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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

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

2017

Approved by the Board of Directors on 14 March 2018

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GLOSSARY

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

Shareholders: the Shareholders of the Issuer.

Borsa Italiana: Borsa Italiana S.p.A..

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

Civil Code: the Italian Civil Code.

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

Board: the Board of Directors of the Issuer.

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

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

Consob Issuer 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.

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

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

Consolidated Law on Finance/TUF: Legislative Decree no. 58 of 24 February 1998.

1.0 ISSUER'S PROFILE

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 SIAS S.p.A. (Italy's second motorway operator, managing approximately 23% of the national network) and the joint subsidiary Ecorodovias Infraestrutura e Logistica S.A (a leading Brazilian company in the motorway sector) the Issuer is the fourth motorway concession operator worldwide, managing a network of approximately 4,000 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, 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 Code, apart from the exceptions indicated in the Report. This Report describes the Company's "corporate governance" system and its compliance with the 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 2018.

2.0 INFORMATION ON CORPORATE OWNERSHIP (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 1 OF THE TUF) AT 14 MARCH 2018

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

The share capital, subscribed and paid-up, of EUR 49,499,300, consists of 98,998,600 ordinary shares with no par value, traded on the MTA (FTSE Italia Mid Cap index).

There are no (i) financial instruments assigning the right to subscribe to new-issue shares(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)

There are no restrictions on the transfer of securities, such as limits to the holding of securities or the need to obtain approval by the Issuer or other securities' holders.

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 with significant shareholdings, directly or indirectly, in the Issuer, pursuant to article 120 of the TUF, as of notices issued in accordance with the TUF, are indicated 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.

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)

The Issuer is not aware of any Shareholders' agreements as of article 122 of the TUF.

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 setting out, subject to the consent of lenders, the 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). Moreover, these clauses are included *(i)* in the majority of ISDA agreements governing derivative contracts entered into by companies of the Issuer's group in order to prevent risk from interest rate fluctuations; and *(ii)*) in some indemnity agreements concerning guarantees issued by companies of the Issuer's group.

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 requirements 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 2 of the TUF, nor set out the implementation of the neutralisation rules in article 104bis, paragraphs 2 and 3 of the TUF.

i) Powers to increase the share capital and authorisations to purchase treasury shares (pursuant to article 123bis, 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 28 April 2017, 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 2016, had elapsed with the approval of the 2016 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 2017, 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.

On authorisation, the Issuer had in its portfolio a total of 6,577,706 treasury shares (equal to 6.64% of the share capital), of which 6,497,328 held directly and 80,378 held indirectly through the subsidiary Autostrada Albenga Garessio Ceva S.p.A. (58,878 shares) and the subsidiary ATIVA S.p.A. (21,500 shares).

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 April 2017, having taken into account the ASTM shares already held in the portfolio (around 6.64% of the share capital) 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 10.64% of the share capital. Based on the trend of the Issuer's share on the stock exchange and with daily trade volumes higher than final figures on average, the Issuer decided it was not appropriate to put the plan in place and therefore no treasury shares were purchased.

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

The Issuer is subject to management and coordination by Argo Finanziaria S.p.A. unipersonale.

The information required by article 123bis, paragraph 1, letter i) of the TUF (*“the agreements between the company and the directors [...] providing for indemnities in case of resignation or dismissal without just cause or termination following a takeover bid”*) is contained in the remuneration report published in compliance with article 123ter of the TUF.

The information required by article 123bis, paragraph 1, letter l) of the TUF (*“the rules for the appointment and replacement of Directors [...], as well as for the amendment of the Articles of Association, if different from the supplementary legal and regulatory rules”*) is detailed in the section of the Report on the Board of Directors (Section 4.1).

3.0 COMPLIANCE (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2(A) OF THE TUF)

As already stated, the Issuer endorses the Corporate Governance Code, which is available on the website of the Corporate Governance Committee: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Current governance of the Issuer therefore complies with the 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.

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.

4.0 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 Company 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 a 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 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 for by applicable law.

The list that does not comply with the abovementioned 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 reestablished, 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 reappointed; 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)

On 28 April 2016, the ordinary Shareholders' Meeting appointed a new Board of Directors for the years 2016–2017–2018, with term of office ending as of the approval of the financial statements for the year ending 31 December 2018, from a single list of candidates presented by the shareholder 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 Chairman 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 Deputy Chairpersons and Alberto Rubegni as Managing Director, conferring the relevant management powers.

On 28 March 2017, the Board Director Marco Antonio Cassou stepped down from office, and this was made public. 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 the Shareholder Argo Finanziaria S.p.A. unipersonale (disclosed to the market according to the terms and procedures required by law), the Shareholders' Meeting appointed Maurizio Leo to the Board of Directors, whose term of office will end, 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 a suitable candidate for the board, co-opted Umberto Tosoni as the new Director. Pursuant to article 2386 of the Civil Code, Umberto Tosoni will remain in office until the next Shareholders' Meeting convened to approve the 2017 Financial Statements.

The remaining members of the Board were appointed for the first time 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, Stefano Viviano (Ordinary Shareholders' Meeting of 28 April 2010), Gian Maria Gros-Pietro (Ordinary Shareholders' Meeting of 20 April 2012), Stefania Bariatti, 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 have adequate professional experience (as regards legal, technical, economic and financial subjects, as applicable), as well as specific skills through which they actively participate and contribute to the Board's proceedings and decisions. The comprehensive curricula of the members of the Board are available on the Issuer's website, under the "*governance*" section.

- Gian Maria Gros-Pietro (Chairperson): born in Turin on 4 February 1942. He was awarded a degree in Economics and Business 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 was Chairperson 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. Currently, her offices include that of Deputy Chair of the Board of Directors of SIAS S.p.A., of SATAP S.p.A. Acting Deputy Chair and member of the Executive Committee of SALT p.A. and member of the Board of Directors of Aurelia S.r.l..

- 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 matters 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. and Alternate Director of Primav Infrastruttura S.A. e Ecorodovias Infrastruttura e Logistica S.A..
- Alberto Rubegni (Managing Director): born in Pisa on 15 March 1951. He was awarded 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 large-scale works and the concessions and project financing sectors. From July 1997 to July 2012, he was General Manager and then Managing Director of Impregilo S.p.A.. His current offices include that of Chair of the Board of Directors of Itinera S.p.A. and Director of Primav Infrastruttura S.A., Ecorodovias Infrastruttura e Logistica S.A., Autostrade Lombarde S.p.A., Società di Progetto Bre.Be.Mi S.p.A. and Tangenziale Esterna S.p.A..
- Stefania Bariatti: born in Milan on 28 October 1956. She was awarded a degree in Law from Milan University, where she is Professor of International Law. She is counsel at the Chiomenti law firm. She is also Chair of the Board of Directors of SIAS S.p.A. and of Banca Monte dei Paschi di Siena S.p.A.. From 1999 to 2007 she represented the Italian Government at the Hague Conference on Private International Law. She is the author of numerous publications on Private International Law, European Union Law and International Law.
- 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 gained a Master's Degree in Business Administration at Bocconi University, Milan in 1972. In 1977 he worked at Morgan Stanley – First Boston in New York. He holds offices in management bodies, also as Chairperson, in companies such as Industria e Innovazione S.p.A.. He worked as independent management

consultant and in-house consultant for IBI, which then became part of Alerion S.p.A..

- Giuseppe Gatto: born in Murazzano (Cuneo) on 17 October 1941. He was awarded a degree in Economics and Business 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., A.G. 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 at 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 that of Chair of the Board of Directors of Aurelia S.r.l. and Primav Infrastruttura S.A., as well as member of the Board of Directors of SIAS S.p.A. and Ecorodovias Infrastruttura e Logistica 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 Spa. 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 Chairperson of Fondazione Fiera Milano. From 2005 to 2014 he was Chairperson of Terna Spa. He is the Chairperson of Alba Leasing Spa, Equita Sim SpA 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. She was 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.. Since June 2016, she has been Chief General Counsel of Ubi Banca.
- Umberto Tosoni: born in Varese on 4 March 1975. He was awarded a degree in Business Management, specialising in Transport Planning. He gained his professional experience mainly working for the Gavio Group, which he joined in 2004. He holds the position of General Manager of SIAS S.p.A. and Managing Director of the licensees Asti Cuneo S.p.A., SATAP S.p.A., SAV S.p.A. and SITAF S.p.A..
- Stefano Viviano: born in Genoa on 21 June 1976. He was awarded a degree in Business Administration with specialisation in Finance in 2000. In 2003 he became a Certified Internal Auditor (CIA) and in 2004 was awarded Certification in Control Self – Assessment (CCSA). He has been working for the Gavio Group since 2005, where he gained experience primarily in the area of group finance. He holds important management offices in various companies, including Tangenziale Esterna 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 Toso, 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

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. However, to value human capital on the basis of merit, professional expertise, conduct, integrity and confidence, while also promoting an inclusive work environment that is open to diversity, the Board approved a "diversity and

inclusion" policy on 14 March 2018, applicable to the Issuer and its subsidiaries.

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 abovementioned limits.

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

Induction Programme

Through frequent Board Meetings, the Chairperson 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 123bis, paragraph 2(d) of the TUF)

During 2017, the Board held 9 meetings, which last on average for one and a half hours.

As regards 2018 as detailed in the annual schedule of corporate events sent to Borsa Italiana S.p.A. in January 2018 at least 4 meetings have been planned to approve the Financial Statements, the halfyearly Financial Report, as well as the Quarterly Interim Management Reports. Since the beginning of 2018, 3 meetings have already been held, although 2 were not included in the abovementioned schedule.

The Chairperson 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.

The Chairperson and the Managing Director have always made sure that Board Members and Auditors could receive the documents about the agenda well in advance of each Board meeting. In compliance with the 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 2017, the above deadline was met.

Moreover, the Chairperson 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 Chairperson 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 Code, the Board monitors the adequacy of the organisational, administrative and accounting structure of the Issuer and subsidiaries with strategic importance. In concrete terms, the Board is responsible for analysing the following transactions with major strategic, economic and financial relevance implemented by the Issuer or its subsidiaries:

- a) the issue of financial instruments, for a total value higher than EUR 10 million;
- 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 splitoff 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 and transactions involving new contributions that are not proportional to the shareholding ("new contributions" means share capital increase subscription, payments towards future share capital increase, payments to cover losses) for which 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), as well as 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.

Purchases of treasury shares effected as a result of the authorisation granted by the Shareholders' Meeting pursuant to current regulations are not considered as acquisitions of equity investments;

- i) 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. As regards the operations of the subsidiary Itinera S.p.A. (active in the construction of major infrastructure), following the decision taken by the Board on 14 March 2018, offers for contracts of a value (relative to Itinera) in excess of EUR 400 million (EUR 300 million in the case of lump sum projects), and all offers in geographic areas that are new and not included in the areas identified in the group's strategic plan and/or which require a parent company guarantee, will be previously reviewed by ASTM.

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, in compliance with the Code.

In line with previous years, the assessment was based on a questionnaire, with the format including: (i) main responsibilities of the Board; (ii) the functioning of the Board; (iii) the climate and dynamics within the Board; (iv) the role of the Chairman of the Board of Directors; (v) the composition, professional expertise and size of the board; (vi) executive directors and the organisational structure; (vii) the role of independent directors - criteria and establishing eligibility; (viii) an assessment of Board committees; (ix) the self-assessment of Directors.

Directors were asked to give an evaluation in the questionnaire, choosing from a number of options, and could also put their comments and 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 14 March 2018.

To ensure an effective and independent assessment, the Directors were assisted by Willis Towers Watson, an international consulting company with extensive experience in the sector. Interviews with individual Directors were also conducted by the advisor.

With particular reference to the industrial holding activity carried out by the Issuer, the Directors believe they have adequate professional experience (concerning legal, technical, economic and financial subjects 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.

In particular, the Board Directors, with specific reference to corporate operations and objectives achieved in 2017, also considering assistance from Committees, the 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.

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

The Meeting did not grant derogations with regard to the noncompetition clause pursuant to 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.

Chairperson

The Shareholders' Meeting of 26 April 2016 appointed Gian Maria Gros-Pietro as Chairman of the Board of Directors of the Issuer. The Chairman 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 Chairpersons

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 26 April 2016. The Deputy Chairs have the same powers as the Chairperson, to be exercised with separate signature, in the absence or impediment of the Chairperson.

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 the Code:

- Beniamino Gavio, as Chair of the Parent Companies Aurelia S.r.l. and Argo Finanziaria S.p.A. unipersonale;
- Daniela Gavio as she holds (i) the office of Manager of Itinera S.p.A., a subsidiary with strategic importance and (ii) the office of Director of the Parent Companies Aurelia S.r.l. and Argo Finanziaria S.p.A. unipersonale;
- Marcello Gavio as he holds (i) the office of Manager of Itinera S.p.A., a subsidiary with strategic importance and (ii) the office of Deputy Chair of the Parent Companies Aurelia S.r.l. and Argo Finanziaria S.p.A. unipersonale;
- Stefano Viviano as Managing Director of the subsidiary with strategic relevance Igli S.p.A..

4.6 Independent Directors

As regards the Issuer's corporate structure , 7 Directors (Caterina Bima, Giuseppe Garofano, Giuseppe Gatto, Barbara Poggiali, Luigi Roth, Anna Chiara Svelto and Marco Weigmann) declared, on their appointment, that they meet the independence requirements envisaged by the Code and the TUF.

After the appointment of the above directors and during annual assessments, of which the last one was conducted on 14 March 2018, the Board considered the above requirements as being met, also after consulting with the Board of Statutory Auditors. In this regard it should be noted that the independence of the Director Giuseppe Garofano was confirmed by virtue of his independent judgement and proven professional capabilities and considering that the aforementioned Director (i) has served over nine years in office and (ii) is the Chairperson of the Board of Directors of Industria e Innovazione S.p.A., a company in which the Parent Company Argo Finanziaria S.p.A. held an equity interest of around 9.38% of the share capital until 29 December 2017, which was then reduced to 0.483%. Likewise, the Board gave a favourable opinion on the independence of Giuseppe Gatto, considering that the position he holds as Director in the subsidiary Itinera S.p.A. (without any management or executive function) cannot affect his independent judgement in any way.

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 in December 2017. Following their assessment, they confirmed the favourable opinion with regard to the operations and composition of the Management Body. Its members have professional profiles and knowledge suitable in order to achieve the strategies and aims of the Issuer and its group.

In this context, they expressed their favourable opinion on the existing information flow that enables them to monitor corporate activities and the internal audit system of the Issuer and its main subsidiaries, also thanks to the timely co-operation of corporate management and the responsible staff.

It was noted that the Board is periodically 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.

The precious contribution provided by the Audit, Risk and Sustainability Committee (also in its capacity as Related Parties' Committee, where applicable), by the Remuneration Committee and Supervisory Board was also recognised.

4.7 Lead independent director

The current organisational structure of the Board, with regard to the distribution and allocation of management powers, complies with the principles contained in the Code, according to which the company management should be divided from the office of Chairperson. 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 Chairperson and the Managing Director, in co-operation with the investor relations' supervisor, were in charge of the management of corporate information, with particular reference to pricesensitive information.

Documents and information on the Issuer and its subsidiaries are disclosed externally in agreement with the Chairperson 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 by the entry into force of Regulation (EU) No 596/2014, 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.

With respect to “Insider Trading” rules, which are governed by a dedicated procedure that was last updated also to take into account 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, Issuer and the market.

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 and the Audit and Risk Committee (subsequently named the Audit, Risk and Sustainability Committee), with a composition in line with the provision of the Code since all members are independent non-executive Directors.

The Board decided not to establish the Appointments Committee or other committees, for reasons described below.

7.0 APPOINTMENTS COMMITTEE

In line with assessments made in the past, the Board decided not to establish an Appointments Committee, as the appointment of Directors is carried out by means of list voting, in compliance with the terms and conditions set out in article 16 of the Articles of Association and as required by current regulations, also considering, in accordance with Criterion 1.C.1. letter h) of the Code, the opinion of the Board to Shareholders concerning managerial and professional positions, which are considered as appropriate for the Board.

8.0 REMUNERATION COMMITTEE

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

The Remuneration Committee consists of the independent directors Marco Weigmann (Chair), Anna Chiara Svelto and Barbara Poggiali, who have adequate financial and remuneration policies knowledge.

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. Pursuant to the recommendations contained in the Code, the Directors do not attend the Committee's meetings during which proposals are made to the Board with regard to their remuneration.

The Committee held 5 meetings in 2017 and 3 meetings in 2018, of which the duration was in line with the issues addressed.

Functions

In compliance with the Code, the Remuneration Committee has the power to (i) submit proposals to the Board concerning remuneration policies for directors and key management personnel; (ii) 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; (iii) 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; (iv) monitor the implementation of the decisions adopted by the Board by assessing, in particular, the achievement of performance objectives.

In exercising the above powers, the Committee developed project activities to introduce a management incentive scheme as from 2017, with the aim of promoting the achievement of even more outstanding results and establishing a profitable link between compensation and business performance. This activity - which took into account recent major developments in the strategy of the Issuer and its group - led to ASTM's remuneration policies being revised in general, with the aim of aligning compensation models with the need to compete on new markets and link remuneration to the company's medium/long-term results to a greater extent.

The new guidelines were shared by the Board in March 2017 and subsequently approved by the Shareholders' Meeting of 28 April 2017.

In this regard, the Committee made a proposal in August 2017 to supplement the Managing Director's remuneration, already approved in 2016, with a monetary incentive related to the achievement of specific economic/financial objectives and to objectives of the industrial strategic plan, referred to above, which was approved in July 2017.

The Committee also acknowledged that based on the above project activities and market analysis specifically conducted, the Issuer's positioning was identified as being below the average and of comparable listed companies, and considered it appropriate to revise the remuneration of the Director of the internal audit and risk management system, as well as for members of Committees established in compliance with rules of corporate governance and the Supervisory Board.

The above proposals were shared with and approved by the Board, after receiving a favourable opinion from the Board of Statutory Auditors and, as regards the compensation of the Managing Director, from the Audit, Risk and Sustainability Committee in its capacity as the Committee for Related Parties Transactions.

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 to not adopt a specific budget for the Committee.

9.0 DIRECTORS' REMUNERATION

General remuneration policy

Pursuant to article 16 of the Articles of Association in effect, the Shareholders' Meeting approves the annual compensation payable to members of the Board, which remains valid also for financial years following the year of approval, until a new decision is taken by the meeting. 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 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 Code.

In March 2017, on the proposal of the Remuneration Committee, the Board approved the remuneration policy of the Issuer which the Shareholders' Meeting of 28 April 2017, requested to pass an advisory vote, approved. The main parts of remuneration considered in the remuneration policy are: fixed remuneration, the annual management incentive scheme and benefits. The approach to overall retribution entails a balanced package of fixed and variable elements, both monetary and non-monetary, that considers the Issuer's strategic objectives and risk profile with respect to the sector in which the Issuer operates and the characteristics of the activity performed. Consequently, the management incentive system provides for the following: (i) variable remuneration linked to the achievement of specific corporate performance parameters; (ii) previously established and determined objectives, directly linked to the process to define corporate objectives.

In particular, during 2017 (i) an annual incentive system was adopted for the Managing Director (MBO Plan), which gives the beneficiary a monetary bonus if established economic/financial and project/strategic objectives are achieved and (ii) technical analysis was started to assess the use of long-term incentives related to long-term objectives, to award the achievement of long-term quantitative and qualitative results that are functional for generating value and sustainable growth, in keeping with the interests of shareholders and stakeholders, and for retaining key personnel of the Issuer).

This issue is described in full in the "Remuneration Report" (prepared in compliance with article 123ter of the TUF and article 84-quater of the Consob Issuer Regulation), which is available on

the Issuer's website, under the "governance" section.

Remuneration of key management personnel

The Issuer did not identify any key management personnel pursuant to the definition in the Consob Related Parties Regulation.

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 123bis, 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.

10.0 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 (Chairman), Giuseppe Gatto and Luigi Roth.

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 7 meetings in 2017 and 2 meetings in 2018, 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 of 14 May 2018, the Committee reports on the results of its activities on a halfyearly basis, during meetings held to approve the annual and interim accounting documents; as a consequence, at least 2 meetings have been planned for FY 2018, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

Functions

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 all the tasks set out by the Code, specifically: a) together with the manager responsible for financial reporting and having consulted with the independent statutory 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; b) it expresses opinions on specific aspects concerning the identification of the main corporate risks; c) 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; d) it monitors the autonomy, adequacy, efficacy and effectiveness of the internal audit function; e) where deemed necessary, it requests the internal audit function to carry out audits on specific operating areas, by notifying this to the Chairperson of the Board of Statutory Auditors; f) it reports to the Board on its activity and the adequacy of the internal audit and risk management system at least on a halfyearly basis, at the time of approval of the annual and half-yearly financial reports; g) 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 responsible for the internal audit and risk management system, the report on the implementation of Guidelines for the internal audit and risk management system and on the adequacy and effectiveness of the System as a whole, as well as any reports on specific issues and criticalities identified while carrying out his/her duties.

In compliance with the above *“Guidelines on the internal audit and risk management system”* meetings are also scheduled with the Director responsible for the internal audit and risk management system of the subsidiary SIAS S.p.A..

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 to not adopt a specific budget for the Committee.

11.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

The Board is responsible for the internal audit and risk management system; 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.

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.

Moreover, the director responsible for the internal audit and risk management system, the internal audit function, the manager responsible for financial reporting, as well as the "Model 231" and the "Control Model 262" aim at safeguarding principles of proper and efficient management. For further details, see other relative sections of this Report.

With respect to the above, the Board, as part of the assessment performed in March 2018, believes that the internal audit system is adequate and effective for the identification, measurement, management and monitoring of risks considering the risk profile assumed and the features of the Issuer and of each business sector in which the Group to which it belongs operates.

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 Director responsible for the internal audit and risk management system

As from 28 April 2016, the Director Stefano Viviano has been the Director responsible for the internal audit and risk management system ("Director responsible").

The Responsible Director carried out an assessment in the second half of 2017 and first few months of 2018, for areas under his responsibility, together with the Audit, Risk and Sustainability Committee, based on which the Internal Audit and Risk Management System 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 guidelines for the internal audit and risk management system of subsidiaries;
- monitors the implementation status of the group's strategic plan and main economic/financial indicators of its subsidiaries.

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

11.2 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.

In February 2016, the Board, after consulting with the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and the Director Responsible, approved the *"2016-2018 Audit*

Plan” and details of actions for 2016, indicating the relative times and expected commitment in terms of "men/days", assigning a fund of EUR 30,000 to the Internal Audit manager to carry out her duties.

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.

In line with the results from the risk assessment carried out by the appointed Director during the second half of 2016, following the Issuer's purchase of the controlling interest in Itinera S.p.A., the Internal Audit function supplemented the 2016 Work Schedule, increasing its work commitments from original plans. This led to an increase of EUR 45,000 in the funds originally made available. In February 2017, the Board - after consulting with the Audit, Risk and Sustainability Committee, the Board of Statutory Auditors and Director responsible - approved the update for the 2016-2018 Audit Plan and the 2017 Work Schedule, assigning the Internal Audit function funds of EUR 90,000 for 2017.

Following the revision of the internal audit and risk management system of the ASTM Group, described above and approved by the Board on 14 March 2018, a new audit plan for the 2018-2020 period will be approved.

As set out by the 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 Chairpersons of the Board of Directors, the Board of Statutory Auditors and the Audit, Risk and Sustainability Committee and to the Responsible Director.

11.3 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.

The 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.

In February 2018, the Issuer updated its Model 231, and documents mapping applicable offences, with reference to legal developments taking place after 22 September 2016 (date of the last update), and in particular:

- Law 199 of 29 October 2016 which introduced the offence of "Unlawful brokerage and exploitation of labour" as of article 603-bis of the Criminal Code into the Decree 231;
- Legislative Decree no. 38 of 15 March 2017, "Implementing Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector", which introduced, as an offence for which entities have administrative liability, the (i) offence of "Instigating individuals to commit bribery", as of the new article 2635-bis of the Civil Code and (ii) amended the offence of "bribery between individuals" as of article 2635 of the Civil Code, expanding the scope;
- Law 161 of 17 October 2017 with "Amendments to the code of anti-mafia laws and prevention measures", amending article 25-duodecies of Legislative Decree 231/01, extending the types of sanctioned offences to include conduct related to the use of citizens from third countries without a residence permit and the exploitation of clandestine immigration;
- Law 167 of 20 November 2017 on "Provisions for alignment with obligations arising from Italy being a part of the European Union", introducing article 25-terdecies to Legislative Decree 231/01, sanctioning the offences of "Racism and Xenophobia";

The Board of Directors appointed a Supervisory Body ("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 7 meetings during 2017 and has held 1 meeting in 2018.

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 Body, which typically includes one member of the Board of Statutory Auditors.

11.4 Independent Auditors

Up until 28 April 2017 (the date of approval of the 2016 Financial Statements), the Issuer's accounts were audited by Deloitte & Touche S.p.A., appointed, on the proposal of the Board of Statutory Auditors, by the Shareholders' Meeting of 28 April 2009 for the 2009-2017 financial years.

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.

11.5 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 her duties, as well as the power to i) structure and organise within her own activities the human resources available; ii) consult with board of directors and statutory auditors, including participation ad audiendum in the Board's meetings held for the examination and approval of accounting documents; iii) consult with the Audit, Risk and Sustainability Committee and the Supervisory Body; iv) take part in the design of information systems that have an impact on the economic and financial situation.

The Board, moreover, approved a fee of EUR 45,000, that may be increased upon justified request of the individual in question.

During 2017, the Director monitored the functioning of the "control model pursuant to Law 262/2005 ("Model 262"). This model was implemented at the Issuer and other main subsidiaries, with a topdown approach, in order to align with significant administrative accounting procedures concerning duties governed by article 154bis of the TUF. The adoption of this model also entails the appointment of specific officers by all group units/functions concerned.

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

With a view to optimising controls, within the funds 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 halfyearly 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.

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

As described above, the functions and bodies that make up the Issuer's internal audit system report on the activities carried out in order to comply with their institutional tasks and the related findings, according to the methods and deadlines set out by the related legal and regulatory provisions, as well as by the 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 "*Guidelines for the Internal Audit and Risk Management System*".

12.0 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 25 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 – sets out i) the amounts that, based on specific materiality indexes, allow the identification of transactions of lesser or greater importance; ii) the transactions that have been excluded and are not subject to the procedure provided for their approval, except for disclosure obligations towards Consob, if of greater importance; iii) the transactions carried out by subsidiaries - other than SIAS S.p.A. or subsidiaries of SIAS S.p.A. - that shall be subject to approval of the Board of Directors, having heard the opinion of the Audit, Risk and Sustainability Committee. 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 respect, the management authority of the listed subsidiary SIAS S.p.A. is not affected, in line with the practice of not priorly examining or approving the transactions of the aforementioned SIAS S.p.A. and its subsidiaries.

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 proper management of the procedure, ASTM'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.

A new review was carried out in January 2017. Based on the findings, the Board, having obtained the favourable opinion of the Audit, Risk and Sustainability Committee, decided to not substantially revise the procedure, considering it adequate for complying with legal and regulatory provisions.

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 abovementioned 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 Chairperson 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 alternate 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..

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 in office until 28 April 2017 was appointed by the Ordinary Shareholders' Meeting of 22 April 2014 for the financial years 2014-2015/2016 (i.e. until the approval of the 2016 Financial Statements), based on the 2 filed lists:

- list no. 1 (representing the majority) submitted by the shareholder Argo Finanziaria S.p.A. unipersonale (owning, at that date, 53.386% of the share capital, with 2 candidates for the office of Acting Auditor (Piera Braja and Ernesto Ramojno) and 2 candidates for the office of Alternate Auditor (Roberto Coda and Annalisa Donesana);
- list no. 2 (representing the minority) submitted by the shareholder Assicurazioni Generali S.p.A. (owning, at that date, 4.341% of the share capital) with 1 candidate for the office of Acting Auditor (Marco Fazzini) and 1 candidate for the office of Alternate Auditor (Massimo Berni).

The following candidates were therefore voted to the Board of Statutory Auditors: Marco Fazzini (Chairperson), Piera Braja (Acting Auditor), Ernesto Ramojno (Acting Auditor) Annalisa Donesana (Alternate Auditor), Roberto Coda (Alternate Auditor) and Massimo Berni (Alternate Auditor).

For further information on the Board of Statutory Auditors in office until 28 April 2017, reference is made to the "2016 Report on corporate governance and ownership structure" available on the Issuer's website, under the governance" section.

The Board of Statutory Auditors currently in office was appointed for the financial years 2017-2018-2019 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 Chairperson 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 was awarded a degree in Business Administration from the faculty of Economics, 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 monographs

and articles. He holds the following positions in companies: Chairman of the Board of Statutory Auditors of Compagnia Aeronautica Italiana (CAI) S.p.A., Chairman 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 positions in companies: 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 O.M.T. - Officine Meccaniche Torinesi 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 was awarded a degree in Economics and Business 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 positions in companies: 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 S.T.E. 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 C.I.E. 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 positions in companies: Chair of the Board of Statutory Auditors of Moka Arra S.p.A.; Acting Auditor of A.F.S. 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 was awarded a degree in Economics and Business 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 positions in companies: 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., Immobiliare 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. She 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 positions in companies: 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., Acting Auditor of A2A Calore & Servizi S.r.l., Acting 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 2017, the Board met 13 times, with the duration of the meetings depending on the issues addressed, with all 9 members taking part.

With regard to its institutional tasks and the frequency of its assessments, in 2018 the Board of Statutory Auditors anticipates to meet at least on a quarterly basis; five meetings have been held since the beginning of the 2018 financial year.

Compliance with the independence requirements set out by the 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 14 March 2018.

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 Code.

The Board of Statutory Auditors monitored the independence of the Independent Auditors by assessing the nature and extent of the services other than audit services provided to the Issuer and its subsidiaries; the outcomes of these assessments were notified in the annual report to the Shareholders' Meeting pursuant to article 153 of the TUF. The Board of Statutory Auditors, as part of its functions pursuant to Legislative Decree 39/2010 approved the *“Procedure for the approval of services to assign to the independent auditors and its network”* in 2017, which sets out, in compliance with applicable laws, the limits and conditions of services other than auditing, to be provided by the statutory auditors.

The Board of Auditors also gave the Shareholders' Meeting its favourable opinion on the mutually agreed early termination of the appointment of the independent auditors Deloitte & Touche S.p.A., proposing the appointment of PricewaterhouseCoopers S.p.A. as statutory auditors for the 2017-2025 period.

As part of their duties, the Auditors obtained information also through meetings with the Independent Auditors' representatives, with the Remuneration Committee and the Audit, Risk and Sustainability Committee (also in its capacity as Related Parties' Committee).

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 Chairperson 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 and taking into account the principles contained in the "*Guidelines for disclosure of information to the market*", 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, by means of both personal and institutional meetings with investors and analysts, both in Italy and abroad.

The Investor Relations Officer, Giuseppe Agogliati, may be contacted at investor.relations@astm.it.

With regard to their roles, the Chairperson, 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)

In view of the Articles of Association and applicable laws and regulations, entities who 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 Chairperson 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 email 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 Chairperson of the Board of Directors. In case of absence or impediment, the meeting is chaired by a Deputy Chairperson or, if both are absent, by another person appointed by the Meeting.

The Chairperson 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 Chairperson of the Meeting, the minutes are prepared by a Notary Public appointed by the Chairperson. 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.

In view of the annual Shareholders' Meeting to be held on 28 April 2017, the shareholder Argo Finanziaria S.p.A. unipersonale, submitted, along with its list of candidates, proposals regarding point 4) Board of Statutory Auditors: 4.1 Appointment of the Board of Statutory Auditors 4.2 Appointment of the Chairman of the Board of Statutory Auditors 4.3 Determination of the remuneration of the Chairman of the Board of Statutory Auditors and of the Acting Auditors. As regards other items on the Shareholders' Meeting agenda, proposals were put by the Board regarding specific reports and by the Board of Statutory Auditors are regards point 6) Early termination, mutually agreed, of the independent auditors and appointment for statutory auditing for the financial years 2017-2025.

Regulations for Shareholders' Meeting

Proceedings of shareholders' meetings are governed by specific regulations, 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 Chairperson opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chairperson 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 Chairperson 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 to 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 Chairperson and the Managing Director strive 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.

8 Directors took part in the Annual General Meeting held on 28 April 2017.

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 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 13 DECEMBER 2017 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In December 2017, the Chairman of the Board of Directors, the Managing Director and Chairman of the Board of Statutory Auditors of the Issuer were sent the letter of the Chairman of the Corporate Governance Committee, along with the *"2017 Report on developments in corporate governance of listed companies"*. This letter was then disclosed to the Board and Board of Statutory Auditors during the board meetings of 6 February and 14 March 2018. As regards Committee recommendations, the Board made the following considerations:

- as regards recommendations on information given prior to board meetings, the evaluation of independence requirements, board review activities and clawback clauses, the Board considered the Issuer as being compliant and therefore did not take any further measures in these areas;
- as regards other areas for improvement suggested, and in particular the establishment of an Appointments Committee and the adoption of succession plans, the Board did not consider it necessary to take measures, for the reasons already indicated in the Report in Paragraphs 7 and 4.1.

TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT 14 MARCH 2018

| 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 2359-bis and 2357-ter of the Civil Code, the voting right is suspended for no. 6,497,328 treasury shares owned by the Issuer, no. 21,500 shares held by the subsidiary ATIVA S.p.A. and no. 58,878 shares held by the subsidiary Autostrada Albenga Garessio Ceva 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 |
| | Argo Finanziaria S.p.A. Unipersonale | 56,597 | 56,597 |
| | Codelfa S.p.A. | 1,967 | 1,967 |
| | Total Group | 59,119 | 59,119 |
| Astm S.p.A. | Astm S.p.A. | 6,563 voting right suspended pursuant to article 2357-ter of the Civil Code | 6,563 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 |
| | Società Autostrada Albenga Garessio Ceva S.p.A. | 0,059 voting right suspended pursuant to article 2359-bis of the Civil Code | 0,059 voting right suspended pursuant to article 2359-bis of the Civil Code |
| | Total Group | 6,644 | 6,644 |

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

| | | Board of Directors | | | | | | | | | | | Audit, Risk and Sustainability Committee | | Remuneration Committee | |
|--|----------------------------|--------------------|-----------------------------|-----------------|---------------------------------------|-----------------------|-----------|---------------|----------------------------------|---|--------------------------|-----|--|------|------------------------|------|
| Office | Members | Year of birth | Date of first appointment * | In office since | In office until | List ** | Executive | Non-executive | Independent pursuant to the Code | Independent pursuant to TUF | No. of other offices *** | (*) | (*) | (**) | (*) | (**) |
| 01) Chairperson | G. M. GROS-PIETRO | 1942 | 20/04/2012 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | | | 2 | 9/9 | | | | |
| 02) Vice Chair | D. GAVIO | 1958 | 24/03/1994 | 28/04/2016 | Approval of 2018 Financial Statements | M | x | | | | = | 9/9 | | | | |
| 03) Vice Chair | M. GAVIO | 1967 | 28/04/2010 | 28/04/2016 | Approval of 2018 Financial Statements | M | x | | | | 1.5 | 9/9 | | | | |
| 04) Managing Director ⁶ | A. RUBEGNI | 1951 | 10/06/2013 | 28/04/2016 | Approval of 2018 Financial Statements | M | x | | | | 4 | 9/9 | | | | |
| 05) Director | S. BARIATTI | 1956 | 10/06/2013 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | | | 1 | 9/9 | | | | |
| 06) Director | C. BIMA | 1960 | 10/06/2013 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | 2 | 8/9 | | | | |
| 07) Director | G. GAROFANO | 1944 | 10/05/2007 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | 2.5 | 9/9 | 7/7 | P | | |
| 08) Director | G. GATTO | 1941 | 28/04/2016 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | = | 9/9 | 7/7 | M | | |
| 09) Director | B. GAVIO | 1965 | 28/04/2016 | 28/04/2016 | Approval of 2018 Financial Statements | M | x | | | | 1.5 | 9/9 | | | | |
| 10) Director | B. POGGIALI | 1963 | 10/06/2013 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | 2 | 8/9 | | | 5/5 | M |
| 11) Director | ROTH L. | 1940 | 28/04/2010 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | 4 | 8/9 | 6/7 | M | | |
| 12) Director | A. C. SVELTO | 1968 | 28/04/2016 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | 1 | 9/9 | | | 5/5 | M |
| 13) Director | U. TOSONI ⁽¹⁾ | 1975 | 23/10/2017 | 23/10/2017 | Next Shareholders' Meeting | M | | x | | | 1 | 0/1 | | | | |
| 14) Director * | S. VIVIANO | 1976 | 28/04/2010 | 28/04/2016 | Approval of 2018 Financial Statements | M | x | | | | 1 | 9/9 | | | | |
| 15) Director | M. WEIGMANN | 1940 | 10/06/2013 | 28/04/2016 | Approval of 2018 Financial Statements | M | | x | x | x | 3 | 9/9 | | | 5/5 | P |
| DIRECTOR WHO CEASED FROM OFFICE DURING THE FINANCIAL YEAR UNDER REVIEW | | | | | | | | | | | | | | | | |
| Director | M.A. CASSOU ⁽²⁾ | 1957 | 28/04/2016 | 28/04/2016 | 28/03/2017 | M | | x | | | 5 ⁽³⁾ | 2/3 | | | | |
| Number of meetings held during FY 2017 | | | | | | Board of Directors: 9 | | | | Audit, Risk and Sustainability Committee: 7 | | | Remuneration Committee: 5 | | | |
| 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⁾ Co-opted during the board meeting of 23 October 2017, replacing M.A. Cassou

⁽²⁾ Resigned from 28 March 2017

⁽³⁾, based on the data recorded in January 2017, with reference to the "Report on corporate governance and ownership structure" for the FY 2016, to which we refer you for a comprehensive list of the aforementioned offices.

• 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).

*** 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": Chairperson; "M": Member.

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 |
|------------------|--|---|
| S. Bariatti | Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ Banca Monte dei Paschi di Siena S.p.A. | Chairperson of the Board of Directors Chairperson of the Board of Directors |
| C. Bima | Unicredit Leasing S.p.A. Fondazione Cassa di Risparmio di Torino | Director Director |
| G. Garofano | Industria e Innovazione S.p.A. Miroglio S.p.A. Miroglio Textile S.p.A. | Chairperson of the Board of Directors Director Director |
| B. Gavio | Aurelia S.r.l. ⁽²⁾ Ecorodovias Infraestruturata e Logística Primav Infraestruturata S/A Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ | Chairperson of the Board of Directors Director Chairperson of the Board of Directors Director |
| D. Gavio | Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ Società Autostrada Torino-Alessandria-Piacenza S.p.A. ⁽¹⁾ Società Autostrada Ligure Toscana p.A. ⁽¹⁾ Aurelia S.r.l. ⁽²⁾ | Deputy-Chairperson of the Board of Directors Deputy-Chairperson of the Board of Directors Acting Deputy-Chairperson and Member of the Executive Committee Director |
| M. Gavio | Aurelia S.r.l. ⁽²⁾ Ecorodovias Infraestruturata e Logística Primav Infraestruturata S/A | Deputy-Chairperson of the Board of Directors Alternate Director Alternate Director |
| G.M. Gros-Pietro | Intesa Sanpaolo S.p.A. Edison S.p.A. | Chairperson of the Board of Directors Director |
| B. Poggiali | Snai Tech S.p.A. Falck Renewables S.p.A. | Director Director |
| L. Roth | Sec S.p.A. Alba Leasing S.p.A. Equita Sim S.p.A. Alkimis Sgr | Chairperson of the Board of Directors Chairperson of the Board of Directors Chairperson of the Board of Directors Director |
| A. Rubegni | Autostrade Lombarde S.p.A. Società di Progetto Brebemi S.p.A. Tangenziale Esterna S.p.A. Ecorodovias Infraestruturata e Logística Primav Infraestruturata S/A | Director Director Director Director Director |
| A.C. Svelto | Enel S.p.A. | Director |
| U. Tosoni | Società Iniziative Autostradali e Servizi S.p.A. ⁽¹⁾ Società Autostrada Torino-Alessandria-Piacenza S.p.A. ⁽¹⁾ Società Autostrada Ligure Toscana p.A. ⁽¹⁾ Tangenziale Esterna S.p.A. | General Manager Managing Director Director and Member of the Executive Committee Director |
| S. Viviano | Tangenziale Esterna S.p.A. | Director |
| M. Weigmann | Società Reale Mutua di Assicurazioni S.p.A. Italiana Assicurazioni S.p.A. (Gruppo Reale Mutua Ass.) Reale Immobili S.p.A. (Gruppo Reale Mutua Ass.) Banca Reale S.p.A. (Gruppo Reale Mutua Ass.) Reale Seguros Generales S.A. (Gruppo Reale Mutua Ass.) Inmobiliaria Grupo Asegurador Reale S.A. (Gruppo Reale Mutua Ass.) Reale Vida Y Pensiones Sociedad Anonima de Seguros (Gruppo Reale Mutua Ass.) Auchan S.p.A. | Director Director Director Director Vice Chair Vice Chair Vice Chair Director |

⁽¹⁾ subsidiary of the Issuer

⁽²⁾ Parent Company of the Issuer

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Appointed by the Ordinary Shareholders' Meeting of 28.04.2017

| Board of Statutory Auditors | | | | | | | | | |
|--|---------------------------|---------------|--------------------------------|-----------------|---------------------------------------|------------|--|--|------------------------------------|
| Office | Members | Year of birth | Date of first appointment * | In office since | In office until | List ** | Independent pursuant to the Code | Attendance to Board of Statutory Auditors' Meetings *** | Number of other offices **** |
| Chairperson | M. FAZZINI ⁽¹⁾ | 1974 | 29/04/2011 | 28/04/2017 | Approval of 2019 Financial Statements | M | x | 13/13 | 4 |
| Acting auditor | P. BRAJA | 1964 | 22/04/2014 | 28/04/2017 | Approval of 2019 Financial Statements | M | x | 13/13 | 15 |
| Acting auditor | E. RAMOJNO | 1949 | 29/04/2011 | 28/04/2017 | Approval of 2019 Financial Statements | M | x | 13/13 | 21 |
| 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 | | 34 |
| Alternate auditor | A. DONESANA | 1966 | 22/04/2014 | 28/04/2017 | Approval of 2019 Financial Statements | M | x | | 10 |
| Number of meetings held during FY 2017 : 13 | | | | | | | | | |
| Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 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 Issuer Regulation. The full list of offices is published by Consob on its website, pursuant to Article 144-quinquiesdecies of Consob Issuer Regulation. Moreover, given that, following the amendments introduced by Consob Resolution no. 18079 of 20 January 2012 to the Consob Issuer 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 2018 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

As already pointed out in the "Report on corporate governance and ownership structure", the internal audit system of the Issuer is made up of functions and organisations that – according to their roles and institutional tasks – allow 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 (i.e. the Group accounting manual) 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 Internal Audit System 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 or afterwards – 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 assessment 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. The assessment of controls, if deemed appropriate, may involve the identification of compensating controls, corrective actions or improvement plans.