

Ordinary shareholders' meeting of ASTM SpA of 28 April 2017

Report, prepared pursuant to Art. 125-*ter* of the Consolidated Finance Act, on item 6.2) on the agenda: "*Appointment of the statutory auditor for the period 2017-2025; determination of the related fees*"

Shareholders,

The decision to call on you to deliberate on this item on the agenda arises from the need to ensure ASTM S.p.A. (“**ASTM**” or the “**Company**”) and all its subsidiaries, the benefits arising from the possibility of enjoying the services of a group auditor.

Recalling, in fact, that 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, with the approval of its 2016 financial statements, 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 of the accounts, conferred by ASTM on 28 April 2009 for the period 2009–2017 on Deloitte, will expire with the approval of the financial statements for the year ending on 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, in order to avoid misalignment of auditing appointments of the ASTM Group and SIAS Group, 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 and to initiate an appropriate procedure to select a new group auditor.

In this perspective, the Board of Statutory Auditors has established, together with the competent structures of the Company and with the Boards of Statutory Auditors of the subsidiary SIAS and of the parent companies Aurelia and Argo, the procedures and criteria for the selection of new independent auditors, also agreeing the content with the Boards of Statutory Auditors of the subsidiaries IGLI S.p.A., SINA S.p.A. and Sineco S.p.A., with the aim of identifying, as mentioned, a single auditor.

Attached, therefore, and submitted for your approval, is the justified proposal of the Board of Statutory Auditors for the auditing appointment for the period 2017–2025. The proposal contains, in accordance with current legislation, the identification of two possible alternatives for the appointment and the express formulation of a duly justified preference for one of them.

We therefore submit for your approval the following resolution proposal:

“The shareholders’ meeting of ASTM S.p.A.:

having acknowledged that:

- A. *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;*
- B. *with a view to a more efficient coordination between ASTM S.p.A. and its subsidiaries, on the one hand, and SIAS S.p.A. and its subsidiaries, on the other, whose auditor appointments expire with the approval of the financial statements at 31 December 2016, 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 & Touche S.p.A.;*
- C. *Art. 13 of Legislative Decree 39/2010 provides that it is the responsibility of the Shareholders' Meeting, at the justified proposal of the Board of Statutory Auditors, to confer the appointment of the statutory audit and determine the fees due to the statutory auditor or independent auditors for the entire duration of the appointment and any criteria for the alignment of such fees during the appointment ;*
- D. *having examined the proposal of the Board of Statutory Auditors containing the terms of the offer of the independent auditors identified and formulated in the light of a selection process based on transparent and objective assessment criteria, as well as characterised by transparency and traceability of the activities performed and decisions taken;*

resolved

- i) *to confer the appointment for the statutory audit of the accounts of ASTM S.p.A. for the financial years 2017–2025 on PricewaterhouseCoopers S.p.A., without prejudice to causes of early termination, at the terms and conditions of the offer formulated by said independent auditors and indicated in the justified proposal of the Board of Statutory Auditors;*
- 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.”*

JUSTIFIED PROPOSAL OF THE BOARD OF STATUTORY AUDITORS OF ASTM S.P.A.

FOR CONFERRAL OF THE APPOINTMENT

OF STATUTORY AUDIT OF THE ACCOUNTS FOR THE PERIOD 2017–2025

*pursuant to Articles 13, paragraph 1, and 17, paragraph 1, of Legislative no. 39 of 27
January 2010,*

*as amended, respectively, by Arts. 16 and 18 of Legislative Decree no. 135 of 17 July
2016, and*

*by Art. 16 of Regulation (EU) No. 537/2014 of the European Parliament and of the
Council*

of 16 April 2014

**Justified proposal of the Board of Statutory Auditors of ASTM S.p.A. for
conferral of the appointment of the statutory audit of the accounts
for the period 2017–2025**

Shareholders,

Within the Aurelia S.r.l. group (the “**Group**”), the expiries of the auditing appointments conferred by its various constituent companies 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 the Decree, 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 both the 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.

Bearing in mind the foregoing, and given that:

- pursuant to Art. 13 of the Decree, the Shareholders' Meeting, at the proposal of the Board of Statutory Auditors, is called upon to "*confer the appointment of the statutory audit of the accounts and determine the fees due to the statutory auditor or to the independent auditors for the entire duration and any criteria for alignment of such fees during the appointment*";
- the process for selection of the auditor must be conducted in a transparent, non-discriminatory manner and be open to a plurality of offers, in the best interests of the companies involved, without the influence of any third party and without application of any of the clauses mentioned in Art. 16, par. 6 of Regulation (EU) No. 537/2014;
- pursuant to Art. 16, par. 2 and 5 of Regulation 537/2014 of the European Parliament and of the Council of 16 April 2014, the proposal of the Board of Statutory Auditors must be justified, must contain at least two possible alternatives for the conferral and must explicitly state the duly justified preference for one of the two;

in November of 2016, at the joint initiative of the Boards of Statutory Auditors of Aurelia, Argo, ASTM and SIAS and with the aid of the financial reporting managers of ASTM and SIAS and of the heads of the Group "Administration and financial reporting" and "Corporate Affairs and Compliance" functions (hereinafter Financial Reporting Managers and Group Function Heads, jointly, the "**Function Managers**"):

- (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 was initiated for the new Group statutory auditor for the parties and the periods better specified below ("Scope of Tender"):
 - Aurelia and subsidiaries for the period 2017–2019;
 - Argo for the period 2017–2019;
 - ASTM S.p.A. for the period 2017–2025;
 - ASTM S.p.A. subsidiaries for the period 2017–2019;

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.

- SIAS S.p.A. for the period 2017–2025;
 - SIAS S.p.A. subsidiaries for the period 2017–2019;
- (iii) in light of the size of the Group, of its presence both in Italy and abroad, and of further corporate activity development programs in the international arena, while respecting the principles of transparency, non-discrimination and openness to a variety of offers envisaged in the Regulations, the opportunity to identify as possible recipients of requests for proposal were the independent auditors Ernst & Young S.p.A. (hereinafter “**EY**”), KPMG S.p.A. (hereinafter “**KPMG**”) and PricewaterhouseCoopers S.p.A. (hereinafter “**PwC**”) which, bearing in mind their respective networks, represent, as the outgoing auditor, the main players on the domestic and international market;
- (iv) the "Request for Proposal" illustrated below in paragraph 1 was agreed;
- (v) the "Offer Selection Criteria" illustrated in paragraph 2 below were agreed;
- (vi) a Technical Committee ("**Committee**") was established, consisting of the Chairmen of the Boards of Statutory Auditors of Aurelia, Argo, ASTM and SIAS and of the Function Managers, delegated with the task of following the preparatory phases for conferring the Group auditing appointment.

1. Request for Proposal

The three independent auditors (EY, PwC and KPMG) as specified above, on 2 December 2016 were sent a request (the "**Request for Proposal**") to submit an offer (each, an "**Offer**" and together the "**Offers**"), with reference to the aforementioned Scope of Tender and specifying to structure a detailed proposal for services related to the statutory audit of Aurelia, ARGO, ASTM and SIAS and of their subsidiaries, for the following services:

- statutory audit of the financial statements of Aurelia, ARGO, ASTM and SIAS;
- statutory audit of the consolidated financial statements of the Aurelia, ASTM, SIAS and SALT S.p.A. Groups²;
- statutory audit of the financial statements of the companies Appia S.r.l., Baglietto S.p.A., CIE Compagnia Italiana Energia S.p.A., Cerri Cantieri Navali S.p.A., IGLI S.p.A., SINA S.p.A., Sineco S.p.A., Autostrada Asti Cuneo S.p.A., Autostrada dei Fiori S.p.A., Cisa Engineering S.p.A., Euroimpianti Electronic S.p.A., Finanziaria di Partecipazioni e Investimenti S.p.A., SATAP S.p.A., SAV S.p.A., Sias Parking S.r.l., Sinelec S.p.A., Società Autostrada Ligure Toscana p.A., Società di Progetto Autovia Padana S.p.A.;

² SIAS subsidiary.

- audit of the reporting package prepared in accordance with international IAS/IFRS accounting standards for the purposes of inclusion in the consolidated financial statements of the parent companies for the companies Appia S.r.l., IGLI S.p.A., SINA S.p.A., Sineco S.p.A., Autostrada Asti –Cuneo S.p.A., Autostrada dei Fiori S.p.A., Euroimpianti Electronic S.p.A., Finanziaria di Partecipazioni e Investimenti S.p.A., SATAP S.p.A., SAV S.p.A., Sias Parking S.r.l., Sinelec S.p.A., Società Autostrada Ligure Toscana p.A., Società di Progetto Autovia Padana S.p.A.;
- limited auditing of the interim reporting package prepared in accordance with international IAS/IFRS accounting standards of the companies IGLI S.p.A., SINA S.p.A., Sineco S.p.A., Autostrada Asti Cuneo S.p.A., Autostrada dei Fiori S.p.A., Euroimpianti Electronic S.p.A., Finanziaria di Partecipazioni e Investimenti S.p.A., SATAP S.p.A., SAV S.p.A., Sias Parking S.r.l., Sinelec S.p.A., Società Autostrada Ligure Toscana p.A., Società di Progetto Autovia Padana S.p.A. and of the condensed consolidated financial statements of the ASTM and SIAS; Groups
- for all companies, auditing, during the year, of proper bookkeeping and proper reporting of operating events in the accounting records of the companies listed in the attachment;
- activities aimed at signing the tax returns for all companies, under Article. 1, paragraph 5, first period of Presidential Decree no. 322 of 22 July 1998, as amended by Article 17 of Legislative Decree 175/2014;
- agreed auditing procedures of the consolidation reporting (prepared according to international IAS/IFRS accounting standards) of the companies IGLI S.p.A., SINA S.p.A., Sineco S.p.A., Autostrada Asti Cuneo S.p.A., Autostrada dei Fiori S.p.A., Euroimpianti Electronic S.p.A., Finanziaria di Partecipazioni e Investimenti S.p.A., SATAP S.p.A., SAV S.p.A., Sias Parking S.r.l., Sinelec S.p.A., Società Autostrada Ligure Toscana p.A., Società di Progetto Autovia Padana S.p.A. and of the additional periodical information compared to the annual and interim financial report provided for by Art. 154-ter of Legislative Decree 58/1998 (31 March and 30 September), which, on a voluntary basis, ASTM and SIAS might intend to disclose to the public;
- assistance in interpreting relevant IAS/ ISFRS international accounting standards, including future updates and developments.

The selected independent auditors were invited by the Committee to preliminary meetings aimed at providing further details regarding the Group and the Request for Proposal, held in Tortona on 16 December 2016 (KPMG) and 21 December 2016 (PwC and EY).

2. Offer Selection Criteria

Before starting the selection process, clear and objective selection criteria were identified in order to ensure a process characterised by transparency and traceability of the activities performed and decisions taken.

In defining the selection criteria, a **Technical Section** was dedicated to assessing the qualitative elements, such as *(i)* knowledge of the industry and the Group; *(ii)* characteristics of the independent auditor and its network; *(iii)* proposed methodological approach, and *(iv)* composition of the auditing team and Specialists, and a **Financial Section** to the quantitative elements, such as in particular the total proposed fees for the various areas of intervention.

The macro-categories thus identified were also respectively, divided and substantiated in specific items, such as those summarised below:

Technical Section:

- Group auditing team;
- Hours and professional mix;
- IFRS;
- Methodology;
- Group knowledge.

Financial Section:

In the Financial Section, candidates were requested to highlight:

- the qualification of the personnel used (Partner, Manager, Senior, Assistant), as required by Consob communication no. 96003556 of 18 April 1996;
- the estimated fees and hours required to carry out each type of service divided by professional figure.

3. Implementation of the Tender

By 27 January 2017 the Offers of EY, KPMG and PwC (the "Bidding Companies") were received, supplemented by the requested information and documentation kit.

On the basis of the documentation received and taking into account the above assessment criteria, the Committee assessed the Offers in detail through the analysis, for each assessment criterion, of the individual distinctive and qualifying aspects of each.

More specifically, in this phase:

- detailed analyses and checks were also conducted on the statements provided by the Bidding Companies, with specific attention to the existence of the independence requirement;
- information was also acquired from the main internal functions with regard to the qualitative and quantitative aspects of any advisory relationships entertained with any of the Bidding Companies and other companies belonging

to their networks, in order to assess any possible present or future objectivity and independence risks.

The analyses performed on the Offers and on the additional information received highlighted, among other things, that:

- (i) the audit procedures described in the Offers, also considering the hours and professional resources envisaged for this purpose, were generally adequate in relation to the breadth and complexity of the appointment;
- (ii) all the Offers contained a specific and substantiated statement concerning the commitment to demonstrate possession of the independence requirements required by law, with particular reference to Arts. 10 and 17 of the Decree, in compliance with the provisions of current legislation; and
- (iii) all the Bidding Companies had, albeit with different characterisations and levels, organisation and technical/professional suitability adequate for the size and complexity of the appointment.

For completeness, it is pointed out that, on 31 January 2017, beyond, therefore, deadline set for submission of proposals by the independent auditors invited, SIAS received, at the email address info@grupposias.it, an audit proposal, limited to the SIAS Group, from the independent auditors RIA Grand Thornton.

In its activities, the Committee excluded the RIA Gran Thornton offer (not requested), not only due to the fact of having been received after the set deadline, but also, primarily, since it considered that the same, being limited to the SIAS Group, did not respond to the need to ensure the Group a single auditor and, therefore, to achieve those objectives of greater efficiency and effectiveness in audit activities that was the prerequisite of the entire selection process.

4. Assessment Criteria

As indicated, for the purposes of this proposal, the objective was to assess both the qualitative as well as the quantitative elements. More specifically, in assessing the set of information provided as a result of the Request for Proposal and submission of the Offers, the following weighting parameters were applied to the predetermined selection criteria (the percentages indicate the maximum score):

Technical Part: 70%

- Group auditing team: 25%;
- Hours and professional mix: 10%;
- IFRS: 5%;
- Methodology: 10%;
- Group knowledge: 20%.

Financial Part: 30%

Such an assessment procedure was adopted in the awareness of the importance of the statutory auditor appointment procedure and in order to be able to individually analyse and assess each single relevant aspect and, subsequently, include it and appreciate it also within the general framework, trying to weigh all the different factors involved in the assessment process in order that the final scores could faithfully reflect the specific needs identified by the companies concerned.

5. Offer Assessment

First of all, from the documentation received, it was confirmed that the Bidding Companies were all united by the fact that they belonged to international networks of primary standing with high levels of quality and professionalism of the services offered.

Considering all the foregoing and taking into account, in particular, the outcome of the procedure of weighting the qualitative and quantitative aspects described above, at the end of the complex selection process carried out, the Board of Statutory Auditors agreed in favour of the Offer submitted by PwC SpA, since it was more in line with the requirements of ASTM and its subsidiaries.

In detail, the Board of Statutory Auditors made the following assessments of the Offers.

a. Qualitative aspects:

- (i) *Group Auditing Team*: within the scope of this assessment area, particular attention was given to the experience acquired by the key personnel of the audit team with companies of similar size and characteristics and particular focus was given to the assessment of the profile of the partners and of the senior manager in charge, as well as to the liaison procedures between the Parent Company team and the other auditing teams identified for subsidiaries.

Given a maximum score of 25 points, the following scores were assigned: EY 25 points, KPMG and PwC 23 points.

- (ii) *Hours and professional mix*: the assessments related to this area concerned aspects such as the overall number of hours, an element that was weighted with the seniority of the professionals comprising it.

Given a maximum score of 10 points, the following scores were assigned: EY 10 points, KPMG and PwC 8 points.

- (iii) *IFRS*: the technical assessment concerning the Group audit team and the Specialists was mainly based on aspects such as experience in the IFRS context, both nationally and internationally, combined with specific

knowledge on certain key issues for the Group such as valuation & impairment.

In all three independent auditors were assigned the maximum score of 5 points.

- (iv) *Methodology*: within the scope of the methodological approach, certain characterising profiles were assessed, such as data analysis techniques and audit processes. In this context, particular attention was paid to the procedures and tools used to manage information and documents with the Company, as well as use in the audit of systems and processes to acquire and process large amounts of data and information, in order to identify and analyse the auditing risks and calibrate the specific approaches and audit plans.

In all three independent auditors were assigned the maximum score of 10 points.

- (v) *Group knowledge*: The Bidding Companies were assessed according to knowledge of the Group acquired in the past by members of the team submitted by the Bidding Companies, combined with, if any, specific experience in the Company's industry.

In this context, PwC demonstrated a broad knowledge of the Group's activities, developed over time and through the various and significant assignments held, such as statutory auditor and consultant for customers performing the same or similar activities to those of the Group.

Consequently, given a maximum score of 20 points, the following scores were assigned: PwC 20 points, EY 12 points and KPMG 6 points.

By virtue of the foregoing, with regard to the Technical Section, which envisaged the assignment of a maximum score of 70 points, the following scores were therefore assigned: PwC 66 points, EY 62 points and KPMG 52 points.

b. Quantitative aspects:

In quantitative terms, the assessment of the Offers received took into account the total cost proposed by the Bidding Companies for the statutory audit of the annual and consolidated financial statements of the Group and related services so as to ensure that it was in line with expectations, taking due account of the estimated total hours, the professional mix and the hourly rates applied.

The total proposed annual fees for the Group were as follows: PwC 385,000 Euros, KPMG 395,000 Euros and EY 399,000 Euros.

By virtue of the foregoing, with regard to the Financial Section, which envisaged the assignment of a maximum score of 30 points, the following scores were therefore assigned: PwC 30 points, EY and KPMG 29 points.

c. Final ranking

Based on the activities carried out and described above, which led to the final assignment of a technical and financial score to the Bidding Companies, the Committee defined the following ranking:

- PwC 96 points;
- EY 91 points;
- KPMG 81 points.

Therefore, PwC was the winner of the selection procedure for the new Group auditor. The Committee, after sharing these results with the Boards of Statutory Auditors of Argos, Aurelia, ASTM and SIAS, also reserved the right to negotiate with PwC an improvement to the financial element of the offer.

Following a specific request, PwC was willing to reduce the total required annual fees by 35,00 Euros and, consequently, for the Group, the final offer of PwC was reduced to 350,000 Euros.

For completeness, it is recalled that:

- the fees envisaged by PwC will be adjusted in order to take into consideration changes in rates over time and that the annual adjustment will be equal to the percentage change in the ISTAT cost of living index;
- the PwC offer envisages that, should circumstances arise that result in more time and/or a change in the professional level of the members of the audit team assigned to the appointment compared to that originally estimated (such as, by way of example, change in the structure, size or activity of the individual companies and/or the Group, regulatory or accounting and/or audit standard changes, PwC will discuss them in order to agree a supplementary to said fees;

The expenses incurred for carrying out the work, such as travel, incidental expenses related to technology (databases, software, etc.) and secretarial and communication services, will be charged at a flat rate of 5% of the fees or 10% of same in the case of staying off site (any expenses for trips abroad are excluded from these charges, which will in any case be agreed in advance and kept within reasonable limits).

6. Proposal of the Board of Statutory Auditors to the Shareholders' Meeting of ASTM S.p.A.

Given the above, the Board of Statutory Auditors of ASTM:

- taking into account the interest of ASTM and its subsidiaries to take advantage of the benefits and synergies arising from conferring an appointment on a group auditor;

- based on the tender procedure, on the Offers, on the assessments carried out and the results thereof;
- considering that Art. 16, par. 2 and 5, the Regulation EU no. 537/2014, according to which the proposal of the Board of Statutory Auditors to shareholders must contain at least two possible conferral alternatives;
- also considering that, due to the logical and assessment process more fully described above, the possible alternatives for conferring the appointment must be identified in the contractual offers of PricewaterhouseCoopers S.p.A. and of Ernst & Young S.p.A. included in the documents attached under “1” and “2” to this proposal;
- considering, finally, that preference should be given, due to the technical considerations amply illustrated above, to the offer of PricewaterhouseCoopers S.p.A.

PROPOSES

to the Shareholders' Meeting of ASTM S.p.A., pursuant to Art. 16, par. 5 of the Regulation EU no. 537/2014 and Arts. 13, paragraph 1, and 17, paragraph 1 of the Decree, the companies PricewaterhouseCoopers S.p.A. and Ernst & Young S.p.A. for the appointment as statutory auditor of ASTM for the financial years 2017–2025,

EXPRESSING

its preference in favour of PricewaterhouseCoopers S.p.A. whose offer, on the outcome of the tender procedure carried out by the Committee and validated by the Board of Statutory Auditors, obtained the highest score and is considered to be more in line with the needs of ASTM S.p.A. and its subsidiaries.

Turin, 9 March 2017

The Board of Statutory Auditors

Mr. Marco Fazzini

Ms Piera Braja

Mr Ernesto Ramojno

Annex 1 to the recommendation

identification of the Independent Auditors

Independent Auditors: PricewaterhouseCoopers S.p.A.
Registered and administrative office: Milan, via Monte Rosa 91
Registration Number in the Register of Statutory Auditors: 119644
Fiscal code: 12979880155

Auditing Fees

PricewaterhouseCoopers S.p.A.	Hours and auditing fees	
	Hours(*)	Fees in €
Statutory audit of the financial statements	150	11,500
Statutory audit of the financial statements	105	8,000
Auditing of quarterly accounts at 31 March and 30 September	30	2,000
Auditing of consolidated financial statements only condensed interim	65	5,000
Total hours and fees	350	26,500

(*) Pyramid of allocation of Hours by professional figure: Partner 15%, Manager 25%, Expert/Senior Auditor 30% and Assistant 30% for all activities

The fees indicated with reference to the statutory audit of the financial statements include performance of the functions and the activities envisaged by Article 14 of Legislative Decree 39/2010, audits related to the signing of tax returns (Consolidation National Return, Standard Return and IRAP Statement, 770 Return), expression of an opinion on the consistency of the Report on Corporate Governance and Ownership Structure and the Report on Operations with the financial statements.

The fees are subject to the supervisory contribution to be paid to Consob or to another Supervisory Authority, which could be envisaged for such appointments following entry into force of the new regulations issued by the competent authorities, as well as VAT.

The expenses incurred for carrying out the work, such as travel, incidental expenses related to technology (databases, software, etc.) and secretarial and communication services, will be charged at a flat rate of 5% of the fees or 10% of same in the case of staying off site. Any expenses

for trips abroad are excluded from these charges, which will in any case be agreed in advance and kept within reasonable limits.

The fees as indicated above do not include those relating to opinions and/or comments that may be required pursuant to and in accordance with the provisions of the Civil Code. The fees also do not include those relating to audit procedures that may be requested for the purposes of certification of tax credits, which may emerge from the annual Tax, IRAP and VAT returns for the purposes of their use in offsetting.

Fee Review

The fees are indicated with reference to the rates in force at the time of signing the Letter of Appointment and will be increased annually, according to the change in the ISTAT cost-of-living index (index of consumer prices for families of white and blue collar workers) compared to the corresponding month of the previous year, it being understood that they remain fixed in the 1st year of the appointment.

In the event of exceptional or unforeseeable circumstances, including, but not limited to, significant changes in the structure and activities of the Company and/or of the group to which the Company belongs, business continuity issues or specific situations needing in-depth analysis of a technical nature, creation of assets for a specific business, regulatory changes, changes in accounting and/or auditing standards or other circumstances not currently foreseeable which necessitate the use of more time than estimated in this proposal, PwC shall inform the Company in order to come to an agreement concerning the definition of the activities not covered in the Letter of Appointment and quantification of the related fees.

Other contractual conditions

Standard conditions for PricewaterhouseCoopers S.p.A. audit assignments

Annex 2 to the recommendation

identification of the Independent Auditors

Independent Auditors: Ernst &Young S.p.A.
Registered and administrative office: Via Po, 32 – 00198 ROME
Registration Number in the Register of Statutory Auditors: 70945
Fiscal code: 00434000584 – VAT No. 00891231003

Auditing Fees

Ernst &Young S.p.A.	Hours and auditing auditing fees	
	Hours(*)	Fees in €
Statutory audit of the financial statements	195	12,000
Statutory audit of the financial statements	98	6,000
Auditing of quarterly accounts at 31 March and 30 September	39	2,400
Auditing of consolidated financial statements only condensed interim	58	3,600
Total hours and fees	390	24,000

(*) Mix of allocation of Hours by professional figure: Partner 6%, Manager 16%, Expert/Senior Auditor 30% and Assistant 48% for all activities in the first three years the total Hours for partners and executives will instead be equal to 30%.

The hours and fees related to the financial statements of ASTM S.p.A. include: auditing, during the year, of proper bookkeeping and proper reporting of operating events in the accounting records; activities carried out on signing tax returns; auditing of the consistency of the report on operations and of its compliance with the financial statements according to legislation. The hours and fees related to the consolidated financial statements include auditing of the consistency of the report on operations and of its compliance with the consolidated financial statements according to legislation and auditing of the consistency of information on corporate governance and ownership structure.

The fees indicated above also include the Certification of non-financial information provided for by Directive 2014/95/EU ("Barnier" directive) for ASTM S.p.A., estimated to be 30,000 euros.

The fees include assistance in interpreting relevant IAS/ ISFRS international accounting standards, including future updates and developments.

The fees indicated herein will be subject to the addition of reimbursement of expenses incurred in the performance of the work, such as any charges for staying off site and travel expenses, to the extent to which they are incurred, and incidental expenses related to technology (databases,

software, etc.) and secretarial and communication services at the overall flat rate of 5%, as well as VAT.

Fees are quoted net of the supervisory contribution to be paid to CONSOB; this contribution will be requested to the extent equal to the amount paid to CONSOB itself.

Fee Review

The fees indicated are valid until 30 June 2018. On 1 July 2018, and so on on each subsequent 1 July, these will be adjusted based on the total change in the ISTAT cost of living index compared to the previous year (base year 2017).

Any change resulting from unknown or unforeseeable circumstances will be discussed and agreed upon in advance with the Board of Statutory Auditors and with the Company's Management.

Other contractual conditions

Standard conditions for Ernst & Young S.p.A. audit assignments