**MTA**

[2] 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.

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

The Issuer does not have any share-based incentive plans in place which involve increases in capital, bonus issues included.

On March 19, 2015, the Board of Directors called an Ordinary Shareholders' Meeting for April 30, 2015, to approve a share incentive Plan in the form of Performance Shares, as detailed in the related Directors' Report and in the Information Document to be published, within the times set by law, on the Company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section as well as in the press release that will be published in the *"Investor Relations - Press Releases"* section.

The Board of Directors also called an Extraordinary Shareholders' Meeting for April 30, 2015, for the adoption of the amendment to Art. 7 of the Bylaws which involves including the following paragraph: *"Furthermore, it is also permitted, in the 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 item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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	Direct shareholder, if other than the declarant	% of ordinary shares
Salini Simonpietro	Salini Costruttori S.p.A.	**61.729**

UBS GROUP AG	**UBS AG**	**2.025**
	UBS Global Asset Management (Australia) Limited	**0.001**
	UBS Global Asset Management (UK) Limited	**0.003**
	TOTAL	**2.029**

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)

Salini Impregilo does not have any employee share ownership schemes in place.

As mentioned above, on March 19, 2015, the Board of Directors called the Ordinary Shareholders' Meeting for April 30, 2015, to approve an employee share ownership Plan in the form of Performance Shares, as detailed in the related Directors' Report and in the Information Document to be published, within the times set by law, on the Company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section, as well as in the related press release which will be published in the *"Investor Relations - Press Releases"* section.

The Board of Directors has also called the Extraordinary Shareholders' meeting, also for April 30, 2015, for the adoption of the amendment to Art. 7 of the Bylaws also by inserting the following paragraph: *"Furthermore, it is also permitted, in the 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 item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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 of Legislative Decree no. 58 of February 24, 1998.

h) Change of control clause (Article 123-bis. 1.h) of 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, 2 /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

The extraordinary shareholders' meeting held on September 12, 2013, resolved to grant the following powers to the Board of Directors:

- ✓ pursuant to Article 2443 of the Italian Civil Code, to increase the share capital on one or more occasions before September 11, 2018, against payment and in tranches pursuant to Article 2439 of the Italian Civil Code, with the exclusion of the option right pursuant to paragraph 4.2 of Article 2441 of the Italian Civil Code, via the issue in one or more tranches of a number of ordinary and/or savings shares no greater than 10% of the total number of Salini Impregilo shares outstanding on the date that the power is exercised, and in any event by a nominal amount no greater than €50,000,000.00 (*fifty million*). The Board has the right to set an additional premium.
  For the purpose of exercising the above-mentioned powers conferred, the Board of Directors is also granted all powers to *(a)* determine, for each *tranche*, the number of shares, the issue price per share (including any possible share premium) and the dividend rights of the ordinary and/or savings shares, subject only to the limitations set forth in paragraph 4.2 of Article 2441 and/or Article 2438 and/or paragraph 5 of Article 2346 of the Italian Civil Code, on the understanding that the above-mentioned issue price may be lower than the pre-existing book value of the shares, legal restrictions notwithstanding; *(b)* determine the deadline for subscription of the Company's ordinary and/or savings shares; and *(c)* implement the delegated powers mentioned above including, but not limited to, those necessary to make the pertinent and needed

amendments to the Bylaws that may be necessary on each occasion.

- ✓ **(i)** pursuant to Article 2443 of the Italian Civil Code, to increase the share capital against payment, on one or more occasions before September 11, 2018, also in tranches pursuant to Article 2439 of the Italian Civil Code, by a maximum nominal amount of €100,000,000.00 *one hundred million* with the option to set a premium, via the issue of ordinary and/or savings shares, which may have cum warrants (which entitle their holders, at the Board's discretion, to receive ordinary and/or savings shares and/or bonds or convertible bonds issued by the Board itself to exercise a delegated power, either as a bonus or against payment, also from a new issue) to be offered to those entitled, with the exclusion or limitation - in full or in part - of the option right pursuant to paragraphs 4.1, 5 and 8 of Article 2441 of the Italian Civil Code, also to service:

1) the exercise of the above-mentioned cum warrants; and/or
2) convertible bonds (cum warrants if applicable) also issued pursuant to a delegated power pursuant to Article 2420-*ter* of the Italian Civil Code; and/or
3) warrants (conveying the right to receive ordinary and/or savings shares and/or convertible bonds of the company issued by the Board itself to exercise a delegated power, either as a bonus or against payment, from a new issue) added to bonds issued pursuant to Article 2410 of the Italian Civil Code and/or convertible bonds issued also pursuant to a delegated power pursuant to Article 2420-*ter* of the Italian Civil Code and/or independently.

For the purpose of exercising the above-mentioned delegated power, the Board of Directors is also granted all powers to *(a)* determine for each *tranche*, the number of shares, the issue price per share (including any eventual share premium) and the dividend rights of the ordinary and/or savings shares which may have cum warrants to be issued from time to time, subject only to the limitations set forth in Article 2438 and/or paragraph 5 of Article 2346 of the Italian Civil Code; *(b)* determine the deadline for subscription of the Issuer's ordinary and/or savings shares; *(c)* determine the number, procedures, terms and conditions and all other characteristics (including the allocation and conversion ratios and, if applicable, the exercise price) and the corresponding rules for any warrants issued in the exercise of this delegated power; *(d)* carry out all of the activities that may be necessary or appropriate to secure the listing on regulated markets in Italy or abroad of the warrants issued in the exercise of this delegated power, to be exercised at the Board's discretion for the entire duration of the warrants taking into account market conditions; and*(e)* implement the delegated powers mentioned above including, but not limited to, those necessary to make the pertinent and needed amendments to the Bylaws that may be necessary from time to time;

(ii) pursuant to Article 2420-*ter* of the Italian Civil Code, to issue convertible bonds, which may also have cum warrants (which entitle their holders, at the Board's discretion, to receive ordinary and/or savings shares and/or bonds or convertible bonds issued by the Board itself to exercise a delegated power, either as a bonus or against payment, also from a new issue), on one or more occasions and in tranches before September 11, 2018, to be offered to those entitled, with the exclusion or limitation - in full or in part - of the option right pursuant to paragraphs 4.1, 5 and/or 8 of Article 2441 of the Italian Civil Code, up to a maximum of €100,000,000.00 (*one hundred million*).

For the purpose of exercising the above-mentioned delegated power, the Board of Directors is also granted all powers to *(a)* determine for each *tranche*, number, issue price and the dividend rights of the convertible bonds (also cum warrants having the same characteristics as above) to be issued, and the number of financial instruments earmarked to accommodate the conversion or exercise of the bonds, subject only to the limits set forth in Article 2412 and/or Article 2420-*bis* of the Italian Civil Code, as applicable, and to allow the exercise of any warrants attached to the bonds; *(b)* determine the procedures, terms and conditions for conversion or exercise (including the allocation and conversion ratios and, if applicable, the exercise price and any additional paid-in capital for the shares that need to be issued for that purpose) and all other characteristics and the rules governing the convertible bonds (possibly with cum warrant having the same characteristics as above); *(c)* determine the number, procedures, terms and conditions and all other characteristics (including the allocation and conversion ratios and, if applicable, the exercise price, including any share premium for shares that need to be issued for such purpose) and the corresponding rules for any warrants attached to the bonds in question; *(d)* carry out all of the activities that may be necessary or appropriate to secure the listing on regulated markets in Italy or abroad of the warrants in the exercise of this delegated power, to be exercised at the Board's discretion for the entire duration of the warrants, taking into account market conditions; and*(e)* implement the delegated powers mentioned above including, but not limited to those necessary to make the pertinent and needed amendments to the Bylaws that may be necessary from time to time.

For the resolutions adopted by the Board of Directors to implement the preceding delegated powers pursuant to Articles 2443 and/or 2420-*ter* of the Italian Civil Code, the Board of Directors shall comply with the following criteria:

(A) The issue price, including any share premium, of the new ordinary and/or savings shares to be issued, in one or more tranches, in implementation of the delegated powers pursuant to Article 2443 of the Italian Civil Code (or to each *tranches*), including for use in connection with warrants and/or compensation plans based on the award of financial instruments, pursuant to Article 114-*bis* of TUF and/or the conversion of convertible bonds (including cum warrants) issued to implement the delegated powers pursuant to Article 2420-*ter* of the Italian Civil Code (or to each of their *tranches*), shall be determined by the Board of Directors taking into account, inter alia, the equity, the conditions prevailing in the financial markets at the time the transaction is actually launched, Salini Impregilo share stock market prices, and possibly the offering of a discount in line with market practice for similar transactions. The issue price may be lower than the pre-existing book value of the shares, subject to the formalities and limits referred to in paragraphs 4.1, 5 and 6 of Article 2441 of the Italian Civil Code, where applicable.

(B) For resolutions concerning compensation plans pursuant to Article 114-*bis* of Legislative Decree no. 58 of 1998 (TUF), based on the award of financial instruments, the unit subscription price (including any share premium) of the Issuer's ordinary shares, including the shares into which the above-mentioned financial instruments may be convertible or exercisable, will be determined at the time the options are awarded, taking into account the exercise price of the plan's options and the plan's regulations, without prejudice to the formalities and limits referred to paragraphs 4.1, 5 and 6 of Article 2441 of the Italian Civil Code, where applicable.

(C) For resolutions pursuant to paragraph 4.1 and/or paragraph 5 of Article 2441 of the Italian Civil Code, the option rights may be excluded or limited when such exclusion or limitation appears, even only reasonably, more beneficial to the company's interest, on the understanding that, in any case, for the purposes of the requirements of paragraph 6 of Article 2441 of the Italian Civil Code, by virtue of the reference cited in paragraph 1 of Article 2443 of the Italian Civil Code:

(1) the exclusion of the option right of Shareholders pursuant to paragraph 4.1 of Article 2441 of the Italian Civil Code will be allowed only if the new-issue shares are paid for through the contribution, by third parties, of business units, companies or physical plant facilities functionally organized to carry out activities consistent with the Company's corporate purpose, as well as receivables, equity investments, listed and unlisted financial instruments, and/or other assets that the Board of Directors believes to be instrumental for the pursuit of the corporate purpose;
(2) the exclusion or limitation of the option right pursuant to paragraph 5 of Article 2441 of the Italian Civil Code will only be allowed if the Board of Directors deems it appropriate for new-issue shares to be offered for subscription to qualified parties, such as banks, institutions, finance companies, investment funds or operators who engage in activities in line with and/or functional to those of Salini Impregilo and/or having a purpose similar or related to that of the Company or otherwise functional to the development of the Company's activity.

In any event, the sum of the nominal amount of the share capital increase approved in the exercise of the delegated powers referred to in *(i)* above, and the amount of the convertible bonds issued in the exercise of the delegated powers referred to in *(ii)* above, shall not exceed the total maximum nominal amount of €100,000,000.00 (*one hundred million*). Likewise, the sum of the nominal amount of the share capital increase approved in the exercise of the delegated powers referred to in *(i)* and the total nominal amount of the share capital increase carried out to allow the conversion of the convertible bonds issued in the exercise of the delegated power referred to in *(ii)* above, and/or the exercise of any warrants issued in the exercise of such delegated powers, shall not in any event exceed the total maximum nominal amount of €100,000,000.00.

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The next Board of Directors meeting, held June 16, 2014, resolved, in the forms provided for in Article 2443 of the Italian Civil Code, in exercising and within the limits of the delegated power pursuant to Articles 2443 and 2441.4, second sentence, of the Italian Civil Code, resolved by the Extraordinary Shareholders' Meeting of Salini Impregilo S.p.A. of September 12, 2013 -as part of a broader offer concerning a maximum of 100,000,000 Salini Impregilo ordinary shares with no par value and with regular dividend entitlement held by Salini Costruttori -to launch pursuant to Article 2443 of the Italian Civil Code the capital increase establishing::

(i) to increase the share capital of the Company, in tranches pursuant to Article 2439 of the Italian Civil Code, against payment, with exclusion of the option right pursuant to Article 2441.4, part two, of the Italian Civil Code, within the maximum limit permitted by the delegated power, i.e., through the issue of new ordinary shares of Salini Impregilo, with regular dividend entitlement, in a maximum number of up to (but not equal to) 10% of the total number of Salini Impregilo shares outstanding on today's date and, thus, up to a maximum of 44,740,000 (forty four million, seven hundred forty thousand) new ordinary shares of Salini Impregilo and, in any event, for a total nominal amount not exceeding €50,000,000.00 (fifty million), in addition to any share premium;

(ii) to offer the resulting shares issued for subscription exclusively to qualified investors in Italy (as defined in Article 34-ter.1b, of the Consob regulation adopted with resolution no. 11971 of May 14, 1999, as amended) and institutional investors outside Italy (as defined pursuant to Regulation S and Rule 144A promulgated pursuant to the US Securities Act of 1933) excluding any jurisdiction in which the offering of shares is prohibited under applicable law;

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The Board of Directors meeting of June 20, 2014, held in compliance with the rules set out in Article 2443 of the Italian Civil Code, subject to the determination of the final conditions of the above mentioned capital increase, including the subscription price, and after determining the criteria for establishing it and acquiring the independent auditors ' report required under Article 2441.4, second sentence of the Italian Civil Code, therefore resolved:

(i) to approve the share capital increase of the Company, in tranches pursuant to Article 2439 of the Italian Civil Code, against payment, with exclusion of the option right pursuant to Article 2441.4, part two, of the Italian Civil Code, for a nominal amount of a maximum of €44,740,000 in addition to a share premium of a maximum of €120,798,000.00 and, thus, for a maximum value of €165,538,000.00, through the issue of a maximum of 44,740,000 new ordinary shares of Salini Impregilo with no par value, with regular dividend entitlement, equal to approximately 9.96% of the total number of Salini Impregilo shares outstanding as of the date of the Board of Directors meeting;

(ii) to offer the resulting shares issued for subscription exclusively to qualified investors in Italy (as defined in Article 34-ter.1b, of the Consob regulation adopted with resolution no. 11971 of May 14, 1999, as amended) and institutional investors outside Italy (as defined pursuant to Regulation S and Rule 144A promulgated pursuant to the US Securities Act of 1933) excluding any jurisdiction in which the offering of shares is prohibited under applicable law.

For anything not expressly mentioned herein, please see the minutes of the Salini Impregilo S.p.A. Board of Directors meeting held on June 20, 2014, (Notary Public Carlo Marchetti, filed under No. 10960 of Folder No. 5645), published on the company's website www.salini-impregilo.com, under the *"Governance - Other Governance Documents"* section, as well as the Press Releases of June 16, 20, and 25, 2014, and July 4 and 11, 2014, available in the relevant section of the above website.

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Due to the full exercise, with the above-mentioned share capital increase in June 2014, the power granted by the Extraordinary Shareholders' meeting held on September 12, 2013 and taking into account the need to provide the Company with additional instruments to obtain financial resources to help support the Issuer's growth strategy, the Board of Directors, at their meeting held on March 19, 2015, called an Extraordinary Shareholders' Meeting for April 30, 2015, in order to grant to 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, as well as (ii) the power, pursuant to Articles 2443 and 2420 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, and (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 Italian Legislative Decree no. 58 of February 24, 1998.

All of this, with the consequent amendment of Article 7 of the Bylaws.

Further details are provided in the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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 approved for the maximum period permitted by the applicable legal and regulatory provisions (established by Article 2537.3 of the Italian Civil Code as a maximum of 18 months from the date of the Shareholders' Meeting) to purchase, on one or more occasions, up to a maximum number of ordinary treasury shares that does not exceed 10% of the 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 that 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. In accordance with this program, the Issuer purchased, from October 7, 2014 to October 31, 2014, in several tranches and at an average price of €2.47, a total of 3,104,377 treasury shares, representing 0.631% of the ordinary share capital and 0.629% of the total capital, still in the portfolio at the end of the 2014 financial year. As of today's date, no shares have been purchased in 2015.

The purchases made were periodically communicated, in accordance with legal and regulatory provisions, in the notices published on the website www.salini-impregilo.com in the *"Investor Relations - Press releases"* section.

In addition to the above, the Ordinary Shareholders' Meeting, on the same date, authorized the Board of Directors to sell and/or in any event dispose of all the treasury shares held, also prior to the completion of the purchases for the maximum authorized amount, on one or more occasions and at any time, without time limits, 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 anything not specified herein, please see the Directors' report drafted pursuant to Article 73 of Consob regulation no. 11971/99 and the minutes of the Shareholders' Meeting held on September 19, 2014, published on the company's website www.salini-impregilo.com in the *"Governance - Shareholders' Meetings"* section as well as the press release dated September 19 and October 6, 2014 and the weekly notices of October 13, 20 and 27, 2014, as well as the press release of November 3, 2014, published on the company's website www.salini-impregilo.com in the *"Investor Relations - Press Releases"* section.

l) Management and coordination (Article 2497 and following Articles 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)

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.

Lastly, 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 July 2014 edition of the Corporate Governance Code.

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 by the Issuer as a strategic subsidiary;
- 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 25, 2013, also in light of the opinion expressed by the corporate governance advisory board;

- 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 the board meeting;
- 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;
- 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 November 12, 2014. 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 CEO as the Executive director in charge of internal controls, the internal control committee, the internal control supervisor, the Board of Statutory Auditors, the independent auditors, the manager in charge of financial reporting and the integrity board pursuant to Article 6 of Legislative decree no.231/01) and the components making up the internal controls being the organizational structure, the proxies and delegation system, the Organization, Management and Control Model, the Group Code of Ethics and internal organizational documents;
- with respect to criterion 8.C.1.b), to appoint the CEO as the "Executive director in charge of internal controls"; on July 18, 2012, following appointment of the current Board of Directors by the shareholders on July 17, 2012, the board confirmed the CEO as the "Director in charge of the internal control and risk management system", pursuant to criterion 7.P.3.a) (i) of the Code, as revised in December 2011;
- 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, and January 14, 2014, 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, considering the positive opinion of the Board of Statutory Auditors (reiterated by the present statutory auditors in their meeting of May 2, 2011), to assign it the duties and functions set out in letters d) and e) of criterion 8.C.3. without altering the fact that the Board of Statutory Auditors shall carry out such duties and functions in compliance with the methods that allow the Board of Directors to review its work, which should be made available on a timely basis; 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; on July 18, 2012, the Board of Directors elected by the shareholders on July 17, 2012, re-elected the control and risk committee and assigned the committee the duties pursuant to Article 7 of the Code, as revised in December 2011;

- with respect to criterion 8.C.6., to define the duties of the internal control supervisor in line with such criterion; and that this person 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 4.1/3 of the Consob regulation which sets out instructions for related party resolutions adopted with resolution no. 17221 of March 12, 2010 and subsequently amended with resolution no. 17389 of June 23, 2010; 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, July 9, 2012, May 13, 2013, and December 17, 2014, 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 supported by the Corporate Governance Advisory Board. The Board of Statutory Auditors of the Company ascertains compliance of the Procedure with the principles set out in Consob regulation, most recently on December 17, 2014;
- 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 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, available

on the website: www.salini-impregilo.com, under the "*Governance – Board of Statutory Auditors*") section;

- 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.
- 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 (under the *"Governance – Shareholders' Meeting"*) section;
- to note that the company's corporate governance system already complies with the other provisions of the Code.

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

4. BOARD OF DIRECTORS

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

Article **20)** of Salini Impregilo S.p.A.'s Bylaws require that *"the Company is managed by a Board of Directors consisting of 15 members.*

The candidates that meet the requirements set by the legislation and regulations in force at the time of their appointment may accept such appointment.

Directors are elected using lists submitted by the shareholders that comply with the applicable legislation on gender equality, according to the procedures detailed below, in which the candidates are listed in numeric sequence.

In order to be valid, each list includes at least two candidates that meet the independence requirements established by law. They are shown separately and one of the two heads the list.

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. 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.

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.[3]*.*

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 inexistence 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.

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[3] Consob established the percentage as 1% for the presentation of lists for the election of the directors and statutory auditors of Salini Impregilo S.p.A., pursuant to the Consolidated Finance Act and the Issuer Regulation in its resolution no.19109 of January 28, 2015.

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 that contain three or more candidates must be comprised of 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.

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, 14 directors 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 1 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 receive the same number of votes, 7 Directors shall be drawn from each of the said lists, in the numerical sequence in which they are listed on the lists, while 1 Director shall be drawn from the list that obtained the third-highest number of votes and is not connected in any way, directly or indirectly, with the shareholders who filed or voted for the lists that received the highest number of votes If only two lists are submitted, the oldest candidate among those not already drawn from the first two lists shall be elected as the 15th Director;

b) If none of the lists receives votes equal to at least 29% of the share capital with voting rights at ordinary shareholders' meetings, the 15 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 fifteen. The resulting scores shall be assigned to the candidates of each list in consecutive order using the order in which they are included in the lists. The candidates are then included in a single decreasing order list, based on the scores given to each one.

Those with the highest score are elected. If more than one candidate has the same score, the one from the list that has not had any director elected from it or has had the smallest number of directors elected is taken.

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.

Should the election of candidates using the above methods not ensure composition of the Board of Directors in accordance with the applicable legislation on gender equality, the candidate of the gender most represented elected last in consecutive order from the list that received most votes shall be replaced by the first candidate of the less represented gender not elected from the same list in sequential order. This replacement procedure shall be continued until the Board of Directors composition complies with the applicable legislation on gender equality. 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 of the gender with lower representation 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[4]*, 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.

For the Issuer, as it is subject to management and coordination by Salini Costruttori S.p.A., Article 37 of the Markets Regulation adopted by Consob under resolution no. 16191 of October 29, 2007 et seq. 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 above also applies for the other committees recommended by the Corporate Governance Code for listed companies approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., where established.

On March 19, 2015, the Board of Directors resolved to call an Extraordinary Shareholders' Meeting for the approval of the amendment to Article 20 of the Bylaws which will allow the shareholders in the future, during the renewal of the Board of Directors, to determine the number of members of the Board in the range between 7 to 15 members, as opposed to the current provision which requires 15 members, as well as to introduce further provisions regarding the procedures for the appointment of the members.

The above has been designed to meet the need to provide flexibility in the composition of the management body and grant the Shareholders' meeting the power to establish, from time to time, the number of its members, in any case within a range that allows it to maintain a suitable to generate the dialogue required for the management of a leading issuer like the Company.

[4] Salini Impregilo S.p.A.'s Bylaws do not include additional requirements to those established by law.

For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Assembly"* section.

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 (though 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.

4.2. Composition (Article 123-bis.2.d) of TUF)

COMPOSITION OF THE CURRENT BOARD AND COMMITTEES AT YEAR END

Position	Members	Year of birth	Date of first appointment	In office since	Board of Directors In office until	List (M/m)	Executive	Non-executive	Independent as per Code	Independent as per TUF	% BoD	No. of other positions	Control and risk committee		Compensation and nominating committee		Executive committee		Committee for related - party transactions	
Chairperson	Claudio Costamagna	1956	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X			100	4					M	80		
CEO	Pietro Salini	1958	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M	X				100						P	100		
Director	Marina Brogi	1967	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	70.59	2			P	100			M	100
Director	Giuseppina Capaldo	1969	06.11.2012	06.11.2012	Shareholders' meeting to approve 2014 financial statements	m		X	X	X	76.47	3	M	85.71					M	100
Director	Mario Cattaneo	1930	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	82.35	3	P	100						
Director	Roberto Cera	1955	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X			94.12									
Director	Laura Cioli	1963	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	83.25	3					M (II)	100		
Director	Alberto Giovannini	1955	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	94.12	7					M	95	P	100
Director	Nicola Greco	1949	09.12.2013	09.12.2013	Shareholders' meeting to approve 2014 financial statements			X	X	X	83.25	1			M	100				
Director	Pietro Guindani	1958	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	64.71	3	M	95.24						
Director	Geert Linnebank	1956	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	94.12	2			M	100			M	100
Director	Giacomo Marazzi	1940	09.12.2013	09.12.2013	Shareholders' meeting to approve 2014 financial statements			X	X	X	94.12	1					M	95		
Director	Franco Passacantando	1947	09.12.2013 effective from 12.15.2013	09.12.2013 effective from 12.15.2013	Shareholders' meeting to approve 2014 financial statements			X	X	X	94.12	2	M	90.48						
Director	Laudomia Pucci	1961	07.17.2012	07.17.2012	Shareholders' meeting to approve 2014 financial statements	M		X	X	X	82.35	1			M	87.5				

DIRECTORS WHO LEFT OFFICE DURING THE YEAR

Position	Members	In office since	In office until	List (M/m)	Executive	Non-executive	Independent as per Code	Independent as per TUF	% BoD	No. of other positions	Control and risk committee %		Compensation and nominating committee %		Executive committee		Committee for related - party transactions	
Director	Simon Pietro Salini	07.17.2012	09.25.2014	M		X			92.85	1					M	87.5		
Quorum required to present lists at time of last appointment: 2%																		
No. of meetings held during the year:									BoD: 17		CRC: 21		CNC: 8		EC: 20		RPTC: 2	

In their meeting of July 17, 2012, the shareholders of Impregilo elected a new Board of Directors for a term of three years, i.e. until the shareholders' meeting to approve the financial statements as at December 31, 2014. Fourteen directors were elected from the majority list presented by the shareholder Salini S.p.A. and the fifteenth member from the minority list presented by the shareholder Igli S.p.A..

Votes in favor of the new board approximated 51.98% of the voting rights for this resolution for the majority list and approximately 47% of the voting rights for this resolution for the minority list, equal to roughly 78.74% of the company's overall voting rights.

Giuseppina Capaldo was elected director of the Issuer for the first time on June 11, 2012. The other directors were elected for the first time on July 17, 2012, except for Nicola Greco, Giacomo Marazzi and Franco Passacantando, as specified below.

Simon Pietro Salini, non-independent and non-executive Director, submitted his resignation from the offices of Director and member of the executive committee on September 25, 2014.

The Board of Directors did not co-opt a person to fill the vacancy of the resigned Director.

The Board, at their meeting held on October 14, 2014, also resolved to reduce from five to four the number of members of the executive committee, confirming the following members in office:

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

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

No 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* <u>*listed*</u> *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* <u>*not listed*</u> *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,* <u>*not listed*</u> *on Italian or other EU state regulated markets,*

the maximum number of positions that Impregilo directors may hold is:

<u>***Executive directors***</u>

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

<u>***Non-executive directors members of the executive committee***</u>

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

<u>Non-executive directors who are not members of the executive committee</u>

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., 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.

Special sessions were held in 2014 for directors and auditors to help them gain insight into specific issues including, but not limited to, the interpretation and application of new accounting standards as well as on the application of the anti-corruption regulations within the Company. Technicians and experts on the issues to be discussed were invited to take part and speak at these sessions.

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, 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 resolve to set up or close branches in Italy or abroad, to decrease share capital if a shareholder withdraws therefrom, to adjust the Bylaws to reflect mandatory regulatory requirements, to transfer the legal offices within Italy and to merge other wholly controlled companies or companies, of which at least 90% control is held, into the parent. All of these transactions are to be carried out in accordance with Articles 2505 and 2505-bis of the Italian Civil Code.

The Board of Directors, at their meeting held on March 19, 2015, called an Extraordinary Shareholders' Meeting for April 30, 2015, in order to amend Article 24 of the Bylaws so as to include, within the powers granted to the Board of Directors, also powers related to spin-offs, as shown in the following text:

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.

For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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 15 members. As reported above, on March 19, 2015, the Board of Directors resolved to convene an Extraordinary Shareholders' Meeting to take the necessary decisions aimed at changing the number of members of the Board of Directors, proposing that the Board be composed of 7 to 15 members instead of the current fixed number of 15, as well as additional provisions concerning the appointment of the board members.

For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

Salini Impregilo's Board of directors met 17 times in 2014; on average, each meeting lasted about one hour and forty minutes.

The 2015 financial calendar (available on the website www.salini-impregilo.com, in the *"Governance – Corporate Events"* section) shows that 5 meetings are scheduled to take place during the year, the first of which was held on February 25, 2015.

Four other Board meetings have been held in 2015.

The Board, as part of the self-assessment process carried out in 2014, 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, with which the board has resolved to comply, the board is authorized to examine and approve:

- 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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- Given the role of Impregilo International Infrastructures N.V as a subholding of the "Concessions" business sector, the Board classified it as a "strategic subsidiary" at its board meeting held on October 14, 2014.
- With respect to criterion 1.C.1.c) of the Code, in its meeting of March 19, 2015, 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.
- During its meetings, the board assessed the company's performance, comparing it to the budget objectives and considering information received from the empowered bodies.
- On December 12, 2013, the Board of Directors resolved to retain responsibility for the following actions and transactions:
  - 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;
  - the review and approval of the business plan, budget and industrial plan;
  - the performance of all More important transactions that do not require shareholder approval as per the "Regulations for related party transactions", approved from time to time;
  - the purchase and sale of investments in companies, consortia or other entities, as well as in businesses or business units.

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 19, 2015, 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 18, 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 carry out their respective tasks effectively.

In light of the results of self-assessment, the Board of Directors has prepared, in view of the expiration of the term of office of the Board of Directors and of the expected renewal with the approval of the financial statements as at December 31, 2014, also taking into account the opinion of the compensation and nominating committee, its own recommendation to shareholders on the professional profiles whose presence is deemed appropriate for the composition of the Board. Details of which are available on the company's website www.salini-impregilo.com in the *"Governance – Shareholders' Meeting"* section.

With respect to criterion 1.C.4., 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 2014 and 2015, 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 July 18, 2012.. 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;
- the review and approval of the Group's business plan, budget and industrial plan;
- the performance of all significant transactions that do not require shareholder approval as per the "Regulations for related party transactions", approved from time to time;
- the purchase and sale of investments in companies, consortia or other entities, as well as in businesses or business units.

The CEO and General Director, Mr. 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 in office, appointed by the Board of Directors on September 12, 2013, comprised, until September 25, 2014, the following members of the Board of Directors:

Executive Committee	
Chairperson	Pietro Salini
Member	Claudio Costamagna
Member	Alberto Giovannini
Member	Giacomo Marazzi
Member	Simon Pietro Salini

On October 14, 2014, the Board of Directors, further to Simon Pietro Salini's resignation as member of the executive committee on September 25, 2014, resolved to bring the number of members of this committee to five. The members of the current executive committee are:

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

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

The executive committee met 20 times during the year and each meeting lasted an average of approximately one hour.

Five meetings have been held by the executive committee in 2015.

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. the review and approval of the Group's business plan, budget and industrial 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. the purchase and sale of investments in companies, consortia or other entities, as well as of businesses or business units.

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 composed of the following 11 independent directors:

Independent Directors	
	Marina Brogi
	Giuseppina Capaldo
	Mario Giuseppe Cattaneo
	Laura Cioli
	Alberto Giovannini
	Nicola Greco
	Pietro Guindani
	Geert Linnebank
	Giacomo Marazzi
	Franco Passacantando
	Laudomia Pucci

The Board, applying all of the criteria envisaged by the Corporate Governance Code, assessed, at the first opportunity after their appointment, specifically:

- on July 18, 2012 for Directors Marina Brogi, Mario Cattaneo, Laura Cioli, Alberto Giovannini, Pietro Guindani, Geert Linnebank, Laudomia Pucci and Giuseppina Capaldo,

- on September 12, 2013, for Directors Nicola Greco, Giacomo Marazzi and Franco Passacantando and during the meeting held to approve the annual draft financial statements, the Board of Directors assessed that each non-executive director met the independence requirements set by the Code applying each criterion established thereby. They then disclosed the results of their assessment to the market.

The Issuer's **11** independent directors meet the independence requirements pursuant to both the Consolidated Finance Act and the Code.

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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. They met on March 19, 2015 and reported to the board on the same day. The independent directors met once during the year for the activities described below.

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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During the meetings held during the year, the independent directors also:

- 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.

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

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. These parties are obliged 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, which provides for penalties to be applied to the parties that violate it.

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

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, together with the executive committee described in section 4.4.

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.

The Board of Directors set up a corporate governance advisory board (see section 17.1) on July 30, 2012.

7. NOMINATING COMMITTEE

As noted in section 6 of this report, the board set up a compensation and nominating committee (previously called the remuneration and appointment committee) on July 18, 2012. 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.

During the year, the compensation and nominating committee met 8 times with meetings averaging roughly one and a half hours.

Three meetings of the compensation and nominating committee have been held in 2015.

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 compensation and nominating committee is currently composed of the following independent directors:

Compensation and Nominating Committee	
Chairperson	Marina Brogi
	Nicola Greco
	Geert Linnebank
	Laudomia Pucci

The Chairperson (on four 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 July 18, 2012, the Board of Directors resolved to give the compensation and nominating committee the following duties:

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.

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.

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 on the professional profiles whose presence is deemed appropriate for the composition of the Board, taking into account the professional competence, experience, (including managerial experience) gender of its members, number of years as director, also and above all in the light of the upcoming expiry of the term of office of the Board, which will take place with the approval of the financial statements as at December 31, 2014.

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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 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

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.

As concerns the related activities, specifically the definition of the 2015 remuneration policies, the committee met during the year on the basis of a detailed work plan, a total of 8 times, with each meeting lasting about one hour and thirty minutes, on average.

Three meetings of the compensation and nominating committee have been held in 2015.

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 compensation and nominating committee is currently composed of the following directors, all independent:

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 (on four occasions), the CEO (on two occasions) and managers of the Issuer attended committee meetings, upon invitation when the committee deemed it was necessary and appropriate for the more effective discussion of a number of items on the agenda.

The committee approved rules for its working which establish that its works are coordinated by the chairperson and that all the members of the Board of Statutory Auditors may always attend its meetings as may the CEO, other directors, managers and external consultants, upon invitation and depending on the items on the agenda; Moreover, the other directors may always be present at the meetings.

The chairperson of the Board of Statutory Auditors or another statutory auditor designated by him participated in the committee meetings and the other statutory auditors were also able to participate.

DUTIES OF THE COMPENSATION AND NOMINATING COMMITTEE:

In line with the resolutions passed by the Board of Directors on July 18, 2012, the committee has consulting and proposing duties on the matters provided for under Article 6 of the Code, specifically related to:

– the 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;
– the 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 2014, for the activities related to the definition of the 2015 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 2014, the compensation and nominating Committee, pursuant to Article 6 of the Corporate Governance Code, presented proposals to the board concerning: a) the compensation system for the CEO; b) the guidelines for the remuneration of key management personnel; c) the remuneration report pursuant to Article 123-ter of Legislative Decree no. 58/1998.

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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

The information in this section is included in the Remuneration report published pursuant to Article 123-ter of TUF and available on the Internet site www.salini-impregilo.com, under the "*Corporate governance - Shareholders' Meetings*" section.

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

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.

It also meets when a committee member, the chairperson of the Board of Statutory Auditors or the internal control supervisor makes a documented request to the chairperson.

The control and risk committee met 21 times during the year and each meeting lasted an average of approximately two hours and thirty minutes.

The control and risk committee held 6 meetings in 2015.

Please see the Table provided in Section 4.2 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 is currently composed of the following independent directors:

Control and Risk Committee	
Chairperson	Mario Giuseppe Cattaneo
	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.

On September 21, 2012, 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. All the members of the Board of Statutory Auditors have standing invitations to attend meetings, as does the chief internal auditor. Depending on the items on the agenda, the CEO, other directors, managers of the Issuer, external consultants and representatives of the independent auditors may also be invited to attend; Moreover, the other directors may always be present at the meetings.

The 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).

The chief internal auditor participated in 17 of this committee's meetings. Upon invitation and to make its working more efficient, the committee invited the chairperson of Salini Impregilo, the CEO, the designated accounting officer, 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 July 18, 2012, 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;
  - review of the main audit reports and their implementation;
  - description of the main characteristics of the internal control and risk management system 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 in the case of a group, 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.
- performance of the other duties assigned to it by the board.

During the year, the control and risk committee reviewed and assessed the work plan and reports prepared by the chief internal auditor, 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. Furthermore, the committee 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. 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 interim financial report at June 30, 2014, and the draft interim financial report at March 31, and September 30, 2014; it met certain company functions.

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Minutes of the committee meetings are drawn up regularly.

In the performance of their duties, the control and risk committee has the right to access the necessary company's information and functions, for the performance of their duties. To gain further insight on the interpretation and application profiles of the new accounting principles, the committee organized a focus meeting with an expert in the field. This meeting was held on December 17, 2014, and was also attended by other directors and statutory auditors.

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

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, and November 12, 2014.

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 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 chief internal auditor, the manager in charge of financial reporting, the Board of Statutory Auditors, the independent auditors and the integrity board, each by carrying out their duties and roles.

Following the merger between Impregilo and Salini changes were made to the organizational structure of the system; today it includes "second level" control functions, represented by the manager in charge of financial reporting, the compliance function, the risk management function and the quality, environment, health and safety function, which report to the Chief Executive Officer.

The company's internal control and risk management system consist of the organizational structure, the proxies and delegation system, the Organization, Management and Control Model (pursuant to Legislative Decree 231/01), the group Code of Ethics, the organizational documents such as the organizational chart, the guidelines, the standard (or interfunctional) procedures, the organizational instructions, the organizational communications, the operating procedures, the manuals and executive instructions.

MAIN CHARACTERISTICS OF THE EXISTING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS, PURSUANT TO ARTICLE 123-BIS.2.B) OF TUF

I. Introduction

The scope of the internal control and risk management system in relation to the financial reporting process (hereinafter the "System") is to ensure the credibility, accuracy, reliability and timeliness of financial reporting.

Salini Impregilo has designed, implemented, monitored and updated its system over time in accordance with guidelines based on international frameworks and best practices.

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). This process of integrating the general model with the Company's specific model considered 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. Specifically, the group is composed of legally separate entities (e.g. Italian and foreign companies) and 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.

Accordingly and based on the logic underlying the reference model, the group defined the criteria to ensure the System's actual application.

These criteria provide for the dissemination of the application procedures, the training of the personnel involved in the different stages of the process and a monitoring plan 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 model, with the appropriate adaptations, is currently being updated and implementation following the changes to the organizational structure made as a result of the merger.

II. Description of the main characteristics of the existing internal control and risk management system in relation to the financial reporting process

II.1 The System's main stages

The main stages of the System are:

1. *Identification of financial reporting risks*: completion of this stage firstly entailed the analysis of all the more important internal processes in terms of their potential impact on the company's financial reporting and, secondly, identification of the specific processes that are significant for the group as a whole due to the specific nature of the different business segments in which the group companies operate, even though they may not be applicable to the parent.

   The analysis considered the criteria to identify risks of non-attainment of control objectives ("financial statements assertions": existence and occurrence, completeness, measurement and recognition, presentation and disclosure, rights and obligations) for each financial statements item (separate and consolidated). The possible risks of error and fraud that could potentially impact financial reporting were also considered.

2. *Assessment of financial reporting risks*: the assessment of the intrinsic risk (inherent risk assessed regardless of the related controls) for each financial statements item entails the analysis of: (i) the significance of the above financial statements objectives for each item, (ii) the importance of each individual item in its category (e.g., assets or liabilities, revenue, operating expense, financial income and expense and income taxes) in order to identify their significance; and (iii) the materiality of the item compared to the pre-tax profit and equity.
3. *Identification of controls for the identified risks:* the intrinsic risk associated with each financial statements item as identified above was subsequently analyzed considering the existing control environment of each group company. Specifically, based on the analysis of the process generating the financial statements item, the collective or individual controls envisaged by the process to ensure compliance with the related financial statements objectives ("financial statements assertions") were identified. These controls, which mitigate the intrinsic risk, determine the residual risk for each financial statements item.
4. *Assessment of controls for the identified risks:* a specific monitoring process was carried out regularly to assess the effectiveness of the control's mitigating actions and the actual working of the control as part of the analyzed process.

Its checks are carried out (pursuant to Law 262/05) every six months and are planned so as to involve the most significant operating units. Evaluation of the significance of an operating unit for the purposes of the controls considers its business volumes as a percentage of those of the parent and the group and any specific factors that, although not material in quantitative terms, are important with respect to their measurement or that are deemed worthy of analysis.

When issues arise or processes are identified that could be improved as a result of the above monitoring, they are described in the supporting documentation and a remedial plan is prepared. This plan is suitably illustrated in the report and monitored until the set objectives are achieved.

II.2 Roles and units involved

Starting from the year end, the internal audit unit was entrusted with the coordination of the control activities *pursuant to Law* 262/05, following a specific assignment given to the manager in charge of financial reporting. The internal audit department carries out checks on the implementation of key controls in accordance with the "Administrative, accounting and operational procedures model for drawing up the Group's financial statements" and, in the performance of such activities, it can also use external specialist resources. It prepares documentation supporting its activities every six months and a report to be used by the manager in charge of financial reporting, who assesses its content and findings and then reports to the relevant internal bodies.

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After approving the business and strategic plan, which sets out the new 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. It was assisted by the control and risk committee.

During the meeting to approve the 2014 financial statements, the control and risk committee expressed its favorable opinion of the adequacy and effectiveness of the internal controls and risk management system to the Board of Directors following its review of the reports drawn up by the chief internal auditor and the integrity board and based on interviews with them and the assistance provided by 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.

OPERATIONAL RISKS – SALINI IMPREGILO GROUP

The Salini Impregilo Group 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.

The project is structured to involve all operating units in order to take into account the differences between the countries and the different economic, regulatory and socio-cultural environments in which Salini Impregilo operates.

Under this project a *Chief Risk Officer* will be appointed who, with the support of a work group that is already operating, aims to identify the main company risks and assess the effectiveness of the controls put in place by the structures of the operating units through a common method.

I Risk Assessment

A Risk Assessment was conducted in 2014, aimed to identify the risks that could affect the achievement of the Business Plan targets, with a special focus on the assessment of operating risks.

The Group's *Senior* and *Top Management* involved therefore 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:

1. *Identification of the risks*

   This phase was based on an initial mapping of business processes and the identification of significant risks associated to them and potentially impede the achievement of Group targets.

   As a result of this activity, a catalogue of risks has been developed which is based on the sharing and integration of the combined experience of Salini and Impregilo Group over the years in risk management in the engineering and construction sector, as well as the contribution by relevant Management through interviewing them.

   The catalogue of risks, through the interviews, resulted in a list of risks stemming from the experience of the two groups. New risks were identified during the process also by comparing the risks from external sources in the same sector.

2. *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.

3. *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.

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

As part of the Company'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.

II Results

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

Counterparty

The main risks concern the changes in relationships with the Client during the tender process and during the operational management of the contract when it is awarded. These aspects are characterized by an external risk factor mainly linked to the structure, the competence and characteristics of the Customer.

Project management therefore 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.

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. These risks concern both construction projects and concessions. The project kickoff, in particular, is a crucial phase of contract management that requires the timely definition of the organizational structure of the project and detailed knowledge of the country's situation and the local production system.

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. 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.

Salini Impregilo is present in several countries that have a certain level of economic, political and social instability. This factor is assessed when developing the strategic plan and is carefully studied for each project.

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

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.

Considering the size and complexity of the Company, the aspects related to completing the integration process between the two companies existing prior to the merger are very important, especially as concerns the dissemination and application of a common system of procedures, as well as the coordination and monitoring of intercompany transactions.

Reporting

The risks associated with reporting activities specifically relate to the preparation and monitoring of the economic and financial information disclosed to the market.

Due to several recent changes in legislation concerning IFRS, management is now involved in the assessment, for reporting issues, of the aspects tied to the correct application of the accounting principles.

Liquidity (*)

This category includes risks related to the ability to gain access to financial markets, treasury management, at both central and peripheral level, insurance and tax management, paying close attention to the different local laws of the countries where the Group operates.

Financial risk management 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. 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.

Legal

Legal risks refers to meeting requirements of a legislative nature, but especially concerns the aspects related to contract management in terms of accounts receivables for Customers and accounts payable to 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.

Reputation

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

In assessing these risks, management has underlined the importance of having successfully achieved the integration process between the two companies that existed before the merger, nearing completion.

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.

Finally, the internal audit unit, as part of the annual audit plan approved by the Board of Directors, checks compliance of the company processes with the rules of the internal control and risk management system, also considering the results of the risk assessment activities performed on an annual basis and by monitoring the development of the programs implementing improvements identified (and agreed) with reference to the design of the controls.

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

As described in Section 3 of this report, the Board of Directors appointed the CEO as *"Executive director in charge of internal controls"*, assisted by the internal control committee on March 12, 2007.

The Board of Directors elected by the shareholders on July 17, 2012, 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.

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The Director in charge of the internal control and risk management system:

- supervises identification of the key business risks (strategic, operating, financial and compliance), considering the activities carried out by the Issuer and its subsidiaries, and presents them regularly to the board;
- implements the guidelines established by the Board of Directors and manages the previously designed and created internal control and risk management system, checking its overall adequacy, and effectiveness on an ongoing basis, assisted by the chief internal auditor;
- adapts the System to reflect operating conditions and the legislative and regulatory framework, again assisted by the internal audit head;
- requests 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, the chairperson of the control and risk committee and the chairperson of the Board of Statutory Auditors thereon;
- reports to the Board of Directors promptly about the checks requested by the internal audit unit.

11.2. CHIEF INTERNAL AUDITOR

Giacomo Galli, appointed by the Board of Directors on January 14, 2014, was the chief internal auditor until May 14, 2014. Subsequently, Francesco Albieri was appointed as chief internal auditor by resolution of the Board of Directors on May 14, 2014.

Giacomo Galli, a person external to the issuer, endowed with adequate professionalism, independence and organization, verified by the Board at the time of his appointment, held the office of internal office head for the time needed to identify a person qualified for the role to hire as an employee of the Issuer. The person so appointed was Francesco Albieri.

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The Board of Directors also approved the remuneration to be paid for carrying out above mentioned position.

The above appointments and related remuneration, were approved, on proposal of the Director in charge of the internal control and risk management system , after receiving the favorable opinion of the control and risk committee and consulting the Board of Statutory Auditors.

The chief internal auditor reports to the Board of Directors alone and is not in charge of any business areas; the chief internal auditor is completely autonomous in terms of his actions and in operating and control terms.

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

The internal audit unit operated in 2014 within the remit of its mandate approved on August 26, 2011, by the Board of Directors, with the favorable opinion of the Board of Statutory Auditors, and further updated on November 12, 2014.

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The chief internal auditor checks that the internal controls and risk management system is operational and adequate. He/she performs this check using an audit plan, approved by the Board of Directors, based on a structured procedure to analyze and prioritize the key risks, integrated with specific tasks requested by the management and control bodies.

In performing the activities under his responsibility, the chief internal auditor had direct access to all 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 reports upon the request of the Director in charge of the internal control and risk management system, and delivered them, as part of his remit, to the members of the control and risk committee, the Board of Statutory Auditors and the chairperson of the Board of Directors, as well as to the Director in charge of the internal control and risk management system.

During 2014, 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 the most 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.

The Board, on proposal of the Director in charge of the internal control and risk management system, following the favorable opinion of the control and risk committee and consulting with the Board of Statutory Auditors, defined the remuneration of the chief internal auditor in line with company policies and ensured that he would be provided with adequate resources for the fulfilment of his responsibilities, on January 14, 2014, for Giacomo Galli and on May 14, 2014, for Francesco Albieri.

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

11.3. ORGANISATION 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, and May 14, 2014, 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, the Board of Directors approved the new "Organization, Management and Control model" (the general section of which is available on the Internet site 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, offences relating to undue incitement to give or promise anything of value and corruption between individuals.

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 and appointed them, consisting of the internal control supervisor (internal employee) and two external persons. Previously, the board had been monocratic (internal control supervisor). These appointments were confirmed by the Board of Directors on May 14, 2014 for three years and, therefore, until its approval of the interim financial report at June 30, 2015. As required by the model, the integrity board's chairperson is a member who is not an employee of the Issuer. 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 deemed it appropriate not to give the Board of Statutory Auditors the integrity board functions.

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, under the *"Governance – Governance system"*) section. The present version was approved by the Salini Impregilo's Board of Directors on May 14, 2014.

11.4. INDEPENDENT AUDITORS

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.

The shareholders of Salini Impregilo S.p.A. appointed PricewaterhouseCoopers S.p.A. as independent auditors in their meeting on May 3, 2006 for the period from 2006 to 2011. On

May 3, 2007, they extended the independent auditors' engagement for the period from 2012 to 2014, pursuant to Article 8.7 of Legislative Decree no. 303 of December 29, 2006.

As a result of the above, the Board of Statutory Auditors initiated a tender process involving several of the leading players in the field of independent audits. At the end of this process, the control body identified the independent auditors that meet the requirements set out in Legislative Decree 39/10 to be submitted, with a reasoned opinion, for approval by the Shareholders' Meeting.

The shareholders' meeting called to approve the financial statements as at December 31, 2014, will also be called on to appoint the independent auditors for 2015-2023.

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, fields and sectors of activity closely connected with those of the businesses operated by the Company shall be understood to mean the fields (legal, economic, financial and technical-scientific) and the sectors of activity connected with or relating to the activity carried out by the Company as set forth in the corporate purpose*").

On this point it should be noted that on March 19, 2015, the Board of Directors called an Extraordinary Shareholders' Meeting for April 30, 2015, to approve the amendment of the last paragraph of Article 29 of the Bylaws, as shown in section 13 below.

The position of Manager in charge of financial reporting pursuant to Article 154-bis of Legislative Decree no. 58 of February 24, 1998, 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 at meetings of the board and executive committee, 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.

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Section 11.2 describes the roles, appointment criteria, powers and tools of the chief internal auditor, who has specific responsibilities for internal controls and risk management.

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 Issuer has provided that:

- the Board of Directors acts as a guide and assesses the System's adequacy using the information provided directly by the Director in charge of the internal control and risk management system, the control and risk committee, the Board of Statutory Auditors, as the internal control and audit committee, and the manager in charge of financial reporting;
- the chief internal auditor and the integrity board as per Legislative Decree no. 231/01 report on their activities to the control and risk committee so that it, in turn, can report to the Board of Directors;
- the chief internal auditor, the head of the compliance function and the Board of Statutory Auditors take part in the meetings of the control and risk committee;

- the chief internal auditor sends his reports (both periodic and on special issues as requested by the Director in charge of the internal control and risk management system) to this Director, the chairpersons of the Board of Statutory Auditors, the control and risk committee and the Board of Directors;
- the head of the compliance function as per Legislative Decree no. 231/01 reports on his activities to the Integrity Board;
- the head of the compliance function reports to the Director in charge of the internal control and risk management system, the control and risk committee and the Board of Statutory Auditors on his activities and on the progress of the Compliance Plan every six months;
- the head of the compliance function informs, whenever he considers it to be necessary, the Director in charge of the internal control and risk management system and the control and risk committee about significant facts and circumstances related to his work;
- the head of the compliance function sends his reports on the checks carried out to the Director in charge of the internal control and risk management system, top management and the control bodies. In the event critical issues or shortcomings come to light or it is determined that further analysis is required, the compliance function informs the internal audit unit, in order to assess whether any specific checks need to be carried out.

12. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

On November 30, 2010, the Board of Directors approved a specific new procedure for related party transactions, the "Procedure", (which replaced the previous procedure approved by it on July 7, 2005), after receiving the favorable opinion of the committee for related - party transactions, pursuant to Article 2391-*bis* of the Italian Civil Code and Article 4.1/3 of the Consob regulation which sets out instructions for related party transactions adopted with resolution no. 17221 of March 12, 2010 and subsequently amended with resolution no. 17389 of June 23, 2010 (the "Regulation"). 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, changed the Procedure, after obtaining the favorable opinion of the committee for related-party transactions and the conformity assessment made by the Board of Statutory Auditors on compliance with the principles of the Regulation.

The Board of Directors, assisted by the corporate governance advisory board referred to in section 17.1 below, further modified the procedure on December 17, 2014, after receiving the favorable opinion of the committee for related - party transactions and the compliance assessment made by the Board of Statutory Auditors.

The Procedure (available on the Internet site 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 independent directors appointed from the from the minority list that received the most amount of votes, if appointed, and three other independent directors. This committee elected a chairperson, Alberto Giovannini, and his deputy, Giuseppina Capaldo, to be acting chair should the chairperson be absent or in their impediment.

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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

Article. **29)** of Salini Impregilo S.p.A.'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 inexistence 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, fields and sectors of activity closely connected with those of the businesses operated by the Company shall be understood to mean the fields (legal, economic, financial and technical-scientific) and the sectors of activity connected with or relating to the activity carried out by the Company as set forth in the corporate purpose".

On March 19, 2015, the Board of Directors called an Extraordinary Shareholders' Meeting for April 30, 2015, in order to amend the last paragraph of Article 29 of the Bylaws as follows:

"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".

For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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

The members of Salini Impregilo's Board of Statutory Auditors as at December 31, 2014 are listed below. Details are also provided on their appointment, participation at meetings and other positions held as director or statutory auditor in other companies listed on Italian regulated markets.

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	% participation	No. of other positions
Chairperson	Trotter Alessandro	1940	05.07.2008	04.30.2014	Shareholders' meeting to approve 2016 financial statements	M	X	100	11
Statutory auditor	Naddeo Teresa Cristiana	1958	04.30.2014	04.30.2014	Shareholders' meeting to approve 2016 financial statements	M	X	100	3
Statutory auditor	Villa Gabriele	1964	04.30.2014	04.30.2014	Shareholders' meeting to approve 2016 financial statements	M	X	100	8
Alternate auditor	Tabellini Marco	1967	04.30.2013	04.30.2014	Shareholders' meeting to approve 2016 financial statements	M	X		31
Alternate auditor	Battistin Roberta	1971	04.30.2014	04.30.2014	Shareholders' meeting to approve 2016 financial statements	M	X		6

Quorum required to present lists at time of last appointment: 2%

No. of meetings held during the year: 18

STATUTORY AUDITORS WHO LEFT OFFICE IN 2014

Position	Members	Year of birth	Date of appointment	In office since	In office until	List (M/m)	Independent as per Code	% participation.	No. of other positions
Statutory auditor	Gatti Fabrizio	1961	04.28.2011	04.28.2011	01.10.2014	SOLE	X		8
Statutory auditor	Miglietta Nicola	1967	04.28.2011	04.28.2011	04.30.2014	SOLE	X	100	15
Statutory auditor	Spanò Pierumberto	1961	04.30.2013	04.30.2013	04.30.2014	SOLE	X	83.33	8

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, under the "*Governance - Board of Statutory Auditors*" section.

The Board of Statutory Auditors met 18 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

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). The Investors Relations section in company's website 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.

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

The document providing an overview of the procedures for participating at Salini Impregilo S.p.A. shareholders' meetings and the exercise of voting rights is posted on the company's website 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 company Bylaws states that the notice may indicate the day of a second call or of any subsequent calls. The admittance document issued for the first call is also valid for the subsequent calls. The Board of Directors may nonetheless decide, if it deems it appropriate and by giving express indication of this in the notice of call, that the ordinary and extraordinary shareholders' meeting are to be held in a single call.

It also states that Shareholders' meetings shall be called through publication of a notice containing the information required by applicable regulations, within the times set by law:

- on the Company's website;

- in the Official Gazette of the Italian Republic or the Corriere della Sera newspaper, when required by a compulsory order or so decided by the Board of Directors;

- in any other manner required by the laws and regulations in effect at any given time.

Shareholders may notify the company of their proxies by sending the document to the e-mail address indicated in the notice. The Bylaws do not require that the shares, for which the communication pursuant to Article 2370.2 of the Italian Civil Code is required, remain unavailable until the meeting has been held, nor do they allow voting by post or on-screen or video link-up.

With respect to the meeting held on April 30, May 9 (special savings shareholders' meeting) and September 12, 2013, pursuant to Article 135-undecies of TUF, the company appointed a Designated representative to which the shareholders may give proxies with voting instructions for all or some of the issues on the agenda.

On March 19, 2015, the Board of Directors convened an Extraordinary Shareholders' Meeting for April 30, 2015, for the purpose of amending Article 16 of the Bylaws. For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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 meeting appoints a secretary who need not be a shareholder and, if necessary, two vote-counters among shareholders and statutory auditors. 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.

On March 19, 2015, the Board of Directors convened an Extraordinary Shareholders' Meeting for April 30, 2015, for the purpose of amending Article 18 of the Bylaws. For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"*. The Issuer's Bylaws do not provide that the meetings have to approve specific actions taken by the directors.

As described in section 4.3 of this report, under Article 24 of the Bylaws, the Board of Directors is granted the power 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 by absorption of a wholly owned subsidiary or a company in which at least a 90% ownership stake is held, all of the above in compliance with the provisions of Articles 2505 and 2505 bis of the Italian Civil Code.

On March 19, 2015, the Board of Directors convened an Extraordinary Shareholders' Meeting for April 30, 2015, for the purpose of amending Article 24 of the Bylaws to include, among the powers reserved to the Board of Directors, also powers related to spin-offs. For further information on this item, please see the Board of Directors' Report that will be published on the company's website www.salini-impregilo.com under the *"Governance – Shareholders' Meeting"* section.

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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, 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.

Eight directors (including the Chairperson and CEO) participated at the Shareholders' Meeting held on April 30, 2014. Eight directors (including the Chairperson and CEO) participated at the Shareholders' Meeting held on September 19, 2014. 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)

17.1. THE CORPORATE GOVERNANCE ADVISORY BOARD

On July 30, 2012, the Board of Directors set up the corporate governance advisory board (the "board") which is responsible for analyzing the existing corporate governance structure and subsequently to propose any changes to be made to the Board of Directors. The board provides proposals and opinions to the Board of Directors and each committee, assisted by independent experts, so that the corporate governance rules are in line with best practices, especially the Bylaws and internal regulations and procedures, starting with the related party transactions procedure, the management of any conflicts of interest and protection of minorities.

As of October 14, 2014, the board members are Francesco Carbonetti, as coordinator, and Marina Brogi and Giuseppina Capaldo and Massimo Tezzon, as directors.

The Board of Directors reformulated the composition of the Board in their meeting held on October 14, 2014. It is currently composed solely of external consultants: Mr. Francesco Carbonetti, as Coordinator, and Mr. Massimo Tezzon.

During the year, the board prepared reports for the Board of Directors on the review of the Procedure for related party transactions and the identification of related party transactions.

17.2. ANTI-CORRUPTION MODEL AND RELATED STAFF TRAINING

The Board of Directors approved the Anti-Corruption Model in their meeting held on June 16, 2014. This model provides an overview of Salini Impregilo's commitment to ensure compliance with the principles introduced by anti-corruption laws and Best Practices at an international level. It has been adopted with the aim of providing a systematic frame of reference for anti-corruption regulations and policies, which Salini Impregilo intends to pursue in order to eliminate active or passive corruption, thereby ensuring compliance with anti-corruption regulations. The Model is thus intended to act as a guide in dealing with any risks of corruption that may arise during the course of business activities.

The application of the Anti-corruption Model is a direct responsibility of all employees and all third parties that collaborate with Salini Impregilo. All recipients are required, therefore, to comply, with the utmost care and attention, with all the principles and provisions set forth therein. In order to ensure appropriate awareness and understanding of the Model, Salini Impregilo, all employees are required to take an anti-corruption training course. The course has been designed with different levels of detail, according to the qualification of the recipients and the different level of involvement in at-risk activities.

18. CHANGES SINCE YEAR END

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

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).

Director	Company	Position
Claudio Costamagna	CC & SOCI S.r.l.	Chairperson
	AAA S.A.	Chairperson
	LUXOTTICA GROUP S.p.A.	Director
	FTI CONSULTING INC.	Director
Pietro Salini	NTD	
Marina Brogi	UBI BANCA S.c.p.a.	Director
	PRELIOS S.p.A.	Director
Giuseppina Capaldo	EXOR S.p.A.	Director
	CREDITO FONDIARIO S.p.A.	Director
	ARISCOM Compagnia di Assicurazione S.p.A.	Director
Mario Cattaneo	LUXOTTICA GROUP S.p.A.	Director
	BRACCO S.p.A.	Director
	MICHELIN ITALIANA S.A.M.I. S.p.A.	Statutory auditor
Roberto Cera	NTD	
Laura Cioli	CARTA SI S.p.A.	CEO
	Telecom Italia S.p.A.	Director
	WORD DUTY FREE S.p.A.	Director
Alberto Giovannini	UNIFORTUNE ASSET MANAGEMENT SGR S.p.A.	Chairperson
	MTS S.p.A.	Chairperson
	THE WAREHOUSE TRUST COMPANY LLC (US)	Director
	DTCC DERIVATIVES REPOSITORY LTD (UK)	Director
	DTCC DERIV/SERV LLC (US)	Director
	DTCC DATA REPOSITORY (US)	Director
	NETOTC HOLDINGS	Director
Nicola Greco	PERMASTEELISA S.p.A.	Director
Pietro Guindani	VODAFONE OMNITEL N.V.	Chairperson
	ENI S.p.A.	Director
	FINECOBANK S.p.A.	Director
Geert Linnebank	INDEPENDENT TELEVISION NEWS	Director
	CARTESIUS ADVISORY NETWORK AG-ZUG	Director
Giacomo Marazzi	BENI STABILI SIIQ	
Franco Passacantando	EUROCLEAR PLC	Director
	EUROCLEAR SA/NV	Director
Laudomia Pucci	FASHION FLORENCE INTERNATIONAL	Chairperson

DIRECTORS NO LONGER IN OFFICE

Director	Company	Position
Simon Pietro Salini	IMPREBANCA S.p.A.	Deputy Chairman