REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

2018

ASTM

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE 2018

prepared pursuant to article 123-bis of the TUF (Consolidated Law on Finance)
(traditional management and control model)

Approved by the Board of Directors on 27 March 2019

INDEX

GLOSSARY 8

1.0 ISSUER'S PROFILE 9

2.0 INFORMATION ON CORPORATE OWNERSHIP 13
(pursuant to article 123-bis, paragraph 1 of the tuf) at 14 March 2017

Share capital structure (pursuant to article 123-bis, paragraph 1(a) of the TUF) 13

Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1(b) of the TUF) 13

Significant shareholdings (pursuant to article 123-bis, paragraph 1(c) of the TUF) 13

Shares that confer special rights (pursuant to article 123-bis, paragraph 1(d) of the TUF) 13

Employees' share ownership: exercise of voting rights (pursuant to article 123-bis, paragraph 1(e) of the TUF) 14

Restrictions on voting rights (pursuant to article 123-bis, paragraph 1(f) of the TUF) 14

Shareholders' agreements (pursuant to article 123-bis, paragraph 1(g) of the TUF) 14

Change of control clauses (pursuant to article 123-bis, paragraph 1(h) of the TUF) and statutory provisions on IPOs (pursuant to article 104, paragraphs 1-ter and 104-bis, paragraph 1) 14

Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123-bis, paragraph 1(m) of the TUF) 16

Management and coordination (pursuant to article 2497 et seq. of the Civil Code) 17

3.0 COMPLIANCE (pursuant to article 123-bis, paragraph 2(a) of the TUF) 19

4.0 BOARD OF DIRECTORS 20

Appointment and replacement (pursuant to article 123-bis, paragraph 1(l) of the TUF) 20
Composition (pursuant to article 123-bis, paragraph 2(d) of the TUF) 22
Role of the Board of Directors (pursuant to article 123-bis, paragraph 2(d) of the TUF) 29
Delegated Bodies 33
Other Executive Directors 34
Independent Directors 34
Lead Independent Director 35

5.0 HANDLING OF CORPORATE INFORMATION 36

6.0 BOARD COMMITTEES (pursuant to article 123-bis, paragraph 2(d) of the TUF) 38

7.0 APPOINTMENTS COMMITTEE 39

8.0 REMUNERATION COMMITTEE 40

9.0 DIRECTORS' REMUNERATION 42

INDEX

10.0 AUDIT, RISK AND SUSTAINABILITY COMMITTEE 44

11.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM 46

Role of the Board of Directors 47
Director responsible for the internal audit and risk management system 48
Internal Audit Manager 48
Organisational model pursuant to Legislative Decree 231/2001 50
Independent Auditors 50
Manager responsible for financial reporting and other corporate roles and functions 50
Coordination between individuals involved in the internal audit and risk management system 52

12.0 DIRECTORS' INTERESTS AND RELATED PARTIES' TRANSACTIONS 53

13.0 APPOINTMENT OF STATUTORY AUDITORS 55

14.0 COMPOSITION AND ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraph 2(d) of the TUF) 59

15.0 SHAREHOLDERS' RELATIONS 63

16.0 SHAREHOLDERS' MEETINGS (pursuant to article 123-bis, paragraph 2(c) of the TUF) 64

17.0 ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to article 123-bis, paragraph 2(a) of the TUF) 66

18.0 CHANGES SINCE THE END OF THE FINANCIAL YEAR 67

19.0 CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 DECEMBER OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE 68

TABLES 70

Information on corporate ownership 70

Structure of the Board of Directors and its Committees 72

Structure of the Board of Auditors 76

ATTACHMENTS 78

Attachment 1: “Main features of risk management and internal audit systems with respect to the financial disclosure process”, pursuant to article 123-bis, paragraph 2(b) of the TUF 78

GLOSSARY

Appointments and Remuneration Committee or Committee:
The Appointments and Remuneration Committee of ASTM established pursuant to the Corporate Governance Code.

Articles of Association:
The Articles of Association of the Issuer in effect.

Audit, Risk and Sustainability Committee or ARS Committee:
The committee established pursuant to the Corporate Governance Code which, pursuant to the relative procedure adopted by the Company and in compliance with the Related Parties Regulation, also performs the function of Related Parties Committee.

Board:
The Board of Directors of the Issuer.

Board of Statutory Auditors:
The Board of Statutory Auditors of the Issuer.

Borsa Italiana:
Borsa Italiana S.p.A.

Chair:
The Chair of the Board of Directors of ASTM. To date, Professor Gian Maria Gros-Pietro holds this position.

Civil Code:
The Italian Civil Code.

Code/Corporate Governance Code:
The Corporate Governance Code for listed companies approved in 2018 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., which ASTM declared to have adopted pursuant to article 123-bis, paragraph 2(a) of the TUF.

Consob Issuers' Regulation:
The Regulation issued by Consob with resolution no. 11971 of May 1999 (as amended) on Issuers.

Consob Related Parties Regulation:
The Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) on transactions with related parties.

Director of the SCIGR:
The Board Director assigned functions by the Board as Director responsible for the Internal Audit and Risk Management System. To date, Alberto Rubegni holds the position of Director of the SCIGR.

Issuer/ASTM:
The issuer of securities to which the Report refers.

Key management personnel or KMP:
The persons identified by the Board of Directors who, pursuant to the Related Parties Regulation, have the power and responsibility, directly or indirectly, to plan, manage and control the Company's activities. On 20 March 2019 the Board of Directors appointed the Chief Financial Officer of the Company, Alberto Pernigotti, as a Key Manager.

Managing Director or MD:
The Board Director given the functions of Managing Director of the Company by the Board. To date, the position of Managing Director is held by Alberto Rubegni.

Markets Regulation:
The Regulations issued by Consob by Resolution no. 20249 of 28 December 2017 (and amendments thereto) concerning markets.

MTA:
The Electronic Stock Market organised and managed by Borsa Italiana.

Report:
The report on corporate governance and ownership structure that companies are required to produce pursuant to article 123-bis of the TUF.

SCIGR:
The Internal Audit and Risk Management System of the Issuer

Shareholders:
The Shareholders of the Issuer..

Shareholders' Meeting:
The Shareholders' Meeting of the Issuer.

Supervisory Board or SB:
The Supervisory Board appointed pursuant to Legislative Decree 231/2001.

TUF:
Legislative Decree no. 58 of 24 February 1998.

ISSUER'S PROFILE

a) Profile and structure

The Issuer is an industrial holding operating in motorway concessions, the engineering and the construction of major infrastructure and transport technology. The Issuer was established in 1928 and has been listed on the stock exchange since 1969.

Through its subsidiary Società Iniziative Autostradali e Servizi (SIAS) S.p.A. (Italy's second largest motorway operator, managing approximately 23% of the national network) and the joint subsidiary EcoRodovias Infraestrutura e Logística S.A (a leading Brazilian company in the motorway sector) the Issuer is the third motorway concession operator worldwide, managing a network of approximately 4,156 km.

The Issuer operates in the construction of major infrastructure and civil and industrial buildings through the subsidiaries Itinera S.p.A. (one of Italy's leading operators in terms of size, revenues and order book), and Halmar International LCC (a major player in the metropolitan area of New York City, developing transport infrastructure).

In the engineering sector, the Issuer operates through the subsidiary SINA S.p.A., which designs transport and mobility works, and carries out monitoring and maintenance for the life cycle of concession-managed infrastructure.

As regards technology, the Issuer operates through the subsidiary Sinelec S.p.A., an Italian leader in the design and development of advanced systems for the management and monitoring of critical infrastructure in the transport sector.

The Issuer's governance structure is based on a "traditional" organisational model, where the company is managed by a Board of Directors and monitored by a Board of Statutory Auditors; both boards have powers and functions as established by the Civil Code, by special applicable laws and by the Articles of Association, while the Shareholders' Meeting represents all Shareholders.

The Issuer endorses the Corporate Governance Code and its corporate governance structure conforms to recommendations in the Civil Code, apart from the exceptions indicated in the Report. This Report describes the Company's "corporate governance" system and level of compliance with the Civil Code, providing evidence of recommendations that were implemented and those that were considered inapplicable, as they did not reflect the existing organisational and management structure.

The Report, drafted in compliance with article 123-bis of the TUF, also takes into account the explanatory criteria and methods contained in the "format" prepared by Borsa Italiana in January 2019.

The Issuer is not an SME, as it does not meet the size criteria established by article 1, paragraph 1(w)-quater.1) of the TUF or article 2-ter of the Consob Issuers' Regulation.

b) Principles and values

The Issuer is guided by principles of sustainability, integrity and transparency in defining an administration and control structure that is adequate for its size, complexity and operational configuration, and in adopting an internal audit and risk management system that is effective.

In July 2017, the Board approved its 2017-2021 strategic plan which, with a view to integrating business and sustainability, places a particular focus on stakeholders alongside ambitious industrial objectives targeting considerable growth in profitability and a strong international development.

For this purpose, the Issuer produces a Sustainability Report, to inform its stakeholders of the impact its business operations have on parties involved, who are not only shareholders, but also employees, customers, suppliers, communities and local associations.

The Code of Ethics, last approved by the Board in March 2018, sets out the principles which company operations must be based on, including relations with personnel and third parties, and which must be observed by Directors, Auditors, managers and all employees of the Issuer.

On 23 January 2019, the Board also approved the human rights policy which, in compliance with international best practices, aims to afford full protection within the company and Group, empowering actions taken to prevent a conduct or actions that are discriminatory and ensure the right to health and safety in the workplace, the recognition of adequate remuneration and freedom of association.

2.0

INFORMATION ON CORPORATE OWNERSHIP

(pursuant to article 123-bis, paragraph 1 of the TUF) at 27 March 2019

a) Share capital structure (pursuant to article 123-bis, paragraph 1(a) of the TUF)

The share capital, subscribed and paid up, equal to EUR 49,499,300 consists of 98,998,600 ordinary shares.

The shares of the Issuer, with no par value, are listed on the Electronic Stock Market organised and managed by Borsa Italiana, on the FTSE Mid Cap index, and are indivisible, made out to the bearer and issued in a dematerialised form in the centralised management system operated by Monte Titoli S.p.A.

To date, there are no additional categories of shares or (i) financial instruments assigning the right to subscribe to new-issue shares or (ii) equity-based incentive plans (stock options, stock grants, etc.) involving capital increases for this purpose.

b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1(b) of the TUF)

The Articles of Association contain no restrictions on the transfer of or limitations on the ownership of shares, nor entitlement clauses.

Pursuant to article 6 of the Articles of Association, shares are registered if required by law; otherwise, if fully paid, these can be registered shares or bearer shares, at the choice and expense of the Shareholder.

c) Significant shareholdings (pursuant to article 123-bis, paragraph 1(c) of the TUF)

Entities that, at the date of this report, directly or indirectly have a significant stake in the share capital of the Issuer, pursuant to article 120 of the TUF, as resulting from disclosure made in accordance with this article, are indicated in the summary in Table 1 in the appendix.

d) Shares that confer special rights (pursuant to article 123-bis, paragraph 1(d) of the TUF)

The Issuer did not issue securities granting special control rights.

The Articles of Association of the Issuer do not include provisions concerning casting votes or loyalty shares.

e) Employees' share ownership: exercise of voting rights (pursuant to article 123-bis, paragraph 1(e) of the TUF)

The Issuer did not approve any employee shareholding scheme with regard to its share capital.

f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1(b) of the TUF)

There are no restrictions on voting rights.

The Issuer has only issued ordinary shares and there are no shares with voting rights other than ordinary shares.

g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1(g) of the TUF)

On 2 August 2018 Aurelia S.r.l. – a company wholly owned by members of the Gavio family and that indirectly controls the Issuer - and Mercure Investment S.à.r.l. ("Mercure") – a company wholly owned by Mercure Holding SCA (a company which in turn is controlled by the investment funds Ardian Infrastructure Fund IV SCA, SICAR and Ardian Infrastructure Fund IV SCA, SICAR B, both managed by the Ardian Group) – signed a framework agreement governing the terms and conditions to finalise an operation intended to forge a strategic partnership in the infrastructure sector (the "Operation").

Following this Operation, Aurelia S.r.l. still has sole control of the Issuer (through Nuova Argo Finanziaria S.p.A.).

When the Operation was completed, on 27 September 2018, Aurelia S.r.l. and Mercure signed a shareholders' agreement, of which the provisions - made public pursuant to applicable laws - are significant for the purposes of article 122, paragraphs 1 and 5(a), (b) and (c) of the TUF.

For more details, reference may be made to excerpts of the shareholders' agreements, available on the website https://www.astm.it/estratti-patti-parasociali.

h) Change of control clauses (pursuant to Article 123-bis, paragraph 1(h), TUF) and provisions on takeover bids contained in the Articles of Association (pursuant to Articles 104, paragraph 1-ter, and 104-bis, paragraph 1)

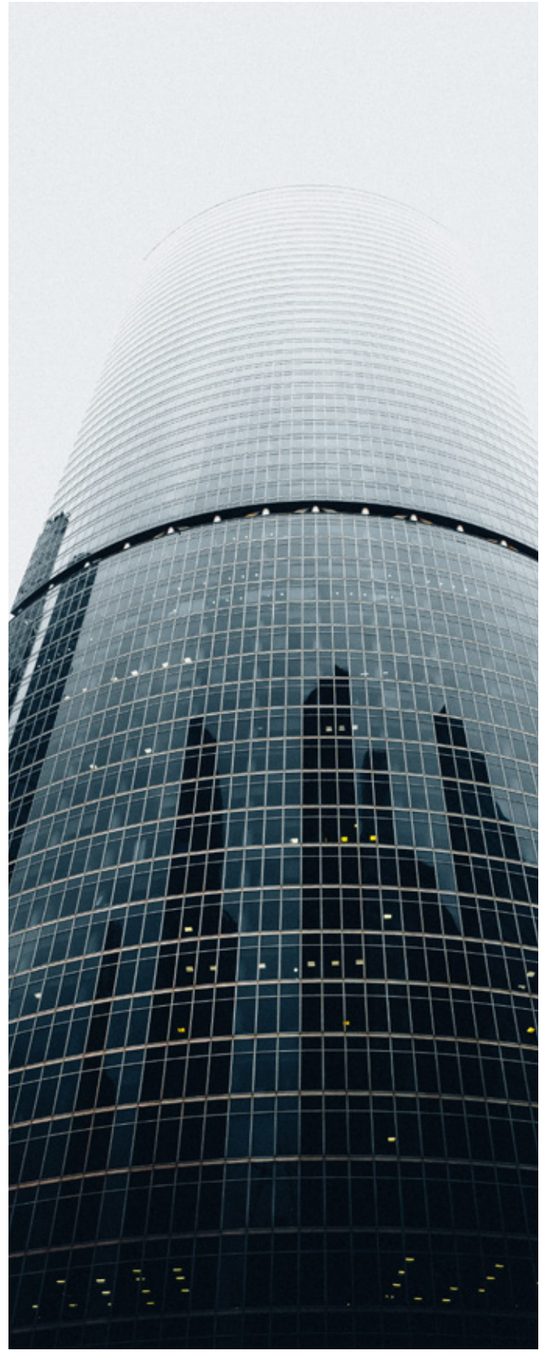
Some loan agreements entered into by companies of the Issuer's group contain normal clauses establishing, subject to the consent of lenders, termination of the agreement with the concurrent obligation to repay the debt in advance if the subsidiary SIAS S.p.A. or the parent company Aurelia S.r.l. lose control over the relevant licensee(s). These clauses are also included (i) in the majority of ISDA agreements governing derivative contracts (signed by Group companies in order to prevent the risk from interest rate fluctuations) and (ii) in some indemnity agreements concerning guarantees issued by Group companies.

The "Standard Agreements" in force, which were signed by the licensees of the Issuer's group, expressly set out the requirements with which the new controlling entity must comply in case of a change of control of the licensees. More specifically:

- with reference to concessions relative to the stretches A4 and A21 (managed by SATAP S.p.A.), A15 (managed by SALT p.A.) and A33 (managed by Autostrada Asti-Cuneo S.p.A.), the requirement are as follows: (i) integrity, financial strength, professionalism and reliability with regard to compliance with the obligations resulting from contracts signed with public administrations; (ii) compliance with requirements in so¬called "anti-mafia regulations"; (iii) maintaining the licensee's head office in Italy (only for concessions relative to the A15 and A33 stretches);
- with reference to the concessions relative to the stretches A5 (managed by S.A.V. S.p.A.), A6 and A10 (managed by Autostrada dei Fiori S.p.A.), A12 (managed by SALT p.A.) and A21 (managed by Autovia Padana S.p.A.), the requirements are as follows: (i) adequate capitalisation (the shareholders' equity as shown in the latest set of approved and certified Financial Statements must be equal to least 1/8 of the licensee's shareholders' equity at 31 December of the previous financial year); (ii) maintaining the registered office in a country not included in the list of countries that are tax havens; (iii) maintaining the registered office of the licensee in Italy, as well as keeping the licensee's organisational capabilities, with the new controlling entity undertaking to ensure that the licensee has the resources necessary to comply with the agreement's obligations; (iv) a management body comprising members that meet requirements of integrity, professionalism and with at least one member who is independent.

Without prejudice to the above requirements, changes in control are subject in any case to the previous approval of the granting body.

The Articles of Association neither contain derogations with regard to passivity rule provisions set out in article 104, paragraphs 1 and 1 bis of the TUF, nor set out the implementation of the neutralisation rules in article 104¬bis, paragraphs 2 and 3 of the TUF.



i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123¬bis, paragraph 1, letter m) of the TUF)

The Board has not been assigned powers to (i) increase share capital pursuant to article 2443 of the Civil Code; (ii) issue participation-based financial instruments.

On 20 April 2018, the Ordinary Shareholders' Meeting approved a new authorisation for the purchase and disposal of treasury shares, since the previous one, approved by the Ordinary Shareholders' Meeting of 28 April 2017, had elapsed with the approval of the 2017 Financial Statements.

The current authorisation, in line with the previous one, has the purpose of providing the Board with suitable operational flexibility in pursuing the following objectives:

- fulfil the obligations arising from any stock option programs or other allocations of the Issuer's shares to employees or members of the Boards of Directors and Statutory Auditors of ASTM or of associated companies, as well as fulfil any obligations arising from debt instruments convertible into or exchangeable with equity instruments;
- acquire a portfolio of treasury shares to have at their disposal in the context of any extraordinary operations, including the exchange of shares, with other parties as part of the operations of interest to the Issuer (so-called "treasury stock") or for other uses considered of financial, operational and/or strategic interest for the Issuer;
- operate on the market, in compliance with the provisions in force, with a view to investing or otherwise seizing opportunities to maximize the value of the stock that may result from market fluctuations;
- offer shareholders an additional means of monetizing their investment.

Under the authorisation, stock buybacks may be conducted up until the approval of the financial statements for the year ending 31 December 2018, or for a period of 18 months as of the approval date, considering treasury shares already in the portfolio and held by subsidiaries, for a maximum of 19,799,720 ordinary shares in total (equal to 20% of the then share capital), whereas no time limits are provided for disposals.

The purchase price of the shares is identified case by case, having regard to the set procedures for the transaction and in compliance with any statutory or regulatory requirements, as well as accepted market practices.

In any case, the purchase price shall not be more than 10% below, at the minimum, and not be more than 10% above, at the maximum, the reference price recorded on the trading day prior to each single purchase transaction or the date on which the price is fixed and, in any case, where purchases are carried out on the regulated market, the price cannot be greater than the highest between the price of the last independent transaction and the highest current independent purchase offer price on the same market, in accordance with the provisions of article 3 of Commission Delegated Regulation (EU) 2016/1052.

In view of the above, the Board of Directors, on 15 May 2018, having taken into account the ASTM shares already held in the portfolio - totalling 6,518,828 treasury shares (around 6.585% of the share capital) of which 6,497,328 were shares held directly and 21,500 indirectly through the subsidiary ATIVA S.p.A. - approved the launch of the new treasury shares purchase plan by authorising the acquisition of up to a further 3,960,000 ASTM shares (approximately 4% of the share capital), hence up to approximately 10.585% of the share capital.

To put in place the purchase plan, ASTM gave a special mandate to a financial intermediary who committed, among others, to taking decisions concerning the purchase of ASTM shares independently of the Issuer.

As a result, at 31 December 2018, the Issuer had arranged to purchase 1,093,375 treasury shares (equal to 2.21% of the share capital), for a total value equal to approximately EUR 20.8 million.

With these purchases, at 31 December 2018, the Issuer held 7,612,203 treasury shares (equal to 7.69% of the share capital) of which 7,590,703 shares directly and 21,500 shares indirectly through the subsidiary ATIVA S.p.A.

j) Management and coordination (pursuant to article 2497 et seq. of the Civil Code)

As disclosed to the market on 7 August 2018, in the framework of the strategic partnership forged between Aurelia S.r.l. and Mercure Investment S.à r.l. (a company indirectly controlled by funds managed by Ardian) in the motorway infrastructure sector, Nuova Argo Finanziaria S.p.A. ("NAF") purchased, through the demerger of the companies Argo Finanziaria S.p.A. and Codelfa S.p.A., a total stake of 58.77% in the share capital of the Issuer.

In keeping with previous action taken by Argo Finanziaria S.p.A., on 22 January 2019, NAF notified the start of management and coordination of ASTM and the subsidiary SIAS S.p.A. ("SIAS", and together with ASTM, the "Listed Companies") pursuant to articles 2497 et seq. of the Civil Code, in full compliance with principles on corporate and business governance, the independence and independent judgement of directors, and with provisions applicable to relations between the parent company and subsidiaries. Having acknowledged the above, during its meeting of 23 January 2019, the Board of ASTM ascertained the start of management and control by NAF, delegating the Managing Director to oversee disclosure obligations.

On the same date, the Board of Directors of the subsidiary SIAS ascertained the start of management and coordination of SIAS by NAF.

The unitary management by NAF is based on the need to promote the consolidation of Listed Companies in the infrastructure sector in the medium and long term, and encourage growth on international markets, with a view to creating sustainable value for all stakeholders. Achieving these objectives calls for the strategic and financial planning of various entities of the Group reporting to NAF, and a prior review of certain strategic management actions prepared by the administrative bodies of the Issuer and subsidiarity

SIAS. For this purpose, NAF promoted the adoption of a group regulation that enables it to perform its role as parent company in compliance with principles for the proper corporate and business governance of direct and coordinated companies (the "Regulation").

In particular, the Regulation – approved by the Board of ASTM in the meeting of 23 January 2019 - sets out the strategic management and governance role of NAF through (i) the planning, monitoring and control of the Group strategy, (ii) the definition of information flows within the Group and the adoption of any specific directives for individual companies and (iii) the prior review of specific strategic management actions prepared by the administrative bodies of Listed Companies.

In particular, pursuant to the Regulation and without prejudice to the operating independence of Listed Companies, NAF:

- reviews the strategic, industrial and financial plans, including long-term plans, as well as the annual budgets of Listed Companies and the group they report to;
- periodically assesses the adequacy of information flows concerning the relationship between NAF and Listed Companies;
- may take action and decisions concerning operations that are significant for Listed Companies and their subsidiaries.

In accordance with the Regulation, ASTM - as the direct parent company of SIAS - receives information flows activated by SIAS regarding NAF and, through its own Board of Directors and subject to independent procedures, may submit observations to NAF on the approval of strategic, industrial and financial plans and the budget of SIAS.

Lastly, (i) final decisions concerning plans, budgets or operations are the responsibility of and are taken by the administrative bodies of ASTM and SIAS, who are required to verify the lawfulness and interest of the company also at a Group level and (ii) the information flows are adopted in full compliance with applicable regulations on market abuse (Regulation (EU) No 596/2014), as well as procedures adopted by ASTM and SIAS to manage, process and disclose significant and inside information.

3.0

COMPLIANCE

(pursuant to article 123-bis, paragraph 2(a) of the TUF)

As already stated, the Issuer observes the Civil Code, which may be consulted by the public on the website of the Corporate Governance Committee, at

https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf

Current governance of the Issuer therefore complies with the Civil Code, save for recommendations which the Issuer did not adopt, given the specific nature of the company's dimension and organisation, ownership structure and business and which, in compliance with the "comply or explain" principle are explained further on.

The Issuer is a Company incorporated under the laws of Italy and is not subject to laws of other countries affecting the corporate governance structure of the Issuer.

BOARD OF DIRECTORS

4.1 Appointment and replacement (pursuant to article 123-bis, paragraph 1(l) of the TUF)

Pursuant to article 16 of the Articles of Association, the Issuer is managed by a Board of Directors composed of a number of members ranging between seven and fifteen, according to the decision taken by the Shareholders' Meeting, ensuring an adequate number of independent directors, as well as gender balance, as required by law.

The entire Board of Directors is appointed on the basis of lists submitted by the Shareholders; the candidates – who are listed by a sequence number – have to comply with the requirements of integrity provided for by applicable law.

The lists submitted by the Shareholders shall be filed at the registered office within the terms and according to the methods set out by current regulations.

Each Shareholder may submit or contribute to submitting one list only.

Each list shall include a number of candidates not exceeding the maximum number of Directors established in the Articles of Association and, upon filing at the registered office, shall include (i) information concerning personal and professional details of the candidates, (ii) the written acceptance of the candidature and the declaration that the candidate does not belong to other lists, as well as (iii) any other document provided for by applicable law. Each list shall include at least two candidates who meet the independence requirements provided for by law, clearly indicating them and entering one of them at the top of the list. Lists containing a number of candidates greater than or equal to three must also include, as specified in the meeting call, candidates of different gender, in order to ensure compliance with the requirements of regulations in force at any time concerning gender balance.

Only shareholders who ¬ alone or together with other Shareholders ¬ hold shares representing the shareholding in the share capital, as set out by Consob pursuant to article 144-ter et seq., and the Consob Issuers' Regulation, have the right to submit lists. The legal title to the above-mentioned shareholding shall be proved according to the methods and time scales provided for by applicable law.

The list that does not comply with the above¬mentioned provisions shall be considered as not submitted.

Each person entitled to vote may vote only one list.

Election of members will proceed as follows:

a. from the list obtaining the majority of votes cast by those entitled, four fifths of the Directors to be elected, with rounding down in the event of a fractional number, will be taken in the order in which they appear on the list;

b. the remaining Directors are elected from the other lists; to this end, the votes obtained by said lists are divided by one, two or three, according to the number of Directors to be elected. The quotients thus obtained are sequentially assigned to the candidates on each list, in the order in which they are listed. The quotients thus attributed to the candidates of the various lists are arranged in a single decreasing order ranking, resulting in the election of the candidates with the highest quotients.

c. If more than one candidate obtains the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors will be elected. In the case of an equal number of votes of the list and, therefore, with the same quotient, a new vote of the Shareholders' Meeting takes place, will the candidate obtaining the simple majority of votes being elected.

d. If the outcome of the aforementioned procedure generates a composition of the Board of Directors that does not allow the gender balance to be complied with, the candidates elected in the various lists are arranged in a single decreasing order ranking, created according to the quotient system indicated in point b) above. The candidate of the most represented gender with the lowest quotient among the candidates taken from all lists is replaced, subject to compliance with the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.

e. In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of directors is taken will be replaced.

f. If the replacement of the candidate of the most represented gender with the lowest quotient in the ranking does not allow, however, the minimum threshold established by current legislation for gender balance to be achieved, the above-mentioned replacement operation is also performed with reference to the candidate of the most represented gender having the second last quotient and so on going up from the bottom of the ranking. In all cases in which the above procedure is not applicable, the replacement is made by the Shareholders' Meeting with the legal majority, in compliance with the principle of proportional representation of minorities on the Board.

If no list is submitted or admitted or in any case, for any reason, the appointment of one or more Directors cannot be carried out according to the provisions of the Articles of Association, the Shareholders' Meeting decides with the legal majorities so as to nevertheless ensure, pursuant to current legislation, the presence of the number of Directors who meet the independence requirements and compliance with the requirements of legislation in force at any time concerning gender balance.

A vacancy for one or more Directors that arises during the financial year shall be filled in line with applicable legal provisions, appointing, in sequential order, candidates drawn from the list to which the ceased Director belonged who are still eligible and prepared to accept the office, ensuring at any rate, in line with applicable laws, the presence of the required number of Independent Directors, as well as gender balance.

If, in case of resignation or other reasons, the majority of Directors appointed by the Meeting fails, the whole Board shall resign and its termination shall be effective from the moment when the Board of Directors will be re¬established, following the appointments made by the Meeting that shall be convened as soon as possible.

The Directors are in office for the time agreed by the Meeting (in any case, not more than three financial years) and can be re¬appointed; the term of office of persons appointed during this period shall end together with those members who were already in office upon their appointment.

Succession planning

Having taken into account the current corporate structure with one reference Shareholder, the Board decided not to adopt a succession planning policy for executive directors, since it was deemed inappropriate to identify persons or criteria for their selection before the actual need to replace an executive director arises.

4.2 Composition (pursuant to article 123-bis, paragraph 2, letter d) and d-bis) of the TUF)

The Board currently in office was originally appointed on 28 April 2016 by the ordinary Shareholders' Meeting for the years 2016, 2017 and 2018, and until the approval of the financial statements for the year ending 31 December 2018, from a single list of candidates presented by Argo Finanziaria S.p.A. Unipersonale (which holds 53.39% of the share capital of the Issuer) comprising 15 candidates: Gian Maria Gros-Pietro, Stefania Bariatti, Caterina Bima, Marco Antonio Cassou, Giuseppe Garofano, Giuseppe Gatto, Beniamino Gavio, Daniela Gavio, Marcello Gavio, Barbara Poggiali, Luigi Roth, Alberto Rubegni, Anna Chiara Svelto, Stefano Viviano and Marco Weigmann.

The minimum shareholding in the share capital required in order to present lists was set out by Consob, in Resolution no. 19499 of 28 January 2016 and is equal to 1%.

After establishing the number of the members of the Board of Directors to be elected as 15, all the aforementioned candidates became part of the Issuer's management body.

Out of 65,602,083 shares (equal to 74.548% of the share capital with voting rights):

- the list presented by Argo Finanziaria S.p.A. was voted for by 65,477,874 shares (equal to 99.811% of the share capital present and 74.406% of the share capital with voting rights);
- abstaining votes accounted for 124,066 shares (equal to 0.189% of the share capital present and 0.140% of the share capital with voting rights);
- abstaining votes accounted for 143 shares (equal to 0.0002% of the share capital present and 0.0001% of the share capital with voting rights).

The shareholders elected Gian Maria Gros-Pietro as Chair of the Board of Directors.

For each voting, the list with the names of the shareholders and their votes is included in the meeting's minutes of 28 June 2016, which have been published on the Company's website under the "governance" section.

In the meeting of 28 April 2016, the newly elected Board approved the organisational chart for corporate offices, confirming Daniela Gavio and Marcello Gavio as the two Vice Chairs and Alberto Rubegni as Managing Director, conferring the relevant management powers.

On 28 March 2017, as disclosed to the market, the Board Director Marco Antonio Cassou stepped down from office. The Board of Directors met on 29 March 2017, noting the resignations received and, in view of the forthcoming Shareholders' Meeting, saw fit to present directly to the Shareholders any determination on the composition of the management body, including, for this purpose, the agenda of the aforementioned Meeting, already convened by the Board meeting of 13 March 2017 for 28 April 2017.

In this regard, based on the proposal from Argo Finanziaria S.p.A. unipersonale (disclosed to the market according to the terms and procedures required by law), the Shareholders' Meting appointed Maurizio Leo to the Board of Directors, whose term of office should have ended, together with other Directors in office, on the date of the Shareholders' Meeting convened to approve the 2018 Financial Statements. On 2 May 2017, Maurizio Leo notified that he was not able to accept the appointment.

On 23 October 2017, the Board, following assessments to identify the most suitable professional profile to join the board, pursuant to article 2386 of the Civil Code, co-opted Umberto Tosoni as the new Director, who was subsequently appointed to the board by shareholders on 28 April 2018.

Umberto Tosoni then stepped down from office, with effect on 27 September 2018, and on this date the Board cooped Juan Angoitia Grijalba as the new director.

Subsequently, on 14 November 2018, the Board of Directors, accepting the resignations from Stefania Bariatti and Stefano Viviano, appointed the new directors Roberto Testore and Arabella Caporello to replace them.

Remaining Board members were first appointed as follows: Daniela Gavio (co-opted by the Board on 24 March 1994), Giuseppe Garofano (Ordinary Shareholders' Meeting of 10 May 2007), Marcello Gavio, Luigi Roth, (Ordinary Shareholders' Meeting of 28 April 2010), Gian Maria Gros-Pietro (Ordinary Shareholders' Meeting of 20 April 2012), Caterina Bima, Barbara Poggiali, Alberto Rubegni, Marco Weigmann (Ordinary Shareholders' Meeting of 10

June 2013), Giuseppe Gatto, Beniamino Gavio, Anna Chiara Svelto (Ordinary Shareholders' Meeting of 28 April 2016).

Table 2, In the Appendix includes a summary of the information concerning the members of the Board and relevant Committees.

As may be inferred from the short bibliographical notes detailed below, the Directors possess adequate professional experience (accrued with regard to legal, technical, economic and financial subjects, as applicable) through which they actively participate and contribute to the Board's proceedings and decisions. The full curricula of the members of the Board are available on the Issuer's website, under the "governance" section.

Professor Gian Maria Gros-Pietro (Chair):
born in Turin on 4 February 1942. He holds a degree in Economics and Business Studies from Turin University. He taught Business Economics first at Turin University and then at LUISS Guido Carli in Rome, where he was Head of the Economics and Management Department and is a Board Director. From 1974 to 1995 he headed the Research Institute on Enterprise and Development. He has written numerous publications on economic, business and financial topics. He has been Chair of Iri, Eni and Atlantia, as well as the Director of numerous listed companies, including Fiat and Caltagirone. He is currently the Chair of the Board of Directors of Intesa Sanpaolo S.p.A. and is a member of the Board of Directors of Edison S.p.A.

Daniela Gavio (Deputy Chair):
born in Alessandria on 16 February 1958. She was awarded a degree in Medicine (Surgery) from Genoa University. She acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the sectors of motorway concessions, logistics and road transport. At present she is Chair of the Board of Directors of Sinelec S.p.A., Deputy Chair of the Board of Directors of SATAP S.p.A., SAV S.p.A. and Autostrada dei Fiori S.p.A., and acting Deputy Chair and member of the Executive Committee of SALT S.p.A. and Board member of Aurelia S.r.l. and Nuova Argo Finanziaria S.p.A.

Marcello Gavio (Deputy Chair):
born in Alessandria on 8 October 1967. He graduated from the Tortona Technical Institute for Building Surveyors with a Surveying Diploma and acquired expertise in corporate management mainly within the Gavio Group, with particular reference to the sectors of motorway concessions, building, construction, logistics and transport. Currently his offices include that of Deputy Chair of the Board of Directors of Aurelia S.r.l., Director of Nuova Argo Finanziaria S.p.A. and Alternate Director of Primav Infraestrutura S.A. e EcoRodovias Infraestrutura e Logística S.A.

Roberto Testore (Deputy Chair):
born in Turin on 17 October 1952. He obtained a degree in Mechanical Engineering from Turin Polytechnic. He is Managing Director of Sofinter S.p.A. and AC Boilers S.p.A., a group operating at international level in the construction of large-scale industrial boilers for steam and energy production, as well as founder of the consulting company Fante S.r.l. and Pantheon Italia S.r.l. During his career, he has held a number of prestigious positions including the office of Managing Director of Trenitalia (2004-2006), Finmeccanica (2002-2004), Chief Executive Officer and General Manager of Fiat Auto (1996-2001), Chief Executive Officer and General Manager from 1994 to 1996, after joining the Group in 1986. At present, he sits on the Board of Directors of Techwald Holding, Officine Meccaniche Cerutti, Bonfiglioli Riduttori, Brambum and Endurance Technologies Limited.

Alberto Rubegni (Managing Director):
born in Pisa on 15 March 1951. He obtained a degree in Civil Engineering (Structures) and boasts long-standing experience in the management of highly complex infrastructure projects in Italy and worldwide both in the large-scale works and the concessions and project financing sectors. From July 1997 to July 2012, he was General Manager and later Managing Director of Impregilo S.p.A. He is currently the Managing Director of Nuova Argo Finanziaria S.p.A., Chair of the board of Directors of IGLI S.p.A. and a Board Director of Primav Infraestrutura S.A., EcoRodovias Infraestrutura e Logística S.A.

Juan Angoitia Grijalba:
born in Basauri, Spain, on 29 November 1970. He holds a degree in Economics and Business Studies from the Autonomous University of Madrid and was awarded a master's in Business Administration from IE Business School. He has gained managerial experience in infrastructure companies including Citi Infrastructure Investors and Grupo Ferrovial. At present, his offices include, among others, Managing Director of Infrastructure Group, Ardian. He is also Chair of the Board of Directors of Túnels de Barcelona i Cadí, Trados M45 (Spain), and sits on the board of wind farms in Ausines and Veciana, Spain, and Ascendi, Portugal.

Arabella Caporello:
born in Ortona, Chieti, on 20 September 1972. She holds a degree in Economics and Business Studies from Cattolica University, Milan. During her career, she has held a number of prestigious positions including General Manager of the Municipality of Milan (2016-2018), Senior Vice President-Director of the Financial Institute and Service and Concession sectors of Investindustrial Advisors, Lugano, executive assistant to the Management Board of Banca Popolare di Milano, head of business development/M&A of the Hospital Trust Humanitas, senior associate of Advent International (Private Equity Funds). At present, she is an independent director on the Boards of Credito Fondiario, Sergio Rossi S.p.A. and Italiaonline S.p.A.

Caterina Bima:
born in Borgo San Dalmazzo, Cuneo, on 30 January 1960. She holds a degree in Political Science with a specialisation in international policy and a Law degree from Turin University. She works as a notary in Turin, specialising in the corporate sector. She currently holds the office of Director of UniCredit Leasing S.p.A.

Giuseppe Garofano:
born in Nereto, Teramo, on 25 January 1944. He has a degree in Chemical Engineering from Milan Polytechnic and obtained a master's degree in Business Administration from Bocconi University, Milan in 1972. In 1977 he worked at Morgan Stanley-First Boston in New York. He holds positions on company boards, and is Chair of companies such as Industria e Innovazione S.p.A. He has been an independent company consultant and company consultant for IBI, merged with Alerion S.p.A.

Giuseppe Gatto:
born in Murazzano, Cuneo, on 17 October 1941. He holds a degree in Economics and Business Studies from Turin University. He gained managerial experience by working for and holding corporate offices in major Italian and international companies, such as Impresit S.p.A., Risanamento S.p.A., AG Energia S.r.l., Huarte (Spain), HASA (Spain), and Itinera S.p.A. (where he is currently a member of the Board of Directors).

Beniamino Gavio:
born in Alessandria on 13 October 1965. After obtaining a degree in Economics from Kensington University in Glendale, California, He acquired expertise in corporate management matters mainly within the Gavio Group, with particular reference to the sectors of motorway concessions, logistics, maritime transport, energy, construction and engineering. Currently his offices include Chair of the Board of Directors of Aurelia S.r.l., Nuova Argo Finanziaria S.p.A. and Primav Infraestrutura S.A., as well as member of the Board of Directors of EcoRodovias Infraestrutura e Logística S.A.

Barbara Poggiali:
born in Milan on 4 March 1963. She holds a degree and a PhD in Engineering from the Massachusetts Institute of Technology. She has extensive professional experience in technology,

internationalisation and change management. Her managerial background includes various managerial positions in leading companies, including Poste Italiane, Rizzoli, Cable and Wireless and Vodafone. She is a Board Director of a number of listed companies, including Falck Renewables and SnaiTech.

Luigi Piergiuseppe Ferdinando Roth:
born in Milan on 1 November 1940. He was awarded a degree in Economics and Business from Bocconi University, Milan. He is a registered statutory auditor. He has worked for major companies including Pirelli, Finanziaria Ernesto Breda, Breda Costruzioni Ferroviarie, Ferrovie Nord Milano, Ansaldo Trasporti and Finmeccanica. From 2004 to 2007 he was Deputy Chair of Cassa Depositi e Prestiti S.p.A. From 2009 to 2011 he was Chair of the Milan Consortium Città della Salute e della Ricerca. From 2009 to 2012 he was Director of Meliorbanca. From 2001 to 2009 he was Chair of Fondazione Fiera Milano. From 2005 to 2014 he was Chair of Terna S.p.A. He is Chair of Alba Leasing S.p.A., Equita Sim S.p.A. and Sec S.p.A. and Director of Alkimis Sgr. He is Chair of the Lombardy Group of Cavalieri del Lavoro (Industry Leaders). He is socially committed and his managerial experience has served institutes such as the Menotti Tettamanti Foundation for the study and treatment of child leukaemia and Caritas Ambrosiana.

Anna Chiara Svelto:
born in Milan on 29 October 1968. She was awarded a degree in Law from Milan University, and was admitted to the Bar in September 1995. From March 1996 to February 1998, she worked in the Legal Department of Edison, and subsequently headed the Legal and Corporate Affairs Department of Shell Italy from March 1998 to September 2000. She joined the Pirelli Group, where she worked until May 2016 in various managerial positions at the Headquarters, becoming the Corporate Affairs and Compliance Director, as well as the Secretary of the Board Directors and its Advisory Committees. From June 2016 to December 2018 she was Chief General Counsel of UBI Banca. She has been a Member of the Board of Directors of Prelios S.p.A. and is currently a Member of the Board of Directors of Enel S.p.A.

Marco Weigmann:
born in Turin on 20 May 1940. He was awarded a degree in Law from Turin University and is a leading partner of the Tosetto, Weigmann e Associati law firm. He has considerable experience in civil, commercial and, in particular, corporate law. He is a member of the National and International Chamber of Arbitration of Milan and is currently a member of the Chamber of Arbitration of Piedmont. He is a member of the Council of the Bar Association of Turin and of various non-profit civil society entities, as well as member of the Board of Directors of major companies, such as Società Reale Mutua Assicurazioni, Reale Immobili S.p.A. and Auchan S.p.A.

Diversity policies and criteria

As regards the composition of the management body, the current composition of the Board, as in the past, has an adequate mix of members in terms of age, gender, education and professional background, and therefore the Issuer did not consider it necessary to adopt a specific diversity policy for the composition of the management body.

The diversification of the current Board led to the appointment of five directors of the less represented gender, four of whom meet the independence requirements envisaged in article 147-ter paragraph 4 of the TUF and application criterion 3.C.1 of the Civil Code. These Board members can offer a high level of professional expertise and contribute significantly to the Board's work.

The Board meeting of 14 March 2018 approved the diversity and inclusion policy, which sets out to promote the empowerment of human capital throughout the company organisation, based on criteria of meritocracy, professional expertise, fair conduct, honesty and trust, also promoting a working environment that is inclusive and open to diversity.

In particular, the Issuer is committed to:

- reating a work environment free of any direct or indirect collective or individual discrimination, any type of violence or harassment, whether sexual or targeting personal, political or cultural differences;
- promoting an inclusive culture, based on reciprocal respect, that involves all people and offers them opportunities to develop their talent;
- pursuing a personnel recruitment policy that rewards merit, while respecting equal opportunities. This policy is based on a transparent appraisal of competencies and abilities;
- guaranteeing career or professional development opportunities without any form of discrimination, and respecting diversity;
- pursuing training and the promotion of people, improving the professional development of human resources, inspiring all employees to reach their full potential and supporting the sharing of best practices throughout the organisation;
- pursuing the goal of ensuring that all employees and staff deal with others at all times with dignity, respect and fairness, adopting a conduct that reflects inclusion and supports the Company's values.

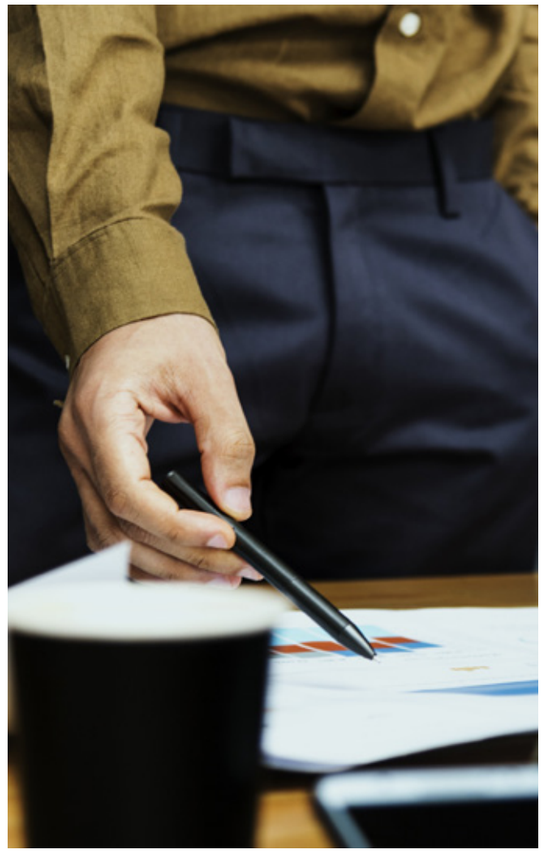
Maximum number of offices held in other companies

In January 2008, the Issuer adopted a procedure, last reviewed in November 2012, aimed at identifying the maximum number of offices as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises.

The directors accept the office by taking into account, in their duties, the limits set out by above procedure (available on the website under the "governance" section), which takes into consideration the level of commitment implied in each position, also with regard to the nature and size of the companies in which offices are held, as well as whether or not these belong to the Issuer's Group. Large enterprises are defined as follows:

a. Italian companies with shares listed on Italian or foreign regulated markets;

b. Italian or foreign companies with shares that are not listed on regulated markets, which operate in the insurance, banking, financial



brokerage, asset management or financial sectors;

c. Italian or foreign companies other than those described in the previous paragraphs (a) and (b), which, individually or at Group level in case they draw up the consolidated financial statements, show (i) revenue from sales and services higher than EUR 500 million; and (ii) balance sheet assets higher than EUR 800 million, based on the last set of approved Financial Statements.

Having taken into account the commitment implied in each single position, the following maximum numbers on administration or control offices that can be held in large enterprises, as defined above, were established:

- Executive Directors with management powers: 4
- Executive Directors without management powers: 6
- Non-executive Directors: 8

With regard to the calculation of offices:

- those positions held in companies directly and/or indirectly controlled by ASTM, as well as in its Parent Companies are not taken into account;
- alternate auditor offices, as well as management and control offices held in associations, foundations, consortium companies, consortia and unlisted cooperatives are not taken into account;
- in order to identify large enterprises pursuant to paragraph c), the item "revenue from sales and services" means income from ordinary operations;
- in case of offices held in companies belonging to the same group and if the Director holds a similar office in the parent company and in companies under its control and included in its scope of consolidation, the identification of large enterprises shall be carried out, for the parent company, on the basis of the Consolidated Financial Statements and, for subsidiaries,
- based on the related Separate Financial Statements, also if the latter, as sub-holding companies, draw up their own Consolidated Financial Statements;
- in case of offices held in large enterprises belonging to the same group, the weight given to each of the offices ¬ except for the first one ¬ is reduced by half and, in any case, the fact of holding several positions within the same group shall not imply a total "weighting" higher than 2.

However, the Board is allowed to grant derogations (including temporary ones) for exceeding the above¬mentioned limits.

The list attached to Table 2 shows the offices held by some Directors, in view of the aforementioned parameters and criteria.

Induction Programme

In line with provisions in the Corporate Governance Code on the effective and informed performance of their role by each Director, the Chair and Managing Director ensure that the Directors and Auditors are constantly informed of corporate and market situations, as well as of the main legal and regulatory developments concerning the Issuer and its Group. Having considered the industrial holding activities of the Issuer, special attention has been paid to the purchase and disposal of equity investments, in order to have an updated framework on the corporate activities and dynamics under way/being assessed and take appropriate decisions.

Specifically, in July 2017, during the presentation of the "Going Global 2017-2021 Strategic Plan" (which targets the development of the ASTM-SIAS Group through a growth strategy based on geographic expansion and consolidation of the

domestic market), the ASTM Group and its core business were presented, with particular reference to the motorway, EPC (Engineering, Procurement & Construction) Contractor, Engineering and Technology sectors.

4.3 Role of the Board of Directors (pursuant to article 123¬bis, paragraph 2(d) of the TUF)

During 2018, the Board held 10 meetings, which lasted on average for approximately 55 minutes.

As regards 2019, as detailed in the annual schedule of corporate events sent to Borsa Italiana S.p.A. in January 2019, at least four meetings have been planned to approve the Financial Statements, the half¬yearly Financial Report, as well as the Quarterly Interim Management Reports. Since the beginning of 2019, four meetings have already been held, although three were not included in the aforementioned schedule.

The Chair and the Managing Director have always made sure that Directors and Auditors could receive the documents about the agenda for well in advance of each Board meeting.

In compliance with the Civil Code and considering the operating dynamics of the Issuer and its group, as well as the specific nature of the organisational and management structure, the Board established a deadline of two business days for sending information prior to board meetings, save for urgent circumstances and in the case of confidential, price-sensitive information. During 2018, the above deadline was largely met.

Moreover, the Chair ensures that each item on the agenda is dealt with thoroughly, by encouraging discussion, which is useful in order to take decisions. To this end, the Chair may request executives and managers of specific corporate functions of the Issuer or its group to take part in board meetings, and, where conditions are met, advisors and/or legal consultants, in order to thoroughly analyse issues on the agenda. As a standard practice, the Financial Reporting Officer also takes part in board meetings on financial reporting.

Moreover, in order to facilitate the participation of Directors in corporate activities, pursuant to article 19 of the Articles of Association, it is possible for them to attend board meetings remotely, using conference call or video conference systems that ensure prompt and timely information flows.

Powers and authorities of the Board

Pursuant to article 21 of the Articles of Association, the Board has the broadest powers for the ordinary and extraordinary administration of the Issuer, and may take all actions, including acts of disposal, deemed necessary to achieve the corporate purpose, with the sole exception of actions reserved by law for the Shareholders' Meeting.

The Board is responsible for examining and approving strategic, business and financial plans of the Issuer and its Group. Having taken into account the information provided by the Managing Director, also with regard to the exercise of relevant management powers, the Board assesses the general results of operations on an ongoing basis.

With reference to the specific powers set out by the Civil Code, the Board monitors the adequacy of the organisational, administrative and accounting structure of the Issuer and subsidiaries with strategic importance and namely IGLI S.p.A., Itinera S.p.A. and SINA S.p.A. In particular, pursuant to the Guidelines for significant transactions, last updated on 23 December 2018, the Board is responsible for assessing the following transactions:

a. issues of bonds or other financial instruments, the issue of guarantees (including guarantees furnished to banks) or the undertaking of new debt that is not envisaged in the Strategic Plan/Annual Budget of ASTM and which, as regards

the last consolidated financial statements approved by ASTM, would lead to an increase in the consolidated net financial position/EBITDA ratio of ASTM which is four times higher, with the exclusion of (i) performance bonds, bid bonds, advance bonds, retainer bonds and other commercial securities issued from time to time by ASTM and subsidiaries directly or indirectly controlled by ASTM other than SIAS S.p.A. or by companies controlled by SIAS S.p.A. in the framework of ordinary operations, (ii) guarantees issued to tax authorities and (iii) guarantees issued in the interest of, or for obligations undertaken by, any company directly or indirectly controlled by ASTM other than SIAS S.p.A. or by subsidiaries of SIAS S.p.A.;

b. the granting of loans to entities other than Subsidiaries, for amounts higher than EUR 10 million, if this is proportional to the shareholding or for amounts higher than EUR 5 million if this is not proportional to the shareholding;

c. the signing of derivative contracts of an amount higher than EUR 10 million as notional value, and which not only aim at hedging corporate risks (by way of non-limiting example: interest rate, foreign exchange and raw material hedging);

d. the granting of personal guarantees and/or collaterals in favour of entities other than the Issuer or subsidiaries, for amounts higher than EUR 10 million;

e. merger and split off transactions, where at least one of the companies involved is not a subsidiary;

f. acquisition or disposal of real estate whose value is equal or higher than EUR 5 million;

g. acquisition or disposal of companies or business units, fixed assets and other assets, whose transaction value is equal or higher than EUR 10 million;

h. acquisition or disposal of equity investments, incorporation of new companies (including joint ventures) and transactions involving new contributions that are not proportional to the shareholding (meaning new contributions for share capital increase subscriptions, payments towards future share capital increases, payments to cover losses) for which (i) the value of the transaction/contribution for the Issuer is equal to or higher than EUR 10 million (equal or higher than EUR 5 million for transactions executed by subsidiaries), and (ii) the signing of agreements for the exercise of rights related to these equity investments and transactions that can involve, during their development or at their end, commitments and/or purchase agreements and/or disposal agreements of this kind and of this extent and (iii) that may directly or indirectly constitute a position of control or joint control;

i. the signing of or amendments to shareholders' agreements relative to SIAS S.p.A. or another investee and the signing of agreements/ shareholders' agreements that may result in the acquisition or loss of control or result in or eliminate joint control arrangements relative to companies and/or joint ventures;

j. any other transaction that, according to the competent Bodies of a subsidiary, has an impact on the strategic, economic and financial position and results of the Issuer.

With respect to the above, for a correct implementation of the procedure within the Issuer's Group, the Board immediately issued the necessary instructions. In this regard, with reference to the subsidiary Itinera S.p.A., in addition to the above transactions, the Board will have to review (i) projects or participation in tenders for projects whose equity value (for the pro-quota portion attributable to Itinera S.p.A.) exceeds EUR 300 million, or, with reference to each financial year, that may generate more than 15% of the consolidated revenues of Itinera S.p.A.

and (ii) the issues of bonds or other financial instruments, guarantees furnished or new debt undertaken which is not envisaged in the Strategic Plan/Annual Budget of the Issuer and which, with reference to the last consolidated financial report approved by Itinera S.p.A., result in a consolidated net financial position of Itinera S.p.A. that is greater than its consolidated shareholders' equity.

As regards the decisions taken by the Board on the identification of significant transactions with related parties and implementing procedures, reference should be made to the specific information in paragraph 12.0 "Directors' interests and transactions with related parties".

Assessment on the size, composition and functioning of the Board

The Directors carried out the usual annual assessment of the size, composition and functioning of the Board, for 2018, in compliance with the recommendation in the Civil Code (article 1.C.1.(g)).

In line with previous years, the assessment was based on a questionnaire, with the format including: (i) the effectiveness of the Board; (ii) work methods, cohesion and interaction; (iii) the organisation of the Board's work; (iv) the role and responsibilities of Directors; (v) the assessment of Board Committees; (vi) the composition of the Board; (vii) the size and composition of Committees.

Directors were asked to give an evaluation in the questionnaire, choosing from a number of options, and could also make "observations", i.e. suggestions to help improve the functioning of the Board. The replies given – which remain anonymous – were then channelled into a specific report, as aggregate data, reviewed by the Board in its meeting of 28 February 2019.

To ensure an effective and independent assessment, the Directors were assisted by Eric Salmon & Partners, an international consulting company with extensive experience in the sector. To allow adequate interaction with individual directors, which cannot be achieved by compiling questionnaires alone, interviews were also conducted by the advisor with individual Directors.

With particular reference to the industrial holding activity carried out by the Issuer, the Directors believe they have adequate professional experience (in legal, technical, economic and financial matters, as applicable), through which they ensure the Board, also taking into account seniority and number, has the expertise to achieve the strategies and guidelines of the Issuer and its Group.

As regards the diversity of the Board's composition, as indicated in article 2 of the Civil Code, application criterion 1.C.1.(g), the Directors considered the composition of the Board, in terms of gender, age and geographic origin, to be satisfactory.

The Board of Directors, with specific reference to corporate operations and objectives achieved in 2018 and taking into account assistance from the Committees, Internal Audit and Risk Management Director and Supervisory Bodies: (i) acknowledged that they took part in corporate activities and actively contributed to the works and decisions, as confirmed by their regular and continued participation in the meetings; (ii) were updated on the ordinary and extraordinary operations of the Issuer, on significant events, as well as on initiatives under assessment and those carried out in the exercise of management powers. In this context, in order to allow Directors to express an informed opinion, they were usually provided with documentation and information on items on the agenda reasonably in advance of individual Board meetings.

As the Board currently in office will end its term with the approval of the Financial Statements for the year ending 31 December 2018 by the Ordinary Shareholders' Meeting, and in compliance with

application criterion 1.C.1.(h) of the Civil Code, the Board of Directors, considering the outcomes of the self-assessment process and consulting with the Appointments and Remuneration Committee, decided to give shareholders guidance on the size and composition of the new board.

In this regard, the Board of Directors considers the current composition of the board to be adequate in terms of gender and age diversity, and the current mix of competencies, already suitably diversified, to be in line with the Group's needs, which may be consolidated if necessary by profiles with specific experience in the Company's business segments, capable of contributing to the strategic vision and, in view of the impact that new technologies are having on many industrial sectors, in the area of digital innovation.

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

The Meeting did not grant derogations from the non¬competition clause set out in article 2390 of the Civil Code as a general and preventive measure.

4.4 Delegated bodies

Managing Director

Following the renewal of the Board of Directors by the Shareholders' Meeting held on 28 April 2016, the Board of Directors, on the same date, set out the Issuer's governance lines, adopting resolutions on corporate offices and the related management powers, in line with the previous financial year.

In this regard, the Board confirmed Alberto Rubegni as Managing Director of the Issuer, giving him the power to carry out all company operations, save for limitations established by law and by the Articles of Association, with the exception of the following powers, which require prior authorisation from the Board: (i) sell, exchange and transfer real estate in incorporated companies or under incorporation, (ii) transfer, sell, award and generally dispose of the equity investments held in subsidiaries so that the equity investment is lower than 50.1% of the share capital. Moreover, the Managing Director also has the power to appoint and revoke appointment of proxies and attorneys by setting out their powers, as well as to promote and support legal actions on behalf of the Issuer – acting as both claimant or defendant – at any court (civil, penal or administrative) and at any level of jurisdiction, in Italy and abroad.

Chair of the Board of Directors

The Shareholders' Meeting of 28 April 2016 appointed Professor Gian Maria Gros-Pietro as Chair of the Board of Directors of the Issuer. The Chair legally represents the Company before third parties and in court, as set out by the Articles of Association, and has the following powers to be exercised with separate signature: (i) setting the agenda of the Board of Directors' meeting, in agreement with the Managing Director, (ii) providing for external communication, together with the Managing Director, (iii) signing corporate mail and the documents related to the office and the exercise of powers.

Deputy Chairs

With a view to ensuring the Board's management continuity, Daniela Gavio and Marcello Gavio were appointed as Deputy Chairs of the Board of Directors during the Board meeting of 28 April 2016.

On 14 November 2018, in addition to Daniela Gavio and Marcello Gavio, Roberto Testore was appointed as Deputy Chair.

The Deputy Chairs have the same powers as the Chair, to be exercised with separate signature, in the absence or impediment of the Chair.

General Management

The Issuer's current organisational structure does not provide for a General Management function.

Executive Committee (pursuant to Article 123-bis, paragraph 2(d) of the TUF)

Based on the current organisational and operating structure of the Issuer, the Board of Directors has not appointed an Executive Committee.

Information to the Board

The Managing Director reported to the Board and the Board of Statutory Auditors on the activities carried out in the exercise of his powers, as well as on the overall performance and the outlook, and on major economic, financial and asset transactions effected by the Issuer or its subsidiaries during individual meetings, held at least every quarter.

4.5 Other Executive Directors

Besides the Managing Director Alberto Rubegni, the following directors are considered as executive directors, pursuant to the definition in criterion 2.C.1. of the Civil Code:

- Beniamino Gavio, as Chair of the Board of Directors of the parent Nuova Argo Finanziaria S.p.A.;
- Daniela Gavio, in her capacity as (i) executive of Itinera S.p.A., a subsidiary with strategic importance and (ii) Board Director of the parent Nuova Argo Finanziaria S.p.A.;
- Marcello Gavio, in his capacity as (i) executive of Itinera S.p.A., a subsidiary with strategic importance and (ii) Board Director of the parent Nuova Argo Finanziaria S.p.A.

4.6 Independent Directors

As regards the Issuer's corporate structure, nine Directors (Caterina Bima, Arabella Caporello, Giuseppe Garofano, Giuseppe Gatto, Barbara Poggiali, Luigi Roth, Anna Chiara Svelto, Roberto Testore, Marco Weigmann) declared, on their appointment, that they meet the independence requirements envisaged by the Civil Code and article 148, paragraph 3 of the TUF.

After the appointment of the above directors and during annual assessments, of which the last one was conducted on 28 February 2019, the Board considered the above requirements as being met, also after consulting with the Board of Statutory Auditors. In this regard, the Board gave a favourable opinion on confirming (i) the independence of the Director Giuseppe Garofano, who has been in office for more than nine years, considering his independent judgement and professional qualities demonstrated (ii) the independence of the Director Giuseppe Gatto, considering that his position as director in the subsidiary Itinera S.p.A. (without any managerial or executive function) does not in any way affect his independent judgement.

All Directors undertook to report to the Issuer on any change of the information provided upon acceptance of the candidature, among which their independence.

In the framework of its specific powers and authorities, the Board of Statutory Auditors favourably examined and verified the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members.

Independent Directors' meeting

The Independent Directors met on 23 January 2019. Following their assessment, they expressed a favourable opinion of the operations and composition of the Management Body. The members have professional profiles and knowledge suitable to achieving the strategies and aims of the Issuer and its Group.

The Directors also expressed a favourable opinion on the existing information flow which made it possible to adequately monitor the operations of the company and the SCIGR.

In this regard, pre-meeting information and debate and review of board and Committee activities enabled Directors to make informed decisions.

The Board was periodically updated on the ordinary and extraordinary operations of the Company, on significant events, as well as on initiatives taken by the Managing Director, carried out in the exercise of management powers. Company operations were carried out according to criteria of transparency, in the light of which Directors notified situations in which they have interests.

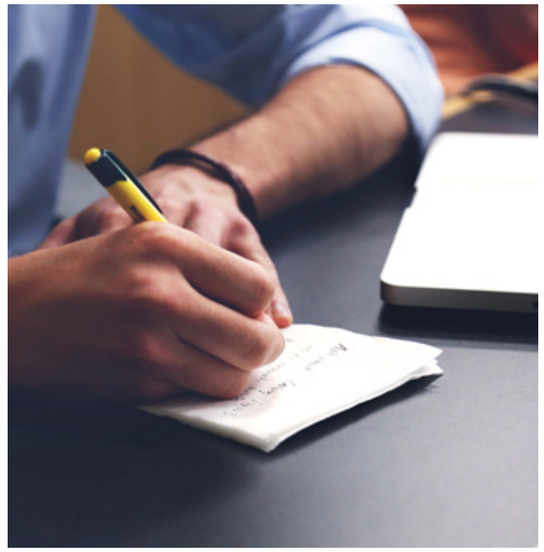
The support of and contribution to board activities from the Audit, Risk and Sustainability Committee, Appointments and Remuneration Committee and Supervisory Board were also notified and these bodies, as part of their duties, reported at regular intervals on the outcomes of their activities, assisting assessments and decisions of the Board, where applicable.

With particular reference to the Board composition, the balance of executive, non-executive and independent directors is considered adequate.

Moreover, the establishment of an Appointments Committee that (i) submits opinions to the Board on the Board's size and composition and (ii) makes recommendations on the professional profiles considered suitable for the Board, also in cases of co-option, was appreciated.

4.7 Lead independent director

The current organisational structure of the Board complies with the Civil Code, based on which, business management should preferably be separated from the duties of Chair. For this reason, there is no need to appoint a lead independent director among independent directors.



5.0

HANDLING OF CORPORATE INFORMATION

During the financial year, the Chair and the Managing Director, in co-operation with the Investor Relations function and Corporate and Compliance function, were in charge of the management of corporate information, with particular reference to price¬ sensitive information.

Documents and information on the Issuer and its subsidiaries are disclosed externally – in agreement with the Chair and the Managing Director – by the Board's Secretarial Department and the Corporate and Compliance Function for notices to relevant Authorities and Shareholders, and by the investor relations manager for notices to institutional investors.

In compliance with the new legal framework on market abuse, established when Regulation (EU) No 596/2014 came into force, the Issuer has adopted a procedure to guarantee (i) the internal management and external disclosure of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to inside information, and (ii) to keep an insider list, i.e. of persons that have access to inside information (as regards the latter aspect, the Issuer has a specific IT procedure, with contents and operating mechanisms that are aligned with the principles and objectives of applicable laws). In particular, the new procedure includes provisions pertaining to the internal handling and the external disclosure of corporate documents and information, with specific reference to inside information, and defines roles, responsibilities and operational methods for the management of such information, considering their identification and disclosure to the market, including, where applicable, the activation of the procedure for delayed disclosure to the market and the updating of the insider list.

Following the publication on 13 October 2017 of Consob guidelines on the "Management of inside information", the Issuer started work with the Audit, Risk and Sustainability Committee to adopt Consob guidelines, also in view of "inside information" relative to SIAS identified with reference to the 2013/2017 period. Following this activity, the Board, on 14 March 2018, with the approval of the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, approved a new Procedure for the management, processing and disclosure of significant and inside information of ASTM S.p.A." which (i) identifies the functions or organisational units that, for various reasons, are involved, within the Issuer, in the processing of significant or inside information (ii) mapped the potential types of significant or inside information and (iii) coded provisions relative (x) to the internal management and external communication of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to significant and inside information and (y) kept and updated the Insider List.

During 2018, the above procedure was revised (i) to align with new aspects introduced by Legislative Decree 107/2018 on the procedure to explain any delay in disclosing significant or inside information to the market; (ii) to update the map of significant information; (iii) to update the formats to notify registration in the Relevant Information List, in view of Regulation (EU) 679/2016.

With respect to "Insider Trading" rules, which are governed by a dedicated procedure that was last updated also following the entry into force of Regulation (EU) no. 596/2014, the Corporate Compliance Function is the unit responsible for receiving, managing and disclosing to the market any material transactions effected, on the Issuer's shares and of financial instruments linked to it, by "relevant persons" and "close associates", as identified on the basis of current legal and regulatory provisions.

In order to promptly comply with disclosure requirements, a document entitled "Transactions carried out by relevant parties and close associates" is drawn up and given to relevant parties. This document contains (i) all legal and regulatory provisions that constitute the regulatory framework, as well as (ii) the terms and conditions for communications to Consob, the Issuer and the market.

This document also provides regulations on the black-out period, which is the time when significant entities may not carry out transactions in specific periods of the year (the 30 days prior to the disclosure of financial documents to the public).

6.0

BOARD COMMITTEES

(pursuant to article 123-bis, paragraph 2(d) of the TUF)

Following the renewal of the Management Body by the Shareholders' Meeting of 28 April 2016, the Board, in its meeting held on the same date, appointed the Remuneration Committee (presently the Appointments and Remuneration Committee) and the Audit and Risk Committee (subsequently named the Audit, Risk and Sustainability Committee), with a composition in line with the provisions of the Civil Code and article 16 of the Markets Regulation, since all members are non-executive Directors and meet the independence requirements.

7.0

APPOINTMENTS COMMITTEE

REMUNERATION COMMITTEE

During the meeting held on 14 November 2018, the Board – considering recent developments in the group's ownership structure, and in order to align the Issuer's corporate governance rules with provisions in the Civil Code and with market best practices – decided to (i) give the existing Remuneration Committee the functions assigned by the Civil Code to the Appointments Commitment and (ii) change the name of this Committee to the "Appointments and Remuneration Committee".

Composition and functioning of the Appointments and Remuneration Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

The Appointments and Remuneration Committee comprises the Directors Arabella Caporello (Chair), Anna Chiara Svelto and Barbara Poggiali, who have adequate knowledge of financial and remuneration, as well as management recruitment policies.

The Committee is convened ¬ upon request of its members ¬ by the Board's Secretarial function, which also duly prepares the minutes of each single meeting. All members of the Board of Statutory Auditors are invited to take part in the meetings. Pursuant to the recommendations contained in the Civil Code, the Directors do not attend the Committee's meetings during which proposals are made to the Board with regard to their remuneration.

During 2018, the Committee, with only Remuneration Committee functions, held eight meetings.

In 2019, the Appointments and Remuneration Committee has held four meetings, the duration of which was in line with the issues addressed.

Functions

In compliance with the Civil Code, the Appointments and Remuneration Committee may (i) provide the Board of Directors with opinions on the size and composition of the Board, and recommendations on the types of professional positions considered appropriate to sit on the Board, as well as the maximum number of positions (criterion 1.C.3 of the Corporate Governance Code) and on any departures from the prohibition on competition established by Article 2390 of the Civil Code (criterion 1.C.4 of the Corporate Governance Code); (ii) propose to the Board candidates to the office of director in the case that directors need to be co-opted, when it becomes necessary to replace independent directors; (iii) submit proposals to the Board concerning remuneration policies for directors and key management personnel, (iv) periodically assess the adequacy, general consistency and practical implementation of remuneration policies adopted for Directors and key management personnel, by making use (with regard to this latter point) of the information provided by the Managing Director, as well as make proposals to the Board on this subject, (v) submit proposals or express opinions to the Board on the remuneration of executive directors and other directors holding specific offices, as well as on the performance objectives related to the variable portion of this remuneration, and (vi) monitor the implementation of the decisions adopted by the Board by assessing, in particular, the achievement of performance objectives.

In exercising these powers, the Committee has developed project activities to launch a communication channel with main institutional investors and proxy advisors, in order to value direct communication with the market concerning remuneration and allow for a greater understanding and sharing of the Issuer's policy.

Specific activities have also been started to identify the salary levels of managing directors of companies comparable with the Issuer, in order to assess the adequacy and overall consistency of the remuneration policy adopted and make proposals for this policy which can be used as a valid reference base.

To carry out its duties, the Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer (application criterion 4.C.1.(e)). To date, the Board has decided not to adopt a specific budget for the Committee.

The Committee requested non-members to attend meetings, concerning individual items on the agenda (application criterion 4.C.1(f)), to assist activities or act as consultants for areas in their responsibility.

DIRECTORS' REMUNERATION

General remuneration policy

Pursuant to article 16 of the Articles of Association in effect, the members of the Board are also entitled to the reimbursement of expenses incurred as a result of their office.

Without prejudice to the remuneration approved by the Shareholders' Meeting, the remuneration of directors holding corporate offices are established by the Board, upon proposal of the Appointments and Remuneration Committee and having consulted with the Board of Statutory Auditors, pursuant to article 2389 of the Civil Code, as well as, where applicable, with the Audit, Risk and Sustainability Committee, in compliance with the procedure on transactions with related parties adopted by the Issuer.

The Board also determines the compensation for members of the Supervisory Board, and for Committees and functions which are recommended by the Civil Code.

In March 2017, on the proposal of the Remuneration Committee (presently the Appointments and Remuneration Committee), the Board approved the remuneration policy of the Issuer which was approved by the Shareholders' Meeting of 20 April 2018, requested to pass an advisory vote.

Remuneration of executive directors

In light of major recent changes in the Company's and Group's strategy, and of business development initiatives including those on international markets and requests from investors, during the 2017-2018 period, the Company introduced a management incentive system aimed at promoting the achievement of increasingly outstanding results and creating a virtuous link between compensation and business performance. Specifically, (i) an annual incentive system was adopted based on achieving economic/financial and project/strategic objectives, as well as (ii) a long-term incentive scheme that ensures the alignment of managerial behaviour with the objectives of strategic plans.

The policy guidelines and remuneration approach adopted in 2018 were therefore confirmed for 2019, and for Directors, who will be appointed at the next shareholders' meeting, with the aim of aligning remuneration with the company's growth model. The rights of the new Board of Directors to determine, on the proposal of the Committee, specific compensation for assigned functions and participation in Committees, are not affected.

Remuneration of key management personnel

On 20 March 2019, the Board appointed the Chief Financial Officer of the Company, Alberto Pernigotti, to be a Key Manager, and consequently the annual incentive scheme and long-term incentive scheme for the Managing Director, were also extended to Mr Pernigotti.

Incentives for the internal audit manager and the manager responsible for financial reporting

Incentives for the internal audit manager and manager responsible for financial reporting are defined in line with (i) policies adopted by the Issuer on the remuneration of management and (ii) the duties assigned to these functions.

Directors' indemnity in case of resignation, dismissal or termination of the employment relationship following a takeover bid (pursuant to Article 123¬bis, paragraph 1(i) of TUF)

The Issuer did not sign with the Directors and the General Manager any agreements for indemnities in case of resignation, dismissal or termination of the employment following a takeover bid, as well as no non-competition agreements entailing the payment of a sum in respect of the obligation arising from the aforementioned agreements.

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This issue is described in full in the "Remuneration Report" (prepared in compliance with article 123-ter of the TUF and article 84-quater of the Consob Issuers' Regulation), which is available on the Issuer's website, under the "governance" section.

AUDIT, RISK AND SUSTAINABILITY COMMITTEE

Composition and functioning of the Audit, Risk and Sustainability Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

The Committee comprise the non-executive, independent Directors Giuseppe Garofano (Chair), Giuseppe Gatto and Roberto Testore.

The Committee is convened ¬ upon request of its members ¬ by the Board's Secretarial Department, which also records the minutes of each single meeting. All members of the Board of Statutory Auditors are invited to take part in the meetings.

The Committee held nine meetings in 2018 and five meetings in 2019, of which the duration was in line with the issues addressed.

Based on the "Guidelines for the Internal Audit and Risk Management system", approved by the Board in May 2014 and last revised by resolution of the Board on 14 March 2018, the Committee reports on the results of its activities on a half¬yearly basis, during meetings held to approve the annual and interim accounting documents. As a consequence, at least two meetings have been planned for 2019, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

Functions of the Audit, Risk and Sustainability Committee

The Committee assisted the Board in carrying out the tasks assigned to the latter with regard to internal audit issues, by having access to all necessary corporate information and functions.

The Committee carries out the duties envisaged in the Civil Code, and namely: (i) together with the manager responsible for financial reporting and having consulted with the independent auditor and the Board of Statutory auditors, it assesses the correct use of accounting policies and, in case of groups, their uniformity with regard to the preparation of the Consolidated Financial Statements; (ii) it expresses opinions on specific aspects concerning the identification of main corporate risks; (iii) it evaluates the periodic reports on the assessment of the internal audit and risk management systems and those of significant importance prepared by the internal audit function; (iv) it monitors the autonomy, adequacy, efficacy and effectiveness of the internal audit function; (iv) where deemed necessary, it requests the internal audit function to carry out audits on specific operating areas, by notifying this to the Chair of the Board of Statutory Auditors; (v) it reports to the Board on its activity and the adequacy of the SCIGR at least on a half¬yearly basis, at the time of approval of the annual and half-yearly financial reports; and (vi) it supports, with suitable investigation activity, the assessment and the decisions of the Board on the management of risks arising from detrimental events that have come to the attention of the Board.

In this context, the Committee receives the following information flows:

- the Audit Plan from the Internal Audit function, to submit to the Board of Directors for approval, as well as the periodic report on audit results;
- from the Manager responsible for financial reporting, a report on the activities carried out to ensure the correctness, completeness and operating efficiency of the administrative and accounting procedures required to adequately prepare the Separate and Consolidated Financial Statements;
- from the Director of the SCIGR, the report on the adoption of the SCIGR guidelines and on the adequacy and effectiveness of the system overall, as well as any reports concerning problems and critical aspects identified during activities.

Pursuant to the aforementioned Guidelines for the Internal Audit and Risk Management system, meetings with the Manager responsible for the internal audit and risk management system of the subsidiary SIAS S.p.A. are also scheduled.

On 9 August 2017, the Board also resolved to assign the Committee, in addition to the above functions, the supervision of sustainability issues related to its operations and engagement with stakeholders, as well as review of the sustainability plan, the monitoring of its implementation and review of the sustainability report. This decision – approved by the Committee, as it is considered functional for and compatible with the activities it already carries out – meets the Issuer's aim, as part of its approach to Corporate Social Responsibility, of integrating its current governance structure and set of procedures, processes and structures of the operational organisation that monitor the production, reporting, measurement and representation of non-financial disclosure. In relation to the above, the Committee, that was renamed the "Audit, Risk and Sustainability Committee" endorsed the 2017-2021 Sustainability Plan, approved by the Board in November 2017, monitoring its implementation status.

According to the procedure on transactions with related parties adopted by the Issuer, the Committee is in charge of analysing in advance and as applicable, transactions with related parties, in order to support the Board's resolutions.

To carry out its duties, the Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer. To date, the Board has decided not to adopt a specific budget for the Committee.

11.0

INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

The SCIGR comprises the tools, organisational structures and company procedures that contribute, through a process which identifies, manages and monitors main risks of the Issuer, to business management that is robust, fair and consistent with the objectives established by the Board.

The SCIGR is a part of the more general organisational and corporate governance configurations adopted by the Issuer and takes account of reference models, the recommendations of the Civil Code and best practices at national and international level. The structure of the SCIGR is consistent with best practices at national level – such as the principles in the Civil Code – and at international level, such as CoSO (Committee of Sponsoring Organizations of the Treadway Commission) Internal Control and Integrated Framework.

The procedures and significant roles are defined in the "Guidelines for the Internal Audit and Risk Management system", which formalise the modus operandi of the Issuer for audited activities, with the aim of:

- explaining the roles and responsibilities of main entities involved in the audit process;
- formalising relations between the Internal Audit function and audited entities, as well as information flows between this function and control bodies;
- making the rules of conduct and principles which the Internal Audit function must observe in its activities transparent.

Taking into account its profile as an industrial holding, the Issuer currently has an adequate organisational structure, since it carries out its activities through its subsidiaries, which enjoy full management autonomy.

In the framework of the Guidelines for the Internal Audit and Risk Management system, the Board, the Director responsible for the internal audit and risk management system, the internal audit function and the manager responsible for financial reporting, and for the "Model 231" and "Control Model 262" organisational profiles, all have a part in safeguarding the principles of proper and efficient management. For further details, see other relative sections of this Report.

As regards the above, the Board, as part of the review conducted in March 2019, considered the SCIGR to be adequate and effective for identifying, measuring, managing and monitoring risks, considering the risk profile and characteristics of the Issuer and each sector of activity in which subsidiaries operate.

As regards recommendations on whistleblowing in article 7 of the Civil Code, the Issuer has adopted an internal procedure, as part of its Organisational model pursuant to Legislative Decree 231/2001, to protect persons making anonymous reports.

With specific regard to the main features of the existing risk management and internal audit systems concerning the (consolidated) financial reporting process, if applicable, reference is made to Annex 1.

11.1 Role of the Board of Directors

The Board is responsible for the SCIGR; thanks to the support given by the Committee, it identifies its policies and regularly assesses its suitability and effectiveness, ensuring that the main corporate risks are identified and managed consistently with strategic objectives.

In particular, the Board of Directors, after consultation with the Audit, Risk and Sustainability Committee:

- defines the guidelines of the SCIGR, determining the level of compatibility of these risks with a business management in line with strategic objectives identified, including in its assessments, all risks that may be significant as regards the medium/long-term sustainability of the Issuer's operations;
- assesses, at least annually, the adequacy and effectiveness of the SCIGR, in relation to the Issuer's characteristics and the risk profile undertaken;
- approves, at least annually, the work plan prepared by the Internal Audit function manager, after consulting with the Board of Statutory Auditors and Director of the SCIGR;
- appoints and withdraws the appointment of the Internal Audit manager, on the proposal of the Director of the SCIGR, after consulting with the Board of Statutory Auditors and obtaining approval from the Audit, Risk and Sustainability Committee;
- ensures that the Internal Audit manager has adequate resources for his/her responsibilities;
- evaluates, after consulting with the Board of Statutory Auditors, the results of the independent auditors in their letter of findings and fundamental issues identified during auditing.

The Board also receives information flows from other entities of the SCIGR and namely:

- from the Audit, Risk and Sustainability Committee, the results of reviews on the functioning of the SCIGR ;
- from the Manager responsible for financial reporting, a report on the activities carried out to ensure the correctness, completeness and operating efficiency of the administrative and accounting procedures required to adequately prepare the Separate and Consolidated Financial Statements;
- from the Supervisory Board appointed pursuant to Legislative Decree 231/2001, the six-monthly report summarising the outcomes of audit activities carried out;
- from the Director of the SCIGR, through the Audit, Risk and Sustainability Committee, the report identifying main company risks, taking into account the characteristics of the Issuer and the companies it manages and coordinates.

Lastly, the Board, through the Chair, receives the periodic report of the Internal Audit manager summarising the results of audits conducted at the Issuer and its subsidiaries and the assessment of the SCIGR.

11.2 Director responsible for the internal audit and risk management system

Since 14 November 2018, Managing Director Alberto Rubegni has been Director of the SCIGR, a position previously held by the Board Director Stefano Viviano up until his resignation on the same date.

As part of his responsibilities, the Director of the SCIGR, carried out an assessment and in the first few months of 2019, together with the Audit, Risk and Sustainability Committee, based on which the SCIGR of the Issuer was revised, giving the Issuer, in its capacity as an industrial holding, a key role in coordinating and promoting equity investments and identifying new investment opportunities. In this context, the Issuer:

- manages financial and compliance risks relative to the nature of the holding;
- defines the guidelines for the SCIGR of subsidiaries;
- monitors the implementation status of the group's strategic plan and main economic/financial indicators of its subsidiaries.

Moreover, the subsidiaries, in line with their legal and operational autonomy, are independently responsible for managing the operational risk of their own business activities.

The Director of the SCIGR:

- actually adopts the guidelines defined by the Board, overseeing the planning, development and management of the SCIGR and verifying its adequacy and effectiveness on a continual basis, adapting it to the dynamics of operating conditions and the legal and regulatory framework;
- oversees the identification of main company risks, taking into account the characteristics of activities carried out by the Issuer, and submits them at regular intervals to the Board, for review;
- may request the Internal Audit Function to perform checks on specific areas of operation and on compliance with the internal rules and procedures in conducting corporate operations, concurrently notifying the Chair of the Board of Directors, the Chair of the Control and Risk Committee and the Chair of the Board of Statutory Auditors.
- promptly reports to the Audit, Risk and Sustainability Committee on issues and critical aspects identified in carrying out his/her activities or that come to his/her knowledge, so that the Committee may act accordingly.

11.3 Internal Audit Manager

On the proposal of the appointed Director and after consulting with the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, the Board proposed the appointment of Amelia Celia to the Internal Audit function, as from 1 January 2016, deciding on her annual compensation for the position. Amelia Celia has adequate professional experience in accounting, and in the mapping of key corporate processes and the assessment of relevant risks, acquired in major Italian and international listed Groups in various industrial sectors, including manufacturing and consumer goods.

The Internal Audit Manager:

- checks, on a continual basis and as regards specific needs, in compliance with international standards, the operation and suitability of the SCIGR, through an audit plan approved by the Board, based on a structured process that analyses and classifies main risks concerning the operations of the Issuer;
- is not responsible for any operating area and reports hierarchically to the Board;
- prepares an audit plan that identifies company areas and processes to audit, according to risk assessment results and presents it to the Board for approval;
- may directly access all information useful for his/her duties;
- prepares six-monthly reports containing information on his/her activities, the procedures used to manage risks, in compliance with plans defined to mitigate risks and the suitability of the SCIGR;
- checks the reliability of information systems, including accounting systems, as part of the audit plan.

During the meeting of 27 March 2018, the Board – after consulting with the Audit, Risk and Sustainability Committee, and the Board of Statutory Auditors and Director of the SCIGR – approved the new "2018-2020 Audit Plan" and relative audit schedule for 2018, with related time scales and commitment in terms of "man/days". In this meeting, the Board, on proposal of the Director of the SCIGR, with the approval of the Audit, Risk and Sustainability Committee and after consulting with the Board of Statutory Auditors, also established the amount of the fund assigned to the manager of the Internal Audit function for 2018.

In order to prepare the aforementioned Plan and identify the relevant areas/processes, the following was taken into account: the results of (i) audit activities performed in previous financial years; (ii) the risk assessment prepared by ASTM's management and periodically updated; (iii) meetings with the management of the Issuer aimed at investigating the most at-risk areas; as well as (iv) assessments carried out pursuant to Law no. 262/2005 and Legislative Decree no. 231/2001.

Based on the relevance of identified risks, priorities and audit activities were defined and planned by identifying the companies, processes and systems, as well as the type of audit actions and related objectives and the time scales of each Plan intervention.

As set out by the Civil Code, the Internal Audit Manager periodically prepares reports on her activities, methods used to manage risks and compliance with plans defined for their mitigation, submitting them to the Chairs of the Board of Directors, the Board of Statutory Auditors and the Audit, Risk and Sustainability Committee and to the Responsible Director.

11.4 Organisational model pursuant to Legislative Decree no. 231/2001

The Issuer has adopted an Organisational Model pursuant to Legislative Decree no. 231/2001 (Model 231) aimed at preventing the possibility of committing the offences referred to in the aforementioned Decree and, therefore, at shielding the Issuer from administrative liability.

Model 231 – aligned with the principles in the "Confindustria Guidelines" approved in March 2002 and last updated in 2014 – was then updated on an ongoing basis, as approved by the Board of Directors, both to take into account the many offences that were gradually included in the scope of the crimes under Decree no. 231/2001 and to implement the necessary adjustments due to organisational changes over the years.

The Board of Directors appointed a Supervisory Board ("SB") to which it has allocated the task of monitoring the operation, effectiveness of and compliance with "Model 231", as well as proposing updates.

The SB adopts the rules required for its functioning, formalising them in a dedicated regulation. Members of the SB remain in office for three financial years.

The SB, appointed on 28 April 2016, comprises the Board Director Caterina Bima (Chair), the Acting Auditor Piera Braja and Roberto Sanino.

The SB held three meetings during 2018 and has held one meeting in 2019.

The Board did not consider it necessary to assign the SB's functions to the Board of Statutory Auditors.

Finally, it should be noted that the main subsidiaries of the Issuer have adopted a Model 231 and appointed a Supervisory Board, which typically includes one member of the Board of Statutory Auditors.

11.5 Independent Auditors

As the appointment of Deloitte & Touche S.p.A. to audit the accounts of the subsidiary SIAS S.p.A. and its subsidiaries for the 2008-2016 financial years ended on the date to approve the 2016 Financial Statements (with SIAS consequently being required to appoint new auditors for statutory auditing over the nine year period), the ordinary Shareholders Meeting of 28 April 2017 of ASTM, with a view to a more efficient coordination of audit activities of the Group and subject to the early termination of Deloitte & Touche S.p.A.'s appointment, on the proposal of the Board of Statutory Auditors, appointed PricewaterhouseCoopers S.p.A., a registered auditor with Consob, to carry out the statutory auditing of the accounts of the Issuer for the 2017-2025 financial years, pursuant to article 161 of the TUF and article 43, paragraph 1, letter (i) of Legislative Decree no. 39 of 27 January 2010.

The above is explained in full in the Report and published documents, according to the times and procedures established by law (available on the Issuer's website), in view of the above Shareholders' Meeting of 28 April 2017.

11.6 Manager responsible for financial reporting and other corporate roles and functions

On 28 April 2016, the Board, after the favourable opinion of the Board of Statutory Auditors, appointed – in compliance with the professionalism requirements provided for by applicable regulations and the Articles of Association – as manager responsible for financial reporting Lucia Scaglione, a Manager of ASTM who is tasked with preparing the Separate and Consolidated Financial Statements as well as the procedures, group instructions, reporting packages and management of the process that underlies the preparation of financial reports.

The Director has the power to obtain from

the heads of each corporate department any information relevant to carry out his duties, as well as the power to: (i) structure and organise – within his own activities – the human resources available; (ii) liaise with the board of directors and statutory auditors, and participate ad audiendum in the Board's meetings held for the examination and approval of accounting documents; (iii) liaise with the Audit, Risk and Sustainability Committee and the Supervisory Board; and iv) take part in the design of information systems that have an impact on the economic and financial situation.

In particular, the Director reports periodically to the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors concerning procedures to carry out the process to assess the SCIGR – only as regards aspects related to the preparation of accounting documents – as well as results of assessments made to support certification issued.

The function that prepares the periodic reporting of the ASTM Group is the financial reporting manager and some staff, who prepare consolidated documents based on reporting packages received from subsidiaries, also providing assistance for compiling these documents.

The Board, moreover, approved financial provisions for the Director, that may be increased upon justified request of the individual in question.

During 2018, the Director monitored the functioning of the control model pursuant to Law 262/2005 ("Model 262"). This model was adopted by the Issuer and its main subsidiaries based on a "cascade" approach, in order to align significant administrative/accounting procedures in relation to duties regulated by article 154-bis of the TUF.

Moreover, implementation of this model also entailed the appointment of dedicated managers by all Group companies involved.

With a view to optimising controls, within the financial provisions made available to each Manager, the assessment of the correct implementation of the aforementioned procedures was carried out, as in previous years, with the help of a leading consulting firm, based on the plan drawn up by each company, according to which tests shall be concentrated in the periods dedicated to the preparation of the Financial Statements and the half¬yearly financial report. The results of these controls mainly confirmed the correct implementation of the administrative accounting procedures under review.

As part of the procedures concerning the “Control model 262”, the Managers of all companies of the Issuer’s group forwarded any related “statement” and “certification” concerning annual and interim accounting documents.

In compliance with the provisions of the “Guidelines for the Internal Audit and Risk Management System”, the manager reports the findings of his/her activities and checks to the Audit, Risk and Sustainability Committee and to the Board of Directors on a half-yearly basis.

11.7 Coordination between individuals involved in the internal audit and risk management system

As described above, the functions and bodies that make up the SCIGR report on activities carried out in order to comply with their institutional tasks and related findings, according to the methods and deadlines set out by relative legal and regulatory provisions, as well as by the Civil Code’s recommendations providing for their establishment.

As regards the above, the Issuer analysed the relationships between the functions, with regard to their remit and operations, as well as the related information flows, in order to optimise the related system in a structured and efficient manner, for a timely monitoring and management of risks. Following these activities, and in order to code coordination rules for relative functions, the Issuer adopted the “Guidelines for the Internal Audit and Risk Management System”.

DIRECTORS’ INTERESTS AND RELATED PARTIES’ TRANSACTIONS

Since 1 January 2011 the procedure on transactions with related parties has been in force. This procedure was approved by the Board on 26 November 2010 (and subsequently amended on 9 November 2012, 6 March 2014 and 23 January 2017 with the favourable opinion of the Audit, Risk and Sustainability Committee) in compliance with the Consob Related Parties Regulation, having obtained the favourable opinion of a dedicated Committee, which is made up entirely of Independent Directors in office.

The Board of Statutory Auditors ascertained that the procedure is compliant with the aforementioned Regulation and acknowledged that it is adequate in order to ensure substantial and procedural transparency and correctness.

The procedure – which is available on the website under the section “Governance”, as well as on the Borsa Italiana’s website. This category includes:

a. the acquisition or disposal of real estate whose value is higher than EUR 1 million;

b. merger transactions, division by acquisition or non-proportional division transactions, if a company (which represents related parties’ interests that can be defined as significant, as set out in the procedure) takes part in the transaction;

c. transactions other than those mentioned above, with an individual value of over EUR 10 million (such as, by way of non-limiting example, acquisitions or disposals of equity investments, companies or business units, or granting of guarantees).

In this regard, the management autonomy of the listed subsidiary SIAS S.p.A. has not been affected and has been maintained.

For a correct implementation of the procedure within the ASTM Group, any relevant information and operational instructions were promptly notified to the subsidiaries.

Moreover, for the correct management of the procedure, the Issuer’s related parties are recorded in a specific database created on the basis of the register of equity investments and statements made by said related parties.

As already mentioned above, the Audit, Risk and Sustainability Committee will issue an opinion on transactions with related parties, if requirements are met. For the orderly functioning of the Committee, an age-based replacement system has been created if some members are already involved in specific transactions.

Any Director who has an interest ¬ potential or

indirect ¬ in corporate transactions shall promptly and fully inform the Board, showing willingness to withdraw from the meeting or refrain from any discussion and related resolution, in case such interest is considered “relevant” by the other Directors. However, the Board has the power to take the most appropriate decisions in case transactions are carried out at normal market conditions ¬ on the basis of independent experts’ appraisals ¬ or if the withdrawal from the meeting of the Directors when the resolution is taken gives reason to believe that the necessary constituent quorum may not be reached.

13.0

APPOINTMENT OF AUDITORS

Pursuant to article 26 of the Articles of Association, the Board of Statutory Auditors is made up of three Acting Auditors and three Alternate Auditors who are appointed by the Shareholders’ Meeting.

Pursuant to article 27 of the Articles of Association and in order for an Acting and an Alternate Auditor to be elected from the minority, the Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders, in which candidates are listed by name and marked with a progressive number.

The list is made up of two sections: one for candidates for the office of Acting Auditor, the other for candidates for the office of Alternate Auditor. For the purposes of compliance with current legislation on gender balance, the lists that, considering both sections, have a number of candidates greater than or equal to three must include candidates of different genders in the first two places for both the section for Acting Auditors and that Alternate Auditors.

Only shareholders who ¬ alone or together with others ¬ hold shares representing the shareholding in the share capital, as set out by law, have the right to submit lists. the legal title to the above-mentioned shareholding shall be proved according to the methods and time scales provided by the applicable law.

Each shareholder, as well as Shareholders belonging to the same group and those who have entered into a Shareholders’ agreement involving the Issuer’s shares may not submit or vote more than one list, neither through a third party or a trust company. Each candidate may be presented on one list only upon penalty of ineligibility for election.

Those candidates who do not comply with the requirements of integrity and professionalism established by law may not be included in the lists. At least one Acting Auditor and one Alternate Auditor are chosen among those enrolled in the Auditors’ Register and shall have exercised independent statutory audit activities for not less than three years. Those Auditors who do not comply with the aforementioned requirement are chosen among those who have three years’ experience in:

- management and control activities and executive duties for corporations with a share capital no lower than EUR 2 million; or
- professional or tenured university teaching activities in legal, economic, financial and technical-scientific subjects, with regard to the industrial, commercial, banking, transport services, logistics, technology and IT sectors; or

- management posts at public institutions or administrations operating in the credit, financial, insurance, industrial, commercial, transport services, logistics, technology and IT sectors.

The outgoing auditors can be re-elected.

The lists submitted shall be filed at the Issuer's registered office within the terms and according to the methods set out by current regulations, as mentioned in the meeting's notice. The declarations by which candidates accept their candidacy and represent, under their own responsibility, that there are no reasons for their ineligibility and incompatibility, together with any document required by law, must be deposited with each list; they also confirm they comply with legislative and statutory requirements.

The list that does not comply with the above¬mentioned provisions shall be considered as not submitted.

Election of Statutory Auditors will proceed as follows:

- from the list obtaining the most votes in the Shareholders' Meeting, two acting and two alternate members are taken, based on the sequential order in which they were listed in the sections of the list;
- from the list obtaining the second most votes in the Shareholders' Meeting, the remaining acting member and the remaining alternate member are taken, based on the sequential order in which they were listed in the sections of the list.
- In the event of a tie between two or more lists, the most senior candidates are elected, up to the number of places to be assigned.
- The Chair of the Board of Statutory Auditors is assigned to the candidate from the list obtaining the second most votes in the Shareholders' Meeting; in the event of a tie between two or more lists, the preceding paragraph applies;
- Should application of the above procedure not allow, for Acting Auditors, compliance with the legislation on gender balance, the quotient of votes to be attributed to each candidate taken from the acting auditor sections of the various lists is calculated, dividend the number of votes obtained from each list by the sequential number of each of said candidates; the candidate of the most represented gender with the lowest quotient of candidates taken from all the lists is replaced by that belonging to the less represented gender, where indicated, with the immediately higher sequential number, in the same section of the Acting Auditors of the list of the replaced candidate or, alternatively, in the section of the Alternate Auditors of the same list of the replaced candidate (which in this case takes over the position of the alternate candidate he/she replaces). In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of auditors is taken or, alternatively, the candidate taken from the list which obtained the least votes will be replaced; For the appointment of auditors, for any reason, not appointed in the manner provided above, the Shareholders' Meeting decides with the legal majorities and in compliance with current legislation regarding gender balance.

If legal and statutory requirements cease to apply, the Auditor forfeits his/her office.

In the event of replacement of an Auditor, the substitute auditor belonging to the same list of the one ceased from office shall be appointed, so as to comply with the provisions applicable from time to time with respect to gender balance, with respect to the composition of the Board of Statutory Auditors. If the above-mentioned replacement does not allow to comply with the current regulations on gender parity, the Shareholders' Meeting shall be convened as soon as possible so as to comply with such regulations.

13.0 APPOINTMENT OF AUDITORS

In case of integration of the Board of Statutory Auditors following termination of office of one of its members for any reason, the Meeting shall resolve according to the simple majority principle and ensure representation on the Board to the minority as set out in the Articles of Association, as well as compliance with the current regulations on gender parity.

14.0

COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

(pursuant to Article 123-bis, paragraph 2(d) of the TUF)

The Board of Statutory Auditors currently in office was appointed for the financial years 2017-2019 by the Ordinary Shareholders' Meeting of 28 April 2017, until approval of the 2019 Financial Statements.

The minimum shareholding in the share capital required in order to submit lists was set out by Consob by means of Resolution no. 19856 of 25 January 2017 and is equal to 2.5% of the share capital. In the 25 days prior to the Shareholders' Meeting, one list was presented by the Shareholder Argo Finanziaria S.p.A. unipersonale (owning, at this date, an equity investment equal to 56.597% of the share capital) with 4 candidates: Ernesto Ramojno and Piera Braja (as Acting Auditors), Roberto Coda and Annalisa Donesana (as Alternate Auditors). Consequently the Issuer, in compliance with applicable regulations, notified the market of new terms for presenting additional lists, based on the minority threshold established by applicable laws (1.25% of the share capital). As no other lists were filed within this new deadline, the Shareholder Argo Finanziaria S.p.A. unipersonale on 12 April 2017 proposed supplementing its own list of candidates for the Board of Statutory Auditors to be elected, with Marco Fazzini in a capacity as Chair and Massimo Berni as Alternate Auditor.

Out of 72,223,620 shares (equal to 72.954% of the share capital with voting rights):

- the proposal submitted by the Shareholder Argo Finanziaria S.p.A. was voted for by 72,167,613 shares (equal to 99.92% of the share capital present and 72.898% of the share capital with voting rights);
- abstaining votes accounted for 32,829 shares (equal to 0.05% of the share capital present and 0.033% of the share capital with voting rights);
- no votes were cast for 23,178 shares (equal to 0.03% of the share capital present and 0.023% of the share capital with voting rights).

For each voting, the list with the names of the shareholders and their votes is included in the meeting's minutes of 28 April 2017, which have been published on the Company's website under the "governance" section.

As regards the composition of the management body, the current composition of the Board of Statutory Auditors, as in the past, has an adequate mix of members in terms of age, tender, education and professional background, and therefore the Issuer did not consider it necessary to adopt a specific diversity policy for the composition of the board. As already stated in Paragraph 4.3, on 14 March 2018, the Board adopted a policy on

"diversity and inclusion" applicable to the Issuer and its subsidiaries.

Some short bibliographical notes on the members of the Board of Statutory Auditors are detailed below. Their full curricula vitae are published on the website, under the "governance" section.

Marco Fazzini:
born in Florence on 12 October 1974. He obtained a degree in Business Administration from the faculty of Economics at Florence University. He works as a chartered accountant and independent statutory auditor and is professor of Methodology and Quantitative Standards for Companies at the European University of Rome and of Extraordinary Transactions at Florence University. He has also authored many studies and articles. He holds the following positions: Chair of the Board of Statutory Auditors of Compagnia Aeronautica Italiana (CAI) S.p.A., Chair of the Board of Statutory Auditors of Poste Vita S.p.A.; He is Acting Auditor of Galileo TP Equipment S.r.l. and Sole Auditor of Bluclad S.r.l.

Piera Braja:
born in Turin on 15 June 1964. She was awarded a degree in Economics and Business from Turin University. She is a chartered accounting and statutory auditor, and is also on the role of court-appointed expert witnesses of the Court of Turin. She mainly provides consultancy services on corporate and tax matters to commercial companies, both with respect to ordinary operations and extraordinary or restructuring transactions. She holds the following offices: She is Chair of the Board of Statutory Auditors of Sait Finanziaria S.p.A., Chair of the Board of Statutory Auditors of Sait Abrasivi S.p.A., Chair of the Board of Statutory Auditors of Farid Industrie S.p.A. (Farid European Group), Chair of the Board of Statutory Auditors of Cerrato S.r.l., Chair of the Board of Statutory Auditors of CA.NOVA S.p.A. (GTT Group); She is Acting Auditor of Consusa Servizi Piemonte (CONSEPI) S.p.A., Acting Auditor of Danfoss Power Solution S.r.l., Acting Auditor of Feg Brivio S.p.A. (Farid European Group), Acting Auditor of Feg S.p.A. (Farid European Group), Acting Auditor of Finpat S.p.A., Acting Auditor of Immobiliare Isober S.p.A., Acting Auditor of Jacobacci & Partners S.p.A., Acting Auditor of Officine Meccaniche Torinesi (OMT) S.p.A., Acting Auditor of SITAF S.p.A., Board Director of Centrale del Latte d'Italia S.p.A.

Ernesto Ramojno:
born in Turin on 5 July 1949. He holds a Degree in Economics and Business Studies from Turin University. He works as a chartered accountant and independent statutory auditor and has gained considerable experience in tax, corporate and banking matters. He has acted as Auditor for major companies, including Ferrero S.p.A. and Fiat Chrysler Risk Management S.p.A. He holds the following offices: Chair of the Board of Statutory Auditors of Accornero Mollificio S.p.A., Chair of the Board of Statutory Auditors of Alessandria Calore S.r.l., Chair of the Board of Statutory Auditors of Ferrero S.p.A., Chair of the Board of Statutory Auditors of Ondulato Torinese S.p.A., Chair of the Board of Statutory Auditors of Rieter Design S.r.l. in liquidation, Chair of the Board of Statutory Auditors of STE Soluzioni Tecniche Energetiche S.p.A., Chair of the Board of Statutory Auditors of Sereco Piemonte S.p.A., Chair of the Board of Statutory Auditors of Simta S.p.A., Chair of the Board of Statutory Auditors of STS Acoustics S.p.A., Acting Auditor of Altav S.r.l., Acting Auditor of Barricalla S.p.A., Acting Auditor of CIE S.p.A., Acting Auditor of Ferrero Industriale Italia S.r.l., Acting Auditor of Fiat Chrysler Risk Management S.p.A., Acting Auditor of Rosso S.p.A., Acting Auditor of Sait Abrasivi S.p.A., Acting Auditor of Sait Finanziaria S.p.A., Sitalfa S.p.A.; Sole Director of Foam Immobiliare S.p.A., Managing Partner of Giomar s.s., Sole Director of Lucy s.s.

Massimo Berni:
born in Florence on 13 September 1949. He was awarded a degree in Economics and Business from Florence University. He works as a chartered accountant and independent statutory auditor and is on the role of court-appointed expert witnesses of the Court of Florence, based on which he has acted as curator, judicial commissioner and judicial liquidator in insolvency proceedings. He holds the following offices: Chair of the Board of Statutory Auditors of Moka Arra S.p.A.; Acting Auditor of AFS S.p.A., Acting Auditor of Gualfonda S.p.A., Acting Auditor of FIMM Italia S.p.A., Acting Auditor of Istituto per lo Studio della Prevenzione Oncologica.

Roberto Coda:
born in Turin on 3 September 1959. He holds a Degree in Economics and Business Studies from Turin University. He works as a chartered accountant and independent statutory auditor and has gained experience in taxation and corporate affairs, specialising in corporate reorganisations, mergers, acquisitions and international tax planning. He is on the board of major industrial and utility companies and provides advisory services to companies and family groups on wealth management and succession planning. He holds the following offices: Board Director of Consorzio Area PD, GI Pharma S.r.l., Logico S.r.l., New Bravo Seven, Centro Congressi Torino Metropoli S.p.A., Fondazione Torino Musei, Graglia Immobiliare S.s.; Acting and statutory auditor of Aurora Uno S.p.A., Arka Technologies S.r.l., Coopcasa Piemonte, Cooperativa Giuseppe di Vittorio, Cooperativa Quadrifoglio 91, Cooperativa San Pancrazio, Consorzio Valli di Lanzo, Foat Architetti, Gm S.r.l., Immobilare Ropa S.p.A., Itinera S.p.A., Risorse Idriche S.p.A., Segreto Fiduciaria S.p.A., Ste S.p.A., S.I.I. S.p.A.; Acting Auditor of Associazione Primo Levi, Confservizi Piemonte Valle d'Aosta, Fast-Loc S.p.A., Finsoft S.r.l., Invicta S.p.A., Seven S.p.A., Sicogen S.r.l.; Sole auditor of CIAC S.c.a.r.l.; Chair of the Board of Statutory Auditors and statutory auditor of Chieppa S.p.A., CTS Solutions S.r.l.; Chair of the Board of Statutory Auditors of Prima Electro S.p.A.; Statutory auditor of Consorzio Riva Sinistra Stura;

Annalisa Donesana:
born in Treviglio, Bergamo, on 9 June 1966. She was awarded a degree in Economics and Business from Bocconi University, Milan. He works as a chartered accountant and independent statutory auditor and has gained significant expertise in taxation, with a particular focus on international tax law and on listed companies. She works as a consultant in international restructuring transactions for major groups operating in the real estate, plant, food, chemical, fashion-luxury sectors. She holds the following offices: Acting Auditor of Dea Capital S.p.A., Acting Auditor of Dea Capital Partecipazioni S.p.A., Acting Auditor of A2A Security S.c.p.a., Acting Auditor of SIAS S.p.A., Acting Auditor of Casa di Cura San Pio X S.r.l., Acting Auditor of Banca del Mezzogiorno - Mediocredito Centrale S.p.A., Acting Auditor of Umanitas Centro Catanese di Oncologia S.p.A., Acting Auditor of Edwards Lifesciences Italia S.p.A., Alternaite Auditor of A2A Calore & Servizi S.r.l., Alternate Auditor of A2A Energy Solutions S.r.l.

With regard to the above, Table 3 (included in the Appendix) provides a summary of the data concerning the Board of Statutory Auditors.

During 2018, the Board held 13 meetings, with all members taking part.

The duration of each meeting varied according to the issues discussed. As regards its institutional tasks and the frequency of its audits, the Board of Statutory Auditors plans to meet on at least a quarterly basis in 2019; one meeting has been held since the beginning of the 2019 financial year.

Compliance with the independence requirements set out by the Civil Code (that was stated upon filing of the lists and upon acceptance of the candidature) was positively assessed following the renewal by both the Board of Statutory Auditors and the Board of Directors, as well as during the annual assessment made on 28 March 2019.

If requirements are met, the Auditors shall promptly provide information on the transactions in which – on own account or on behalf of third parties – they have an interest, as provided for by the Civil Code.

The Board of Auditors monitored the independence of the company appointed to audit the accounts, assessing the nature and entity of services other than statutory auditing, provided to the Issuer and its subsidiaries, monitoring the adoption of the specific "Procedure for the approval of services to assign to the independent auditors and its network" – which the Board of Statutory Auditors, as part of its functions pursuant to Legislative Decree 39/2010, approved in 2017 – which, in accordance with applicable legislation, sets out the limits and conditions for services provided by the independent auditors other than statutory auditing. The results of these checks were disclosed by the Board of Statutory Auditors in the annual report to the Shareholders' Meeting, pursuant to article 153 of the TUF.

As part of their duties, the Auditors have acquired information also through meetings with the Independent Auditors' representatives, the Boards of Statutory Auditors of Subsidiaries, the Supervisory Board (of which Auditor Piera Braja is a member, as mentioned above) and by taking part in the meetings of the Audit, Risk and Sustainability Committee and the Appointments and Remuneration Committee (also in its capacity as Related Parties' Committee).

The members of the Board of Statutory Auditors also took part in Board meetings and the Shareholders' Meeting held on 20 April 2018.

15.0

SHAREHOLDERS' RELATIONS

In order to make access to information quicker and easier, the Issuer pays particular attention to the creation and updating of its website, with specific reference to "financial information" and "corporate governance".

Moreover, the website contains a descriptive profile of the Issuer's Group and its investee companies, as well as the annual Financial Statements and interim statements of the Issuer, the Articles of Association, the Regulations for Shareholders' Meetings, press releases and reports on the issues discussed at the Shareholders' Meetings, including notice of call and related minutes.

Upon the appointment of Corporate Bodies, the lists of candidates, together with personal and professional details, are made available on the website.

In any case, the Chair and the Managing Director in compliance with the procedure concerning the disclosure of documents and information on the Issuer have taken any necessary action so as to create and promote dialogue with the Shareholders and Institutional Investors, based on the understanding of reciprocal roles and functions.

To make sure that these relationships are professionally handled and managed, the Investor Relations' Officer carries out intense and constant information activities with regard to the results, as well as the growth and development prospects of the Issuer and the group, through personal and institutional meetings with investors and analysts, both in Italy and abroad.

The Investor Relations Officer, Arthur Targon may be contacted at investor.relations@astm.it.

With regard to their roles, the Chair, the Managing Director and Investor Relations' Officer were assisted by the Board's Secretarial Department and Compliance and Corporate Function, especially as regards notices to relevant Authorities and Shareholders.

16.0

SHAREHOLDERS' MEETINGS

(pursuant to article 123-bis, paragraph 2(c) of the TUF)

The Shareholders' Meeting is the occasion when members may take an active part in the operations of the company, expressing their opinions according to the procedures and on the topics which, according to law and the Articles of Association, are in their remit. The Shareholders' Meeting meets on an ordinary and extraordinary basis.

The Shareholders' Meeting is convened by a notice published, within the terms established by applicable laws, on the Company's website, and according to other procedures established by Consob, including the publication of an excerpt in Il Sole 24 Ore and notification via the centralised storage system authorised by Consob.

The Board notifies items on the agenda of the shareholders' meeting to the public, according to the same procedures.

Procedures for Shareholders' to exercise their rights are governed by law and the Articles of Association.

In view of the Articles of Association and applicable laws and regulations, entities who have sent the Issuer notice, through the enabled broker, of their right to take part in and vote at the Shareholders' Meeting, based on evidence at the end of the accounting day of the seventh open trading day prior to the date scheduled for the Meeting, may take part in and vote at the meeting.

Those who are entitled to vote can be represented at the Meeting by written proxy or proxy sent electronically, in compliance with applicable regulations. The Chair shall ascertain the validity of proxies.

The electronic notification of the proxy shall be made by using the dedicated section of the Issuer's website or the dedicated e¬mail address, according to the methods described in the notice of call.

For each Shareholders' Meeting, the Issuer can appoint – by specifying it in the notice of call – a person to whom the Shareholders can give a proxy with voting instructions on one or all issues on the agenda, according to the methods and terms set out by law and regulations. The proxy is valid only with regard to those issues for which voting instructions have been given.

The Meeting is Chaired by the Chair of the Board of Directors. In case of absence or impediment, the meeting is Chaired by a Vice Chair or, if both are absent, by another person appointed by the Meeting.

The Chair appoints the Secretary with the approval of the Meeting and, if necessary, two scrutineers, by choosing them among the Shareholders with voting right or their representatives. In the cases provided for by law, or if deemed appropriate by the Chair of the Meeting, the minutes are prepared by a Notary Public appointed by the Chair. In this case, it is not necessary to appoint a Secretary.

The (ordinary and extraordinary) Shareholders' Meeting is duly convened and takes resolutions according to the majorities set out by current regulations.

To date, the Issuer has not provided for the possibility of taking part in the Meetings by means of audio-visual connection systems, electronic vote or voting by correspondence.

Regulations for Shareholders' Meeting

To promote orderly, functional proceedings, shareholders' meetings are governed by specific regulations, the contents of which are in line with the format produced by ABI and Assonime. More specifically, the aforementioned Regulations govern the operating methods for the Meeting's activities and the exercise of participants' rights. More specifically:

- In this regard, the Chair opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chair may decide that speeches shall be booked in writing, with indication of the subject.
- each party entitled to take part in the Shareholders' Meeting may take the floor concerning issues on the agenda to be discussed and make observations and proposals;
- taking into account the subject and relevance of each single issue ¬ as well as the questions received before the Meeting and the number of persons who want to speak ¬ the Chair may predetermine the duration of speeches and answers by notifying the participants, so as to make sure that works are completed within one single meeting.

For further information on the rules governing the Issuer's meetings, reference should be made to the Regulations published on the Issuer's website (under the "governance" section).

Information for Shareholders

At the meetings, the Board provides the Shareholders with information on the Issuer, in compliance with the regulations on insider trading information.

During the meetings, the Chair and the Managing Director aim to provide the Shareholders with the information necessary or useful to pass resolutions.

More specifically – on the basis of the documents, concerning the points on the agenda, that are given to all participants – the main features of any transaction and resolution that shall be examined and approved by the Shareholders are explained. Maximum openness is ensured to talk and discuss the requests for clarifications submitted by the participants.

Twelve Directors took part in the Annual General Meeting held on 20 April 2018.

Changes in capitalisation and shareholding structure

The Directors believe that the provisions contained in the Articles of Association concerning percentages for the exercise of the actions and rights for the safeguard of minorities are in line with the current market capitalisation of the ASTM security.

17.0

ADDITIONAL CORPORATE GOVERNANCE PRACTICES

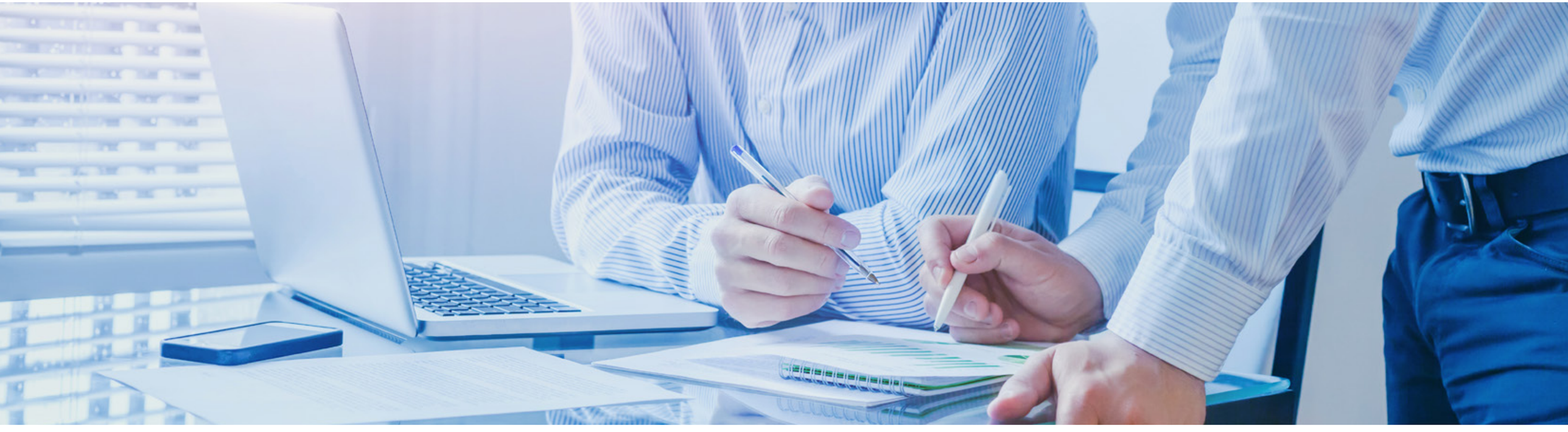
(pursuant to article 123-bis, paragraph 2(a) of the TUF)

No further corporate governance policies are reported other than those detailed in previous paragraphs and currently applied by the Issuer, except for the obligations set out by legal and regulatory provisions.

18.0

CHANGES SINCE THE END OF THE FINANCIAL YEAR

The Issuer's governance structure has not changed since the end of the reporting period.



19.0 CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE

On 21 December 2018, the Chair of the Board of Directors, the Managing Director and Chair of the Board of Statutory Auditors of the Issuer were sent the letter of the Chair of the Corporate Governance Committee, along with the "2018 Report on developments in corporate governance of listed companies".

As regards areas for improvement indicated in the letter, the Board of Directors made the following considerations:

- pre-board meeting disclosure: also based on the self-assessment process conducted in February 2019, the deadline of two business days in advance of the date of the board meeting for sending documents was considered adequate in 2018, and basically met. To improve comprehension and the use of information, and to take into account some indications made during the self-assessment process, the introduction of new technological platforms to access this documentation has been planned for 2019;
- adoption of independence criteria: the process to check independence requirements is adopted, on an annual basis, obtaining information from each director, by sending a questionnaire and was considered suitable for identifying any critical situations. As regards the continued appointment of one of the independent directors, for over nine years, in the last 12 years, the Board considered that this criterion did not need to be applied, considering the significant professional and managerial expertise, and independent judgement continually shown;
- board review activities: as explained in detail in paragraph 4.3, the self-assessment process was started last February, with the assistance of Eric Salmon & Partners, independent consultants with considerable experience in this sector. The assessment, which was conducted by compiling a questionnaire – which required the compiler, for each statement, to give a rating choosing from possible alternatives, with the possibility to make observations to improve the functioning of the Board – and with interviews held by the advisor, was positively evaluated by the Directors;
- remuneration policies: during 2017-2018, the Company introduced a managerial incentive system aimed at promoting the achievement of increasingly outstanding results and creating a virtuous link between compensation and business performance. Specifically, (i) an annual incentive system was adopted based on achieving economic/financial and project/strategic objectives, as well as (ii) a long-term incentive scheme that ensures the alignment of managerial behaviour with the objectives of strategic plans. As the remuneration policies do not envisage the possibility of paying sums not related to parameters already established, and as the payment of annual variable and long-term remuneration is restricted by a clawback mechanism, the Board of Directors, for incentive schemes started in the current year, may decide whether or not to pay all or part of the bonus in the case of extraordinary and objective events – that may also have damaged third parties – as ascertained by the Board, which have a serious impact on the Company and/or its reputation and image.

TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT 27 MARCH 2019

SHARE CAPITAL STRUCTURE				
	No. of shares	**% of share capital**	**Listed**	**Rights and obligations**
Ordinary shares	98,998,600 (1)	100	**MTA (FTSE Italia Mid Cap Index)**	
Shares with more than one	=	=	=	=
Shares with limited voting	=	=	=	=
Shares without voting right	=	=	=	=
Other	=	=	=	=

(1) Pursuant to articles 2357-*ter* and 2359-*bis* of the Civil Code, voting rights are suspended as regards 7,631,328 treasury shares held by the Owner and 21,500 shares held by the subsidiary ATIVA S.p.A.

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL			
Declarant	Direct shareholder	% share of ordinary share capital	% share of voting share capital
Aurelia S.r.l.	Aurelia S.r.l.	0.555	0.555
	Nuova Argo Finanziaria S.p.A.	56.597	56.597
	Nuova Codelfa S.p.A.	1.967	1.967
	Total Group	**59.119**	**59.119**
ASTM S.p.A.	ASTM S.p.A.	7.709 voting right suspended pursuant to article 2357-*ter* of the Civil Code	7.709 voting right suspended pursuant to article 2357-*ter* of the Civil Code
	ATIVA S.p.A.	0.022 voting right suspended pursuant to article 2359-*bis* of the Civil Code	0.022 voting right suspended pursuant to article 2359-*bis* of the Civil Code
	Total treasury shares	**7.731**	**7.731**

TABLES

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AT 31 DECEMBER 2018

		Board of Directors											Audit, Risk and Sustainability Committee		Appointments and Remuneration Committee	
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Executive	Non-executive	Independent pursuant to the Civil Code	Independent pursuant to the TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
01) Chair	G. M. GROS-PIETRO	1942	20/04/2012	28/04/2016	Approval of 2018 Financial Statements	M		x			2	10/10				
02) Vice Chair	D. GAVIO	1958	24/03/1994	28/04/2016	Approval of 2018 Financial Statements	M	X				=	10/10				
03) Vice Chair	M. GAVIO	1967	28/04/2010	28/04/2016	Approval of 2018 Financial Statements	M	X				1.5	10/10				
04) Vice Chair	R. TESTORE	1952	14/11/2018	14/11/2018	Next Shareholders' Meeting	C		x	x	x	3	0/0	1/1	M		
05) Managing Director◊•	A. RUBEGNI	1951	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M	x				3	10/10				
06) Director	J. ANGOITIA GRIJALBA	1970	27/09/2018	27/09/2018	Next Shareholders' Meeting	C		x			1	1/1				
07) Director	C. BIMA	1960	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	=	9/10				
08) Director	A. CAPORELLO		14/11/2018	14/11/2018	Next Shareholders' Meeting	C		x	x	x	3	0/0			1/1	P(
09) Director	G. GAROFANO	1944	10/05/2007	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	2.5	10/10	9/9	P		
10) Director	G. GATTO	1941	28/04/2016	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	0	10/10	9/9	M		
11) Director	B. GAVIO	1965	28/04/2016	28/04/2016	Approval of 2018 Financial Statements	M	x				1	10/10				
12) Director	B. POGGIALI	1963	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	4	10/10			7/7	M
13) Director	L. ROTH	1940	28/04/2010	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	4	9/10	6/9	M		
14) Director	A.C. SVELTO	1968	28/04/2016	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	1	10/10			7/7	M
15) Director	M. WEIGMANN	1940	10/06/2013	28/04/2016	Approval of 2018 Financial Statements	M		x	x	x	5	7/10				
DIRECTOR STEPPING DOWN FROM OFFICE DURING THE FINANCIAL YEAR UNDER REVIEW																
Director	S. BARIATTI (1)	1956	10/06/2013	28/04/2016	14/11/2018	M		x			2	6/9				
Director	U. TOSONI (1)	1975	23/10/2017	23/10/2017	27/09/2018	M		x			1.5	8/8				
Director	S. VIVIANO (1)	7986	28/04/2010	28/04/2016	14/11/2018	M	x				=	8/9				
Number of meetings held during FY 2018						Board of Directors: 10				Audit, Risk and Sustainability Committee: 9			Remuneration Committee: 7			
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to Article 147-*ter* TUF): 1.00%																

NOTES

(1) Based on the data recorded in January 2018, with reference to the "Report on corporate governance and ownership structure" for the FY 2017, to which we refer you for a comprehensive list of the aforementioned offices.

(2) Until 14 November, the position of Chair of the Remuneration Committee was held by Luigi Roth, who attended all six meetings.

• This symbol indicates the "Director responsible for the internal audit and risk management system".

◊ This symbol indicates the main supervisor for the Issuer's management (Managing Director or CEO).

* The date of first appointment of each Director means the date on which the Director was appointed for the first time (in absolute terms) to the Board of Directors of the Issuer.

** This column indicates the list from which each Director was drawn ("M": majority list; "M": minority list; "C": co-option);

*** This column shows the number of offices held as Director or Auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises. The list in the Annex shows (based on the data as at January 2018, with reference to the parameters and calculation criteria provided for by the "procedure for the maximum number of offices held" adopted by the Issuer) the aforementioned companies, specifying whether they are part of the group to which the Issuer belongs,

(*) This column shows the percentage of directors' attendance to the meetings of the Board of Directors and the Committees, respectively (no. of attendances/no. of meetings held during the term of office by the interested party).

(**) This column shows the Director's office in the Committee: "C": Chair; "M": Member.

TABLES

Offices as director or auditor held by some Directors in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises

Member	Company	Office held
J. Angoitia Grijalba	Ascendi S.A.	Director
C. Bima	UniCredit Leasing S.p.A. Fondazione Cassa di Risparmio di Torino	Director Director
A. Caporello	Italiaonline S.p.A. Sergio Rossi S.p.A. Credito Fondiario S.p.A.	Director Director Director
G. Garofano	Miroglio S.p.A. Miroglio Textile S.p.A. Quercus Asset Selection Sarl	Director Director Vice Chair
B. Gavio	Aurelia S.r.l. (2) EcoRodovias Infraestrutura e Logística	Chair of the Board of Directors Director
D. Gavio	Aurelia S.r.l. (2)	Director
M. Gavio	Aurelia S.r.l. (2) EcoRodovias Infraestrutura e Logística Autosped G. S.p.A.	Deputy Chair of the Board of Directors Alternate Director Chair
G.M. Gros-Pietro	Intesa Sanpaolo S.p.A. Edison S.p.A.	Chair of the Board of Directors Director
B. Poggiali	Banca Farmafactoring Falck Renewables S.p.A. Elica S.p.A. Fabrik S.p.A. (Gruppo Sella)	Director Director Director Director
L. Roth	Sec S.p.A. Alba Leasing S.p.A. Equita Sim S.p.A. Alkimis Sgr S.p.A.	Chair of the Board of Directors Chair of the Board of Directors Chair of the Board of Directors Director
A. Rubegni	Tangenziale Esterna S.p.A. EcoRodovias Infraestrutura e Logística Primav Infraestrutura S/A	Director Director Director
A.C. Svelto	Enel Techedge S.p.A.	Director
R. Testore	Endurance Technologies Limited AC Boiler S.p.A. Bonfiglioli Riduttori S.p.A.	Director Managing Director Director
M. Weigmann	Società Reale Mutua Assicurazioni S.p.A. Italiana Assicurazioni S.p.A. (Gruppo Reale Mutua Assicurazioni) Reale Immobili S.p.A. (Gruppo Reale Mutua Assicurazioni) Banca Reale S.p.A. (Gruppo Reale Mutua Assicurazioni) Reale Seguros Generales S.A. (Gruppo Reale Mutua Assicurazioni) Inmobiliaria Grupo Asegurador Reale S.A. (Gruppo Reale Mutua Assicurazioni) Reale Vida y Pensiones Sociedad Anónima de Seguros (Gruppo Reale Mutua Assicurazioni) Auchan S.p.A.	Director Director Director Director Vice Chair Vice Chair Vice Chair Director

NOTES

(1) subsidiary of the Issuer

(2) Parent Company of the Issuer

TABLES

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Appointed by the Ordinary Shareholders' Meeting of 28 April 2017

Board of Statutory Auditors									
Position	**Members**	**Year of birth**	**Date of first appointment ***	**In office since**	**In office until**	**List ******	**Independent pursuant to the Civil Code**	**Attendance to Board of Statutory Auditors' Meetings *******	**Number of other offices ********
Chair	M. FAZZINI (1)	1974	29/04/2011	28/04/2017	Approval of 2019 Financial Statements	M	x	12/12	5
Acting auditor	P. BRAJA	1964	22/04/2014	28/04/2017	Approval of 2019 Financial Statements	M	x	12/12	17
Acting auditor	E. RAMOJNO	1949	29/04/2011	28/04/2017	Approval of 2019 Financial Statements	M	x	12/12	22
Alternate auditor	M. BERNI (1)	1949	22/06/1999	28/04/2017	Approval of 2019 Financial Statements	M	x		5
Alternate auditor	R. CODA	1959	29/04/2005	28/04/2017	Approval of 2019 Financial Statements	M	x		26
Alternate auditor	A. DONESANA	1966	22/04/2014	28/04/2017	Approval of 2019 Financial Statements	M	x		6
Number of meetings held during FY 2018 : 12									
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 of the TUF): 2.5%									

NOTES

(1) During the previous term of office, these referred to minorities, in the list of the Shareholder Assicurazioni Generali S.p.A.

* The date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the Issuer.

** This column indicates the list from which each Auditor was drawn ("M": majority list; "m": minority list).

*** This column shows the percentage of Auditors' attendance to the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held during the term of office by the interested party).

**** This column shows the number of offices as Director or Auditor held by the involved party, pursuant to Article 148-bis of the TUF and the relevant implementing provisions contained in the Consob Issuers' Regulation. The full list of offices is published by Consob on its website, pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulation. Moreover, given that, following the amendments introduced by the Consob Resolution no. 18079 of 20 January 2012 to the Consob Issuers' Regulation, which entered into force on 22 February 2012, the regulations on the limitation on total mandates for the members of control bodies is valid only for those who hold an office in more than one listed or widely distributed issuer, the number of "other offices" reflects the assessment launched in January 2019 with the interested parties.

ANNEX

Paragraph on “Main features of risk management and internal audit systems with respect to the financial disclosure process,” pursuant to article 123-bis, paragraph 2 b), TUF.

1) Foreword

The SCIGR of the Issuer is made up of functions and organisations that – according to their roles and institutional tasks – allow for the achievement of the strategic objectives of the Issuer and its group.

With regard to the financial reporting process, these objectives may be the reliability, accuracy and timeliness of reporting.

Based on the system used – which includes rules, procedures and guidelines – the Issuer ensures a suitable information flow and data exchange with its subsidiaries, through constant and timely coordination and update activities. In this context, reference is made to both the regulation on the application of reference accounting standards (essentially referring to Group instructions for preparing the financial statements) and the procedures governing the preparation of the Consolidated Financial Statements and the periodic accounting statements, which include those for the management of the consolidation system and intercompany transactions. Any related document is distributed by the Issuer so that subsidiaries can implement it.

2) Description of the main features of the existing risk management and internal audit system with regard to the financial reporting process

The assessment, monitoring and update of the SCIGR with regard to financial reporting entails an analysis (at Group level) of organisational and operating structures according to a risk identification/assessment procedure based on the use of the so¬called “risk scoring” method. Thanks to this activity, assessments can be carried out focusing on those areas characterised by higher risks and/or relevance, or on the risks of major errors (also as a consequence of frauds) in the items of financial statements and any related information document. To this end, the activity aims at:

- identifying and assessing the origin and probability of major errors in the items of the economic-financial reporting;
- assessing if key controls are adequately defined, so that it is possible to identify in advance any possible error in the items of the economic financial reporting;
- assessing control operations based on the assessment of error risks for financial reporting, focusing testing on higher risk areas.

The risk scoring process adopted allows the identification of organisational structures, processes and any related accounting item, as well as any specific activity, which can give rise to major potential errors. For each administrative ¬accounting process, testing activities are carried out with regard to so¬-called “key controls” that, according to international best practice, essentially fall into the categories detailed below:

- controls at Group level or for each single subsidiary, such as the assignment of responsibilities, powers and proxies, the separation of duties and rights to access IT applications;
- controls at process level, such as the issue of authorisations, the implementation of reconciliations and consistency assessments, etc. This category includes controls on operational and accounting closing processes. These controls can be “preventive”, i.e. aimed at preventing any anomaly or fraud that could give rise to errors in the financial reporting, or “detective”, i.e. aimed at identifying existing anomalies or frauds. These controls can be “manual” or “automatic” (e.g. application controls that refer to the technical and setting features of the information systems supporting business activities).

Testing activities are carried out by a major consulting firm, with the help of the employees of each subsidiary, by using sampling techniques recognised by international best practice. If the operating efficiency of a control receives a negative assessment, compensating controls, corrective actions or improvement plans are identified.

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