

Ordinary shareholders' meeting of ASTM SpA of 28 April 2017

Report on item 6.1) on the agenda: *“Early and consensual termination of the appointment as statutory auditors for the period 2009–2017 assigned to Deloitte & Touche S.p.A.”*

Shareholders,

With the approval of the 2016 financial statement, the appointment as statutory auditors of the accounts conferred on Deloitte & Touche S.p.A. ("**Deloitte**"), for the financial years 2008–2016, by SIAS S.p.A. ("**SIAS**") and by the significantly relevant subsidiaries of the same will expire. Consequently, SIAS will be obliged to confer the nine-year appointment as statutory auditor on a new auditor since nine years is the maximum duration provided for in Article 17 of Legislative Decree 39/2010 concerning the regulations on statutory audits of annual and consolidated accounts.

Vice versa, the appointment as statutory auditors conferred by ASTM S.p.A. ("**ASTM**" or the "**Company**") on 28 April 2009, for the period 2009–2017 on Deloitte will expire with the approval of the financial statements as at 31 December 2017.

Given that the appointments of the parent companies Aurelia S.r.l. ("**Aurelia**") and Argo Finanziaria S.p.A. unipersonale ("**Argo**") and of other group companies belonging to Aurelia will expire with the approval of the financial statements as at 31 December 2017, with a view to a more efficient coordination between ASTM S.p.A. and the other group companies of Aurelia S.r.l., the Company has deemed it appropriate, in accordance with the provisions of Ministerial Decree 261/2012, to proceed with the early termination of the audit appointment conferred on Deloitte.

Consequently, in November 2016, at the joint initiative of the Boards of Aurelia, Argo, ASTM and SIAS and with the aid of the financial reporting managers of ASTM and SIAS and of the managers of the Group "Administration and Financial Reporting" and "Corporate Affairs and Compliance" functions:

- (i) in accordance with the provisions of Art. 7 of Ministerial Decree 261/2012, the availability of Deloitte to consensually terminate the appointment as statutory auditors of Aurelia, Argos and ASTM¹ was acquired, subject to the shareholders' meeting approval of the proposal for consensual termination of the appointment with deferred effect from the date of the shareholders' meeting approval of the 2016 financial statements and simultaneous appointment of new independent auditors;
- (ii) a selection process for the new Group statutory auditor has been initiated.

In particular, without prejudice to the provisions of Art. 7, paragraph 3, of Ministerial Decree 261/2012, according to which "*[i]n any case, the functions of the statutory audit continue to be exercised by the same statutory auditor or by the same independent auditors until the resolution of conferral of the new appointment has become effective and, in any case, no later than six months from the date of submission of the resignation*", it has been agreed that – should the shareholders' meeting approve the proposed consensual termination of the appointment – the latter will nevertheless continue pursuant to legislation and to the contract until the date of completion by Deloitte of the audit of the annual financial report as at 31 December 2016 and,

¹ As well as of Appia S.r.l., Baglietto S.p.A. and CIE Compagnia Italiana Energia S.p.A., subsidiaries of Aurelia and of IGLI S.p.A., SINA S.p.A. and Sineco S.p.A., subsidiaries of ASTM

therefore, the termination will have a delayed effect as from the date of the shareholders' approval of the 2016 financial statements and simultaneous appointment of new independent auditors.

Following the early consensual termination, the Company will pay Deloitte the fees due for the services rendered, while it is not envisaged to pay any sum by way of penalty for such early termination.

As regards the responsibility regarding the consensual termination of the appointment of the statutory audit, it is recalled that, in accordance with Art. 7, paragraph 2, of Ministerial Decree no. 261 of 28 December 2012, "*the shareholders' meeting, having acquired the comments formulated by the statutory auditor or by the statutory independent auditors and after consultation with the Board of Statutory Auditors, also on the above comments, adopts a resolution on the consensual termination of the auditing contract and confers a new appointment on another statutory auditor or independent auditors*".

Finally, it is pointed out that the reasons underlying the proposed early consensual termination – as outlined above – do not in any way relate to the activities carried out or to the conduct adopted by Deloitte in execution of the appointment currently in place, nor are they in any way connected and/or attributable to differences of opinion concerning accounting treatment or auditing procedures.

Attached are (i) the justified opinion of the Board of Statutory Auditors in favour of early termination of the statutory audit appointment with Deloitte, together with (ii) the communication of 29 November 2016 with which Deloitte confirmed that it had no comments concerning the reasons provided and, therefore, to be available to proceed with the proposal for consensual termination formulated by the company.

In light of the foregoing, we submit for your approval the following resolution proposal:

"The shareholders' meeting of ASTM S.p.A.:

having acknowledged that:

- A. having examined and discussed the Board of Directors' report;*
- B. with the approval of the financial statements as at 31 December 2017, the appointment as statutory auditors of the accounts, conferred on 28 April 2009 for the period 2009–2017 on Deloitte & Touche S.p.A., will expire;*
- C. with a view to a more efficient coordination between ASTM S.p.A. and the other Aurelia S.r.l. group companies, whose appointments on the auditors expire with the approval of the financial statements as at 31 December 2016, it is appropriate to proceed with the early and consensual termination of the auditing appointment conferred on Deloitte & Touche S.p.A.;*
- D. the Boards of Statutory Auditors of Aurelia S.r.l., Argo Finanziaria S.p.A. Unipersonale, ASTM S.p.A. and SIAS S.p.A., in view of the appointment of a single group auditor, have jointly acquired the availability of Deloitte consensually*

terminate the appointment as statutory auditor of the accounts with regard to Aurelia S.r.l., Argo Finanziaria S.p.A. Unipersonale and ASTM S.p.A., with effect from the date of the shareholders' meeting approval of the 2016 financial statements and, therefore, a selection process for the new Group statutory auditor has been initiated;

- E. the consensual termination will take effect from the date of the shareholders' approval of the 2016 financial statements and the simultaneous appointment of new independent auditors, thus avoiding any interruption in the auditing of ASTM S.p.A.;*
- F. The reasons underlying the proposed early consensual termination do not in any way relate to the activities carried out or to the conduct adopted by Deloitte & Touche S.p.A. in execution of the appointment currently in place, nor are they in any way connected and/or attributable to differences of opinion concerning accounting treatment or auditing procedures;*

resolves:

- i) the early consensual termination, in accordance with Art. 13, paragraph 4, of Legislative Decree 39/2010 and Art. 7 of the Decree of the Minister of the Economy and Finance no. 261 of 28 December 2012, for its remaining part, of the statutory auditing appointment conferred on the independent auditors Deloitte & Touche S.p.A., for the nine-year period 2009–2017, by the Shareholders' Meeting of ASTM S.p.A. of 28 April 2009;*
- ii) to delegate the Chief Executive Officer with the broadest powers, in accordance with legal provisions, full implementation of said resolution, with any and all powers necessary and appropriate for such purpose, without exception, including that of making any non-material amendments to such resolutions deemed necessary and/or appropriate for registration with the Register of Companies and/or in relation to any indications of the Supervisory Authorities.”*

Opinion of the Board of Statutory Auditors of ASTM S.p.A. on the proposal for consensual early termination of the statutory audit appointment conferred on the independent auditors Deloitte & Touche S.p.A., for the nine-year period 2009–2017, by the Shareholders' Meeting of ASTM S.p.A. of 28 April 2009

Shareholders,

Within the Aurelia Srl group (the "**Group**"), the expiries of the for auditing appointments conferred by the various companies of the Aurelia Group (the "**Group**") are not fully aligned; in particular, while with the approval of the financial statements as at 31 December 2016, the statutory audit appointments conferred on the independent auditors Deloitte & Touche S.p.A. ("**Deloitte**") by SIAS S.p.A. ("**SIAS**") and by SIAS subsidiaries for the period 2008 - 2016 will expire, the auditing appointments conferred on Deloitte *(i)* by ASTM S.p.A. ("**ASTM**" or the "**Company**"), by Argo Finanziaria S.p.A. unipersonale ("**Argo**") and by Aurelia S.r.l. ("**Aurelia**") for the period 2009 - 2017, *(ii)* by the subsidiaries IGLI S.p.A., SINA S.p.A. and Sineco S.p.A. and *(iii)* by other Aurelia group companies will only expire with the approval of the financial statements as at 31 December 2017.

Due to the foregoing, and taking into account that nine years is the maximum duration provided for in Article 17, paragraph 1, of Legislative Decree 39/2010, as amended (the "Decree"), pursuant to which *"[the] statutory audit appointment has a duration of nine years for independent auditors [...]. It cannot be renewed or newly conferred unless at least four years have passed from the date of termination of the last appointment"*, with the approval of the 2016 financial statements the Shareholders' Meeting of SIAS must confer the nine-year statutory audit appointment on an auditor other than Deloitte.

The change of independent auditors by SIAS and, reasonably, by its subsidiaries, which represent a preponderant part of the Group, could lead to lower efficiency and effectiveness in performing the audit. This because the Group auditor, assuming it can take full responsibility for expressing its opinion on the financial statements of Aurelia and/or ASTM, pursuant to Art. 14 of Legislative Decree 39/2010, will be obliged to carry out additional audits on SIAS Group companies in order to obtain sufficient and appropriate audit evidence on which to base its opinions, in addition to those that will be already carried out by the incoming auditor, entailing possible delays to the auditing activity and consequent higher corporate costs.

That illustrated above represents a set of significant problems potentially suitable to undoubtedly cause objective difficulties, indeed reasons of impediment, for said group auditor, to acquire sufficient appropriate audit evidence on which to base its opinions on the financial statements, as required by the auditing standards of reference .

To overcome these potential inefficiencies, as well as the resulting extra financial cost, the solution that, at Group level, appeared to be most appropriate was to proceed with the consensual termination of the appointments relating to Aurelia, Argo and ASTM,

which would expire subsequent to 2016, and to confer the auditing appointment for the entire Group on a single auditor as from the 2017 financial year.

Consequently, in November 2016, at the joint initiative of the Boards of Aurelia, Argo, ASTM and SIAS and with the aid of the financial reporting managers of ASTM and SIAS and of the managers of the Group "Administration and Financial Reporting" and "Corporate Affairs and Compliance" functions:

- (i) in accordance with the provisions of Art. 7 of Ministerial Decree 261/2012, the availability of Deloitte to consensually terminate the appointment as statutory auditors of Aurelia, Argos and ASTM was acquired, subject to the shareholders' meeting approval of the proposal for consensual termination of the appointment with deferred effect from the date of the shareholders' meeting approval of the 2016 financial statements and simultaneous appointment of new independent auditors;
- (ii) a selection process for the new Group statutory auditor has been initiated.

With the communication of 29 November 2016, Deloitte confirmed that it had no comments concerning the reasons provided and, therefore, to be available to proceed with the proposal for consensual termination formulated by the company.

Now, therefore, with due consideration of the above,

expresses a favourable opinion

on the early consensual termination, in accordance with Art. 13, paragraph 4, of Legislative Decree 39/2010 and Art. 7 of Ministerial Decree 261/2012, for its remaining part, of the statutory auditing appointment conferred on the independent auditors Deloitte & Touche S.p.A., for the nine-year period 2009–2017, by the Shareholders' Meeting of ASTM S.p.A. of 28 April 2009.