

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
2018



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REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE 2018

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

Approved by the Board of Directors on 27 March 2019

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GLOSSARY

Appointments and Remuneration Committee or Committee:

The Appointments and Remuneration Committee of SIAS established pursuant to the Corporate Governance Code.

Articles of Association:

The Articles of Association of the Issuer in effect.

Audit, Risk and Sustainability Committee or CRS Committee:

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

Board of Statutory Auditors:

The Board of Statutory Auditors of the Issuer.

Board:

the Board of Directors of the Issuer.

Borsa Italiana:

Borsa Italiana S.p.A.

Chair:

The Chair of the Board of Directors of SIAS. To date, the position of Chair is held by Paolo Pierantoni.

Civil Code:

The Italian Civil Code.

Code/ Corporate Governance Code:

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

Consob Issuers' Regulation:

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

Consob Related Parties Regulation:

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

Director of the SCIGR:

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

Issuer/SIAS:

The issuer of securities to which the Report refers.

GLOSSARY

Key Management Personnel or KMP:

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

Managing Director or MD:

The Board Director given the functions of Managing Director of the Company by the Board. To date, the position of Managing Director is held by Umberto Tosoni.

Markets Regulation:

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

MTA:

The Electronic Stock Market organised and managed by Borsa Italiana.

Report:

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

SCIGR:

The Internal Audit and Risk Management System of the Issuer

Shareholders' Meeting:

The Shareholders' Meeting of the Issuer.

Shareholders:

The Shareholders of the Issuer.

SCIGR:

Il Sistema di Controllo Interno e Gestione dei Rischi dell'Emittente.

Supervisory Board or SB:

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

TUF:

Legislative Decree no. 58 of 24 February 1998.

ISSUER'S PROFILE

a) Profile and structure

The Issuer is an industrial holding, listed on the MTA, operating in the management of motorway concessions (its core business) and technology applied to transport and mobility.

The Issuer was established in February 2002 following the demerger of some assets of the parent company ASTM S.p.A., consisting of equity investments held by the latter in licensees mainly located along the Tyrrhenian coast. Subsequently, in 2012, the ASTM and SIAS groups were restructured, with all equity investments in the motorway concessions sector being transferred to the SIAS Group.

Today, the SIAS Group is the fourth operator worldwide in motorway concessions, managing a motorway network of approximately 4,156 km. In particular, through its subsidiaries or jointly controlled licensees, the SIAS Group is Italy's second motorway operator, managing approximately 23% of the network in the north west of the country, along the main European infrastructure corridors and strategic routes identified by the EU for the development of passenger and goods' traffic. The SIAS Group also operates in Brazil through the joint subsidiary EcoRodovias Infraestrutura e Logística S.A., a leading motorway operator managing a network in seven different states of Brazil, along trade routes

in the south and south east of the country.

In the technology sector, the SIAS Group operates through the subsidiary Sinelec S.p.A., an Italian leader in the design and development of advanced systems for managing and monitoring critical infrastructure in the transport sector (motorways, railways, logistics) and in the study, design, installation and maintenance of advanced systems for managing mobility and transport data.

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.

As indicated further on in this Report, the Issuer endorses the Corporate Governance Code and, consequently, the corporate governance structure conforms to recommendations in the Code, apart from exceptions indicated below.

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 2019.

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

b) Principles and values

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

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

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

The Code of Ethics, last approved by the Board on 14 March 2018, sets out the principles which company operations must be based on, including relations with personnel and third parties, and which must be observed by Directors, Auditors, managers and all employees of the Issuer.

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

INFORMATION ON CORPORATE OWNERSHIP

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

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

The share capital, subscribed and paid up, equal to EUR 113,771,078.00 consists of 227,542,156 ordinary shares.

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

Since 7 April 2014, option contracts on SIAS ordinary shares have been admitted to trading on the Derivatives Market (IDEM).

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

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

The Articles of Association contain no restrictions on the transfer of or limitations on the ownership of

shares, nor entitlement clauses.

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

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

Entities that, as of the date of this Report, had 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.

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

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

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

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

There are no restrictions on voting rights.

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

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

On 2 August 2018 Aurelia S.r.l. – a company wholly owned by members of the Gavio family and that indirectly controls the Issuer – and Mercure Investment S.à r.l. ("Mercure") – a company wholly owned by Mercure Holding SCA (a company which in turn is controlled by the investment funds Ardian Infrastructure Fund IV SCA, SICAR and Ardian Infrastructure Fund IV SCA, SICAR B, both managed by the Ardian Group) – signed a framework agreement governing the terms and conditions to finalise an operation intended to forge a strategic partnership in the infrastructure sector (the "Operation"). Following this Operation, Aurelia S.r.l. still has sole control of the Issuer (through Nuova Argo Finanziaria S.p.A.). When the Operation was completed, on 27 September 2018, Aurelia S.r.l. and Mercure signed a shareholders' agreement, of which the provisions – made public pursuant to applicable laws – are significant for the purposes of article 122, paragraph 1 and 5(a), (b) and (c) of the TUF.

For more details, reference may be made to excerpts of the shareholders' agreements,

available on the website <https://www.grupposias.it/estratti-patti-parasociali>.

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

Some loan agreements stipulated 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 SIAS or the parent company Aurelia s.r.l. lose control over the relevant concession holder/s concerned. 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 set out in article 104-bis, paragraphs 2 and 3 of the TUF.



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

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

The Shareholders' Meeting has not authorised the purchase of treasury shares pursuant to article 2357 and following of the Civil Code.

j) Management and co-ordination (pursuant to article 2497 and following of the Civil Code)

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

In keeping with previous action taken by Argo Finanziaria S.p.A., on 22 January 2019, NAF notified the start of the management and coordination of SIAS and the parent ASTM S.p.A. ("SIAS", and together with ASTM, the "Listed Companies") pursuant to articles 2497 and following of the Civil Code, in full compliance with principles of proper corporate and business governance, the independence and independent judgement of directors, and with provisions applicable to relations between the parent company and subsidiaries.

Having acknowledged the above, during its meeting of 23 January 2019, the Board of SIAS ascertained the start of management and control by

NAF, delegating the Managing Director to oversee disclosure obligations. On the same date, the Board of Directors of the parent ASTM ascertained the start of management and coordination of ASTM by NAF.

The unitary management by NAF is based on the need to promote the consolidation of Listed Companies in the infrastructure sector in the medium and long term, and encourage growth on international markets, with a view to creating sustainable value for all stakeholders. Achieving these objectives calls for the strategic and financial planning of various entities of the Group reporting to NAF, and a prior review of certain strategic management actions prepared by the administrative bodies of the Issuer and the parent ASTM. For this purpose, NAF promoted the adoption of a group regulation that enables it to perform its role as parent company in compliance with principles for the proper corporate and business governance of managed and coordinated companies (the "Regulation").

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

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

- reviews the strategic, industrial and financial plans, including long-term plans, as well as the annual budgets of Listed Companies and the group they report to;
- periodically assesses the adequacy of information flows concerning the relationship

between NAF and Listed Companies;

- may take action and decisions concerning operations that are significant for Listed Companies and their subsidiaries.

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

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





3.0

COMPLIANCE

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

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

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

Current governance of the Issuer therefore complies with the Code, save for recommendations which the Issuer did not adopt, given the specific nature

of the company's dimension and organisation, ownership structure and business and which, in compliance with the "comply or explain" principle are explained further on.

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



BOARD OF DIRECTORS

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

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

The whole Board of Directors is appointed on the basis of the 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 statutory maximum number of Directors 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 application 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 must include at least two candidates who meet the independence requirements provided for by law, clearly indicating them and entering one of them at the top of the list. Lists containing a number of candidates greater than or equal to three must also include, as specified in the meeting call, candidates of different gender, in order to ensure compliance with the requirements of regulations in force at any time concerning gender balance.

Only shareholders who –alone or together with other Shareholders –hold shares representing the shareholding in the share capital, as set out by Consob pursuant to article 144-ter and following, and the Consob Issuer Regulation, have the right to submit lists. The legal title to the above mentioned shareholding shall be proved according to the methods and timescales set out by the applicable law.

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

Each person entitled to vote may vote only one list.

Election of members will proceed as follows:

- a. from the list obtaining the majority of votes cast by those entitled, four fifths of the Directors to be elected, with rounding down in the event of a fractional number, will be taken in the order in which they appear on the list;
- b. the remaining Directors are elected from the other lists; to this end, the votes obtained by said lists are divided by one, two or three, according to the number of Directors to be elected. The quotients thus obtained are sequentially assigned to the candidates on each list, in the order in which they are listed.

The quotients thus attributed to the candidates of the various lists are arranged in a single decreasing order ranking, resulting in the election of the candidates with the highest quotients. 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.

If the outcome of the aforementioned procedure generates a composition of the Board 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.

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.

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

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

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

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

The Directors are in office for the time agreed by the Meeting (in any case, not more than three financial years) and can be re-appointed; the persons appointed during this period shall fall from office 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(d) of the TUF)

The Board currently in office was originally appointed by the Ordinary Shareholders' Meeting of 27 April 2017, based on the lists filed by Shareholders pursuant to law and to the Articles of Association. Having approved the resolution proposals made by the parent ASTM S.p.A., the Shareholders' Meeting established the members of the Management Body to be elected as 15, for a term of office covering the years 2017, 2018 and 2019 financial years, and therefore 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 1.00% of the share capital. The following two lists were presented:

- list no. 1 (representing the majority) submitted by ASTM S.p.A., owning 61.695% of the share capital of the Issuer, which includes the 12 candidates: Stefano Caselli, Daniela Gavio, Beniamino Gavio, Giovanni Angioni, Stefania Bariatti, Edda Gandossi, Licia Mattioli, Andrea

Pellegrini, Ferruccio Piantini, Paolo Pierantoni, Giovanni Quaglia and Antonio Segni;

- list no. 2, representing the minority, submitted by a group of Italian and foreign institutional investors holding 1.641% of the share capital of the Issuer, which includes the 4 candidates: Sergio De Luca, Saskia Elisabeth Christina Kunst, Paolo Simioni and Paola Annamaria Petrone (this minority list included the statement certifying the absence of relations with reference shareholders, as provided for by applicable laws and regulations).

Out of 176,780,840 shares (equal to 77.694% of the share capital with voting rights):

- list no. 1 submitted by ASTM S.p.A. was voted for by 143,550,534 shares (equal to 81.204% of the share capital present and 63.089% of the share capital with voting rights);
- list no. 2 submitted by the minority was voted for by 32,653,686 shares (equal to 18.472% of the share capital present and 14.351% of the share capital with voting rights);
- votes accounting for 33,735 shares were cast against both lists (equal to 0.019% of the share capital present and 0.015% of the share capital with voting rights);
- abstaining votes accounted for 501,262 shares (equal to 0.284% of the share capital present and 0.220% of the share capital with voting rights);
- no votes were cast for 37,623 shares (equal to 0.021% of the share capital present and 0.017% 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 27 April 2017, which have been published on the Issuer's website under the "governance" section.

The following candidates were therefore voted to the Board:

- from list no. 1 submitted by ASTM S.p.A., the following 12 candidates: Stefano Caselli, Daniela Gavio, Beniamino Gavio, Giovanni Angioni, Stefania Bariatti, Edda Gandossi, Licia Mattioli, Andrea Pellegrini, Ferruccio Piantini, Paolo Pierantoni, Giovanni Quaglia and Antonio Segni;
- from list no. 2, submitted by the minority, the following 3 candidates: Sergio De Luca, Saskia Elisabeth Christina Kunst and Paolo Simioni.

Upon acceptance of the nomination, Giovanni Angioni, Stefano Caselli, Sergio De Luca, Edda Gandossi, Saskia Elisabeth Christina Kunst, Licia Mattioli, Andrea Pellegrini, Antonio Segni and Paolo Simioni declared they were independent in compliance with the provisions set out in the Code and in the TUF, while Ferruccio Piantini declared he was independent only pursuant to the TUF.

The Shareholders' Meeting also appointed Professor Stefania Bariatti as Chair.

On 12 March 2018, the Board Director Giovanni Angioni stepped down from office. On 14 March 2018, the Board decided to not proceed with co-option, deferring the appointment of a replacement Director to the Shareholders' Meeting to be held on 19 April 2018. During this meeting, the new Director Francesco Gatti was appointed.

On 23 March, Edda Gandossi stepped down from her position as Board Director. Subsequently, in its meeting of 19 June 2018, the Board co-opted Marianna Galli as a replacement.

On 27 September 2018, acknowledging the resignation of Beniamino Gavio, the Board co-opted Rosario Mazza as the new director.

On 14 November 2018, following the resignation of the directors Daniela Gavio and Ferruccio Piantini (disclosed to the market on 27 September 2018) and the resignation of Francesco Gatti and Licia Mattioli presented on 14 November 2018, the Board co-opted four new directors: Franco Moschetti, Frances V. Ouseley, Umberto Tosoni

and Micaela Vescia.

During the above meeting and in view of the current market context and objectives for the Group's development at national and international level, the Board approved a consolidation of the industrial oversight of the Company, to achieve, among others, by assigning an executive role to the Chair of the Board of Directors (i) granting powers to supervise internal audit, risk management and risk compliance activities and processes and to take part in defining the Company's strategies and (ii) assigning the Chair the position of "Director responsible for the internal audit and risk management system". Considering, among others, that this configuration would have made it impossible for Professor Bariatti to retain her role as Chair, due to the incompatibility of holding this role with executive powers, as established by regulations relative to the legal profession, a broader-ranging reorganisation of company top management was assessed, valuing the experience of the Chair Professor Bariatti and specific competencies of the Managing Director Paolo Pierantoni, while paving the way for a gradual generational turnover and empowerment of internal resources. In this context, the Board acknowledged the resignation of Professor Bariatti from her position as Chair and appointed (i) the new Chair of the Company Paolo Pierantoni, who consequently resigned from his position as Managing Director, (ii) Professor Stefania Bariatti and Franco Moscetti as Deputy Chairs of the Company and (iii) Umberto Tosoni as the new Managing Director and General Manager.

Lastly, the Board appointed Franco Moscetti as member of the Audit, Risk and Sustainability Committee to replace Professor Stefano Caselli and member of the Appointments and Remuneration Committee to replace Licia Mattioli. Franco Moscetti was also appointed as Chair of the Appointments and Remuneration Committee replacing Antonio Segni, who continued to hold his position as Committee member.

As regards the term of office of Board Members, the date of the first-time appointment of each Director is indicated below: Paolo Pierantoni (date when the Issuer was incorporated, on 8 February 2002); Stefano Caselli (Shareholders' Meeting of 27 April 2011), Giovanni Quaglia (co-opted on 21 February 2013), Stefania Bariatti (co-opted on 1 August 2013), Andrea Pellegrini (Shareholders' Meeting of 19 April 2014), Antonio Segni (Shareholders' Meeting of 19 April 2014), Paolo Simioni, Saskia Elisabeth Kunst, Sergio De Luca (Shareholders' Meeting of 27 April 2017), Marianna Galli (co-opted on 19 June 2018), Rosario Mazza (co-opted on 27 September 2018), Micaela Vescia (co-opted on 14 November 2018), Umberto Tosoni (co-opted on 14 November 2018), Frances Vyvyan Ouseley (co-opted on 14 November 2018) and Franco Moscetti (co-opted on 14 November 2018).

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

As can be inferred from the short bibliographical notes detailed below, the Directors possess adequate professional experience –with regard to legal, technical, economic and financial subjects –through which they actively participate and contribute to the Board's proceedings and decisions:

Paolo Pierantoni (Chair):

born in Genoa, on 9 December 1956. He was awarded a degree in Civil Engineering (Hydraulics) from Genoa University and acquired expertise in corporate management matters within both major construction companies and the Gavio Group, with particular reference to the motorway concession, engineering and infrastructure technologies sectors.

Franco Moscetti (Deputy Chair):

born on 9 October 1951. He holds a degree in Industrial Science and Business studies from Akademie Erisau (Switzerland). He is the founder and managing director of AXEL Glocal Business, a

business consulting company providing strategy, industrial and financial advisory services. His offices include the position of Managing Director of Il Sole 24 Ore from 2016-2017; Managing Director of Gruppo Amplifon from 2004 to 2017 and Managing Director of Air Liquide Italia from 1984 to 2004.

Professor Stefania Bariatti (Deputy Chair):

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. Since 2017, she has been Chair of the Board of Directors of Monte dei Paschi di Siena S.p.A. At international level, from 1999 to 2007 she represented the Italian Government at the Hague Conference on Private International Law during works concerning some international conventions. Moreover, she is author of many publications on private international, European Union and international law.

Umberto Tosoni (Managing Director):

born on 4 March 1975. He holds a degree in Business Engineering from Tor Vergata University (Rome), specialising in transport planning. He has held a number of positions in the SIAS Group, including the office of General Manager of SIAS from July 2015 to April 2017, Managing Director of Autostrada Torino-Savona and Managing Director of SINELEC, the Group's technological company.

Stefano Caselli:

born in Chiavari (Genoa) on 14 June 1969. He was awarded a degree in Economics from Genoa University, specialising in Finance and Financial Brokerage. He is professor of Financial Brokerage Economics at Bocconi University (Milan), and is the author of several national and international publications. He works as a Director at leading asset-management companies, as well as a management consultant for banks, companies and institutions with regard to risk assessment models, corporate assessment and strategy.

Sergio De Luca:

born in Zungoli (Avellino) on 3 September 1950. He has been an independent Board Director of SIAS S.p.A. since March 2017. Holding a degree in Electronic Engineering from Turin Polytechnic, he began his professional career with a managerial position in the R&D department of Ansaldo, going on to work in technical and production areas and becoming General Director of Operations in 1996, and later Managing Director of Ansaldo Segnalamento Ferroviario (ASF). In 2006 the company ASF became Ansaldo STS, and Sergio De Luca was appointed Managing Director in 2007 and Chair of the Board of Directors in 2008. In 2014, he joined Finmeccanica as General Director of Operations of the Group. Between 2014 and 2015 he held a position with Ansaldo S.p.A. At present, he is a consultant for numerous industrial companies.

Marianna Galli:

born in Monza on 31 March 1964, holds a degree in Modern Languages and Literature from Cattolica University (Milan). She is Director of Human Resources and Organisation for Itinera S.p.A. and Director of Organisation and Key People for ASTM S.p.A. She has gained considerable experience in Human Resources Management and Organisation at Impregilo S.p.A., holding the position of Personnel and Organisation Director at Bayer S.p.A., as HR Business Partner.

Saskia Elisabeth Kunst:

She was awarded a degree in Italian from Leiden University (the Netherlands) and Bologna University. She has a Master's Degree in Business Administration from Rochester University (USA), and from Nyenrode University (the Netherlands). She has held important positions including: Business Development Manager with Hutchinson Port Holdings, Managing Director of Sinport S.p.A. with head office in Genoa (a Company of the PSA International Group, Singapore, which provides services for ship owners and logistics operators). She joined the SBM Offshore NV Group (the

Netherlands), a leader in the supply of floating oil systems for offshore production and SPM plants, holding the position of Deputy Chair of New Energy Systems, Director Group Strategy and M&A, Managing Director SBM Schiedam and Management Director Master Limited Partnership Strategy.

Rosario Mazza:

born on 27 October 1983. He holds a degree in Management, Economics and Industrial Engineering from Milan Polytechnic. He is currently Infrastructure Director of Ardian and Board Director of Ardian Italia, Autovia Padana, GESAC, 2i Aeroporti, SAGAT, Software Design, Holding d'Investimento Sanità ed Infrastruttura and Genesi 1. Positions held include Analyst of the Valiance Infrastructural Fund (sponsored by Assicurazioni Generali) and Analyst/Project Finance of BNP Paribas.

Frances Vyvyan Ouseley:

born on 13 May 1964. She was awarded a Master's in Business Administration from Henley Management College (UK) and completed her studies in Revenue Management at the Massachusetts Institute of Technology, Boston (USA). Offices held include Director for Italy for the airline company EasyJet from 2011 to 2018 and board member of IBAR (International Board of Airlines Representatives) in Italy. From 1998 to 2008, she held a number of positions in the airline company Alitalia and was Marketing Director. She was also Director for special projects at the London offices of IBM.

Andrea Pellegrini:

born in Milan on 10 October 1964. He was awarded a degree in Business Economics, specialising in Business Finance, from Bocconi University (Milan). He is an advisor to leading companies operating in the sector of strategic consultancy in extraordinary finance and senior management.

Giovanni Quaglia:

born in Genoa (Cuneo) on 20 October 1947. He was awarded a degree in Modern Literature (Arts and Philosophy) from Turin University. In addition to the professional know-how acquired in the education sector, he has developed advanced managerial and management skills working in an administrative capacity for several local authorities in Piedmont. He is a member of the management bodies of banks and motorway and transport companies.

Antonio Segni:

born in Genoa on 11 May 1965. He was awarded a degree in Law from La Sapienza University (Rome) and is a member of the Rome Bar of Lawyers. In his professional career he has focussed on extraordinary finance and mergers and acquisitions, and capital markets, acting as consultant for listed companies on corporate governance and financial market issues. He is on the boards of listed companies and the author of several publications concerning financial markets law.

Paolo Simioni:

born in Valdobbiadene (Treviso) on 19 December 1960, awarded a degree in Civil Engineering from Padua University. In his professional career, he has gained considerable experience in managing companies operating under concessions in the transport sector, and in redeveloping and commercially valuing mobility infrastructure. At present he is Chair and General Manager of ATAC S.p.A., the Mobility Company of the Municipality of Rome. He has held a wide number of offices including the position of General Manager of ACEA S.p.A.; in the airport industry he has been Managing Director of SAVE S.p.A. (Venice Airport), Catullo S.p.A. (Verona and Brescia airports), AERTRE S.p.A. (Treviso Airport) and BSCA S.A. (Brussels South Charleroi Airport). In the railway industry, he has been Managing Director of Centostazioni S.p.A. (State Railways Group).

Micaela Vescia:

a lawyer at the Milan Bar, holding an honours degree from Tor Vergata University (Rome), Micaela Vescia specialised at the "A. C. Jemolo" Regional Institute for Legal Studies of Lazio, in civil, commercial, corporate and procedural law. Since 2010 she has worked with the legal practice "Gatti Pavesi Bianchi", providing legal advice in the area of ordinary and extraordinary corporate law (mergers and acquisitions and corporate governance), commercial law for public and private companies and relative profiles for legal and corporate law proceedings.

The comprehensive curricula of the members of the Board are available on the Issuer's website, under the "governance" section.

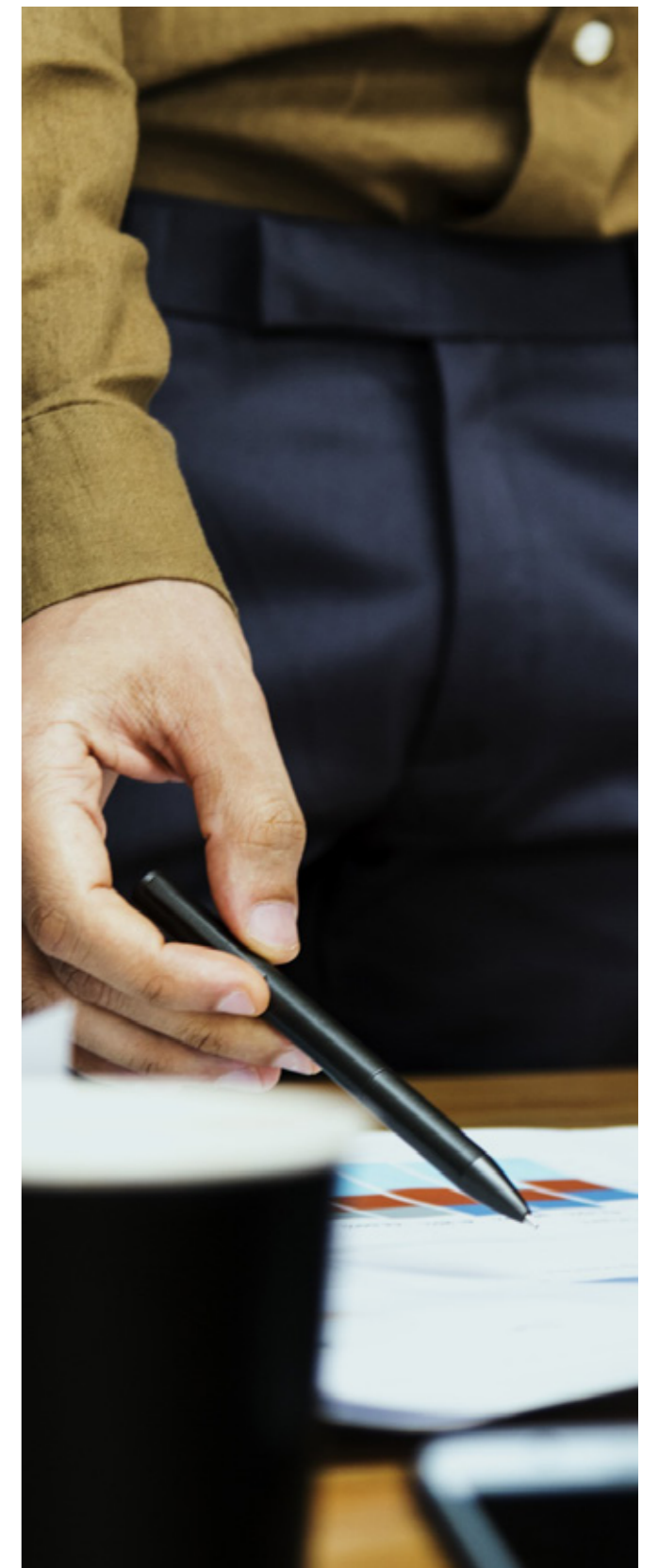
Diversity policies and criteria

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

The diversification of the current Board led to the appointment of five directors of the least represented gender, three of which meet the independence requirements envisaged in article 147 ter paragraph 4 of the TUF and application criterion 3.C.1 of the Code. These Board members can offer a high level of professional expertise and contribute significantly to the works of the Board.

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

In particular, the Issuer is committed to:



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

Maximum number of offices held in other companies

The Board adopted a procedure, 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 SIAS, 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) above, 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 must 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 in case that the latter, as sub-holding companies, draw up their own Consolidated Financial Statements;
- in case of offices held in large enterprises belonging to the same group, the weight given to each of the offices –except for the first one –is reduced by half and, in any case, the fact of holding several positions within the same group shall not imply a total "weighting" higher than 2.

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

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

Induction Programme

In line with provisions in the Code on the effective and informed performance of the role of each Director, following the new appointment of the Board in June 2017, an induction session was held presenting the Issuer's Group and its core business to Board Directors, with a particular focus on motorway sectors, and on strategies basically related to the development of activities and initiatives to expand competitive positioning

on the Italian market and abroad. In July 2017, during the presentation of the "Going Global 2017-2021 Strategic Plan" (which targets the development of the ASTM-SIAS Group over the next five years, through a growth strategy based on geographic expansion and consolidation of the domestic market), the SIAS Group and its core business were presented.

Thanks to the frequency and the contents of Board Meetings, the Directors and Auditors are constantly informed of the Issuer's corporate situation and the market, and of main legal and regulatory developments concerning the Issuer and the Group.

Having considered the industrial holding activities carried out by SIAS and characteristics of the group it belongs to, special attention has been paid to the purchase and disposal of equity investments and to the motorway segment, so that it was possible to have an updated framework on the corporate activities and dynamics under way/being assessed, in order to make proper decisions.

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

During 2018, the Board held 12 meetings, which lasted on average for approximately 93 minutes.

For further information on the attendance of each Director in meetings, see Table 2.

With regard to 2019 –as detailed in the annual schedule of corporate events submitted to Borsa Italiana S.p.A. in January 2019 –at least 4 meetings have been scheduled to approve the Financial Statements, the half-yearly Financial Report, as well as additional periodic financial reporting at 31 March and 30 September. Since the beginning of 2019, 4 meetings have already been held, although 3 were not included in the above-mentioned schedule.

The Chair 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 2018, the above deadline was basically met.

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

As a standard practice, the General Manager takes part in board meetings (position currently held by the Managing Director), contributing with his/her specific experience, and 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 broad and unrestricted powers for the ordinary and extraordinary administration of the Issuer and has the authority to carry out all actions that it deems necessary to achieve the corporate purpose, with the sole exception of activities

expressly reserved to the Meeting by law.

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 delegated bodies –also with regard to the exercise of relevant management powers, the Board also 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 particular, pursuant to the Guidelines for significant transactions, last updated on 23 December 2019, the Board reviewed the following transactions:

- a. issues of bonds or other financial instruments, the issue of guarantees (including guarantees furnished to banks) or the undertaking of new debt that is not envisaged in the Strategic Plan/Annual Budget of the Issuer and which, as regards the last consolidated financial statements approved by ASTM S.p.A., would lead to an increase in the consolidated net financial position/EBITDA ratio of ASTM S.p.A. which is four times higher, with the exclusion of (i) performance bonds, bid bonds, advance bonds, retainer bonds and other commercial securities issued from time to time by the Issuer and subsidiaries directly or indirectly controlled by the Issuer in the framework of ordinary operations, (ii) guarantees furnished to the tax authorities and (iii) guarantees issued in the interest of, or for obligations undertaken by, any company directly or indirectly controlled by the Issuer and in favour of the party granting motorway concessions or the principal;
- 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 (i) which have an amount higher than EUR 10 million as notional value, and (ii) which do not only aim at and/or have the effect of hedging corporate risks (by way of example only: interest rate, foreign exchange and raw material hedging);
- d. the granting of personal guarantees and/or collaterals in favour of entities other than the Issuer or Subsidiaries, for amounts higher than EUR 10 million;
- e. merger and split-off transactions, where at least one of the companies involved is not a subsidiary;
- f. acquisition or disposal of real estate whose value is equal or higher than EUR 5 million;
- g. acquisition or disposal of companies or business units, fixed assets and other assets, whose transaction value is equal or higher than EUR 10 million;
- h. acquisition or disposal of equity investments, incorporation of new companies (including joint ventures) and transactions involving new contributions that are not proportional to the shareholding (meaning new contributions for share capital increase subscriptions, payments towards future share capital increases, payments to cover losses) for which (i) the value of the transaction/contribution for the Issuer is equal to or higher than EUR 5 million and (ii) the signing of agreements for the exercise of rights related to these equity investments and transactions that can involve, during their development or at their end, commitments and/or purchase agreements and/or disposal agreements of this kind and of this extent and (iii) that may directly or indirectly constitute a position of control or joint control;

- i. the signing of agreements/shareholders' agreements that may result in the acquisition or loss of control or result in or eliminate joint control arrangements relative to companies and/or joint ventures;
- j. the acquisition, in any way, of new motorway concessions, submission of offers in public tenders for the award of new concessions, the extension of motorway concessions currently in place, amendments to concession agreements and updates to the financial/economic plans (PEF) attached to these agreements;
- k. 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 to subsidiaries.

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 and its Committee, for 2018, in compliance with the recommendation in the Code (article 1.C.1.(g)). For this reason, in January 2019 a survey was launched involving all members of the Board, based on the distribution of a questionnaire, requesting each respondent to give an opinion on the themes under review and, specifically: (i) the effectiveness of the Board; (ii) work methods, cohesion and interaction; (iii) the organisation of



the Board's work; (iv) the role and responsibilities of Directors; (v) the assessment of Board Committees; (vi) the composition of the Board; (vii) the size and composition of Committees.

Directors were asked to give an evaluation in the questionnaire, choosing from a number of options, and could also make "observations", i.e. suggestions to help improve the functioning of the Board. The replies given – which remain anonymous – were then channelled into a specific report, as aggregate data, reviewed by the Board in its meeting of 20 March 2019.

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

The results of this review, which are anonymous, were analysed in depth during the Board meeting of 20 March 2019, which resulted in an overall positive assessment of the functioning of the Board and Board Committees, in line with previous financial years.

The Board was involved in significant changes which – although part of the overall process to reorganise Group governance which has been ongoing in the last few years – have been incorporated in full with the new board taking up office. Changes in the composition of the Board have led to a mix of competencies with a solid professional background and good overall experience of corporate governance and listed companies. With reference to the Board's composition, as indicated in article 2 of the Code, application criterion 1.C.1.(g), the Directors considered the composition of the Board, in terms of gender, age and geographic origin, to be satisfactory.

A good level of cooperation, debate and engagement were also noted, as well as the considerable value from the variety and complementary nature of members' individual expertise.

The following aspects were positively assessed: (i) the entirely autonomous judgement of independent Directors, whose third-party status in relation to management or controlling party guidelines was appreciated, as well as the proactive approach to board and committee activities; (ii) the effectiveness of Committees, with progress in terms of the content, composition and dialectics with the Board of Directors; (iii) the commitment, interest shown and involvement of all Directors.

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

When company positions are renewed, the results of the self-assessment process are considered by the Board when providing guidelines to shareholders on the composition of the new board.

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

The Meeting did not grant derogations from the

non-competition clause set out in article 2390 of the Civil Code as a general and preventive measure.

4.4 Delegated bodies

Managing Director

Following the renewal of the Board of Directors by the Shareholders' Meeting held on 14 November 2018, 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.

During this meeting, having acknowledged the resignation of Paolo Pierantoni from his position as Managing Director of the Issuer, the Board appointed Umberto Tosoni as the new Managing Director, granting him the following powers:

- a. powers for the ordinary and extraordinary management of the company, subject to the limitations set out by law and the Articles of Association, except for the following actions that shall be previously authorised by the Board of Directors: (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 in which the equity investment is at least 50% of the share capital; (iii) waive legal mortgages; while the Board of Directors retains the following powers (aa) resolutions concerning the approval of and amendment to the budget and business plan of the Company, (bb) all matters concerning the appointment, management and termination of the position of employment of the general manager (DG) and chief financial officer (CFO), (cc) determining criteria for selecting the Company's top management and (dd) giving voting instructions to the Company's representative during the board meetings of

IGLI S.p.A., the Group Company that directly or indirectly holds the capital of EcoRodovias Infraestrutura e Logística S.A.;

- b. appoint and revoke proxies and attorneys by setting out their powers;
- c. promote and support legal actions on behalf of the Company – acting as both claimant or defendant – at any court (civil, penal or administrative) and at any level of jurisdiction, in Italy and abroad.

The Managing Director also has specific powers concerning the privacy of data and all powers of the Issuer in its capacity as “Controller” pursuant to applicable laws on the processing of personal data, as well as all powers necessary or appropriate to establish, adopt, monitor and update the Company’s data protection management programme.

Moreover, the Managing Director also has the power to appoint and revoke appointment of proxies and attorneys by setting out their powers, as well as to promote and support legal actions on behalf of the Issuer – acting as both claimant or defendant – at any court (civil, penal or administrative) and at any level of jurisdiction, in Italy and abroad.

Chair of the Board of Directors

Following the resignation of Professor Stefania Bariatti, the Board of Directors appointed Paolo Pierantoni as Chair on 14 November 2018.

The Chair legally represents the Company before third parties and in court, and has the following powers to be exercised with separate signature granted by the Board on 14 May 2018: (i) establish the items on the agenda of the Board, in agreement with the Managing Director; (ii) ensure that items on the agenda are sent to directors and ensure that directors are given the most suitable documents sufficiently in advance to enable

them to effectively take part in the Board’s work; (iii) assist the Managing Director as regards the strategic, industrial and financial plans, including the long-term plans of the Issuer and Group; (iv) supervise, through monitoring, oversight and control, internal, audit, risk management and risk compliance activities and processes, ensuring adequate information flows among the Board, other corporate bodies and company functions; (v) monitor, in compliance with programmes approved by the Board, general initiatives to promote the image of the Issuer and Group in Italy and abroad, and manage relative communication; (vi) oversee, together with the Managing Director, the institutional relations of the Issuer with national and international public authorities, public bodies and supranational organisations, as well as trade associations; (vii) monitor the preparation of strategies to communicate with the market and assist the Managing Director in defining plans to engage with investors and rating agencies; (viii) ensure, in agreement with the Managing Director, specific, timely notification to the competent market regulatory authorities; (ix) represent, in compliance with decisions taken by competent company boards, the Company in ordinary and extraordinary shareholders’ meetings of companies or organisations in which the Issuer participates, with the authority to grant special proxies to employees of the company or to third parties to exercise these powers; (x) sign company correspondence and documents concerning the position and exercise of powers granted.

Deputy Chairs

On 14 November 2018, Daniela Gavio handed in her resignation as Deputy Chair.

With a view to business and operating continuity, the Board, in the meeting of 14 November 2018, appointed Professor Stefania Bariatti and Franco Moscetti as Deputy Chairs.

On 14 November 2018, the Board granted the Deputy Chairs the following powers, to exercise if the Chair is absent or prevent (i) establish the agenda of the Board Meeting, together with the Managing Director; (ii) ensure that items on the agenda are sent to directors and ensure that directors are given the most suitable documents sufficiently in advance, to enable them to effectively take part in the Board’s work; (iii) ensure, in agreement with the Managing Director, specific, timely notification to the competent market regulatory authorities; (iv) sign company correspondence and documents concerning the position and exercise of powers granted.

General Management

The Board Meeting of 14 November 2018 appointed Umberto Tosoni as General Manager, granting him the following powers: (i) prepare organisational plans, in compliance with the general guidelines of the Managing Director, to be examined in advance by the Board; (ii) oversee all ordinary management in compliance with criteria established by the Board; (iii) coordinate and supervise the organisation of non-executive personnel, defining their tasks and abilities, as well as adopt disciplinary measures in compliance with current rules, the national collective bargaining agreement and corporate trade union agreements; (iv) represent the Issuer with state administration, public and private organisations, any public association or other entity that has dealings with the Company, with the authority to sign all relative, necessary correspondence.

Executive Committee (pursuant to article 123-bis, paragraph 2(d), 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

In compliance with article 24 of the Articles of Association, company bodies reported to the Board and the Board of Statutory Auditors on the activities carried out in the exercise of their powers, as well as on the overall performance and the outlook, and on major economic, financial and equity 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 and General Manager Umberto Tosoni and Chair Paolo Pierantoni, there are no other executive directors, in accordance with the definition given in criterion 2.C.1 of the Code.

4.6 Independent Directors

9 members of the Board of Directors comply with the independence requirements set out by the Code and by article 148, paragraph 3 of the TUF.

Compliance with these requirements (that was stated upon presentation of the lists, together with acceptance of the application), was positively assessed by the Board following the appointment and during the annual periodic assessments, of which the last one was in March 2019.

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

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

Independent Directors' meeting

The Independent Directors met on 23 January 2019. Following their assessment, they confirmed the favourable opinion with regard to the operations and composition of the Management Body; the members have professional profiles and knowledge suitable in order to achieve the strategies and aims of the Issuer and its group.

The Directors also expressed a favourable opinion on the existing information flow which made it possible to adequately monitor the operations of the company and the SCIGR. In this regard, pre-meeting information and debate and review of board and Committee activities enabled Directors

to make informed decisions.

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

The support of and contribution to board activities from the Audit, Risk and Sustainability Committee, Appointments and Remuneration Committee and Supervisory Board were also notified and these bodies, as part of their duties, reported at regular

intervals on the outcomes of their activities, assisting assessments and decisions of the Board, where applicable.

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

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

4.7 Lead independent director

The current organisational structure of the Board complies with the Code, based on which, business management should preferably be separated from the duties of Chair. For this reason, a "lead independent director" among independent directors was not appointed.

During the meeting of 23 January 2019, as of paragraph 4.6 above, the independent directors decided to assess during the year the advisability of proposing the appointment of a Lead Independent Director to the Board.



HANDLING OF CORPORATE INFORMATION

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

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

In compliance with the new legal framework on market abuse, established 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 SIAS S.p.A.” which (i) identifies the functions or organisational units that, for various reasons, are involved, within the Issuer, in the processing of Significant or Inside Information (ii) mapped the potential types of Significant or Inside Information and (iii) coded provisions relative (x) to the internal management and external communication of corporate documents and information concerning the Issuer

and its subsidiaries, with particular reference to Significant and Inside Information and (y) kept and updated the Insider List.

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

With respect to “Insider Trading” rules, which are governed by a dedicated procedure that was last updated also following the entry into force of Regulation (EU) no. 596/2014, the Corporate Compliance Function is the unit responsible for receiving, managing and disclosing to the market any material transactions effected, on the Issuer’s

shares and of financial instruments linked to it, by “relevant persons” and “close associates”, as identified on the basis of current legal and regulatory provisions.

In order to promptly comply with disclosure requirements, a document entitled “Transactions carried out by relevant parties and close associates” is drawn up and given to relevant parties. This document contains (i) all legal and regulatory provisions that constitute the regulatory framework, as well as (ii) the terms and conditions for communications to Consob, Issuer and the market. This document also provides regulations on the black-out period, which is the time when significant entities may not carry out transactions in specific periods of the year (the thirty days prior to the disclosure of financial documents to the public).



BOARD COMMITTEES

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

On 2 May 2017, the Board set up the Remuneration Committee (subsequently named the “Appointments and Remuneration Committee”) and the Audit and Risk Committee (subsequently named the Audit, Risk and Sustainability Committee), with a composition in line with the provisions of the Code and article 16 of the

Markets Regulation, since all members are non-executive Directors and meet the independence requirements.



APPOINTMENTS AND REMUNERATION COMMITTEE

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

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

The Appointments and Remuneration Committee comprises the independent directors Franco Moscetti (Chair), Saskia Elisabeth Christina Kunst and Antonio Segni, who have adequate knowledge of and experience in financial issues and remuneration policies, as well as management recruitment.

As part of its functions as “remuneration committee” pursuant to the Corporate Governance Code, the Committee:

- periodically assesses the adequacy, overall consistency and actual application of the Remuneration Policy for Directors and Key Management Personnel, using the information provided by the Managing Director, and submits relative proposals to the Board;
 - submits proposals or expresses 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;
 - monitors the implementation of decisions adopted by the Board by assessing, in particular, the achievement of performance objectives.
- The Committee meets with the frequency required to fulfil its functions and is duly convened in the presence of at least the majority of its acting members. In particular, the activities of the Committee are expected to take place in implementation of a yearly plan that entails the following stages:
- assessment of the suitability, consistency and actual implementation of the Remuneration Policy implemented in the previous financial year;
 - definition of proposals for the Remuneration Policy for the following financial year and
- puts proposals on the remuneration policy for Directors and Key Management Personnel to the Board;

performance targets linked to incentive schemes;

- preparation of the Report to be submitted to the Shareholders' Meeting, subject to prior approval by the Board of Directors;
- analysis of the outcome of the vote expressed by the Shareholders' Meeting on the Remuneration Policy approved by the Board.

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

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

During 2018, the Appointments and Remuneration Committee met 6 times. During 2019, 5 meetings have already been held.

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



DIRECTORS' REMUNERATION

General remuneration policy

The remuneration policy for Directors with particular positions, for the General Manager and Key Management Personnel is proposed by the Appointments and Remuneration Committee and adopted as decided by the Board of Directors.

As part of this process, the Board and Committee are assisted by contributions and opinions from the Board of Statutory Auditors, and also from the Audit, Risk and Sustainability Committee, if requirements pursuant to the procedure on related party transactions adopted by the Company in compliance with the Related Parties Regulation are met. The company functions Organisation and Key People Management, Corporate Affairs and Compliance and Budget and Control are also involved.

Pursuant to article 16 of the Articles of Association, 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 entitled to the reimbursement of the expenses incurred as a result of their office.

Moreover, the Board sets out the remuneration for

the members of the Supervisory Board and the Committees that have been created in compliance with the Code.

During 2018 and the first few months of 2019, the Appointments and Remuneration Committee, among others: (i) submitted the remuneration report to the Board (to present to the Shareholders' Meeting); (ii) monitored and verified the correct implementation of the Remuneration Policy adopted for 2018.

The aim of the Remuneration Policy is to:

- establish remuneration levels that can: (i) recognise the managerial abilities of the individuals involved and their contribution to corporate growth with respect to their competencies and functions; (ii) attract, retain and motivate individuals with suitable professional profiles and capabilities for the Company;
- align the interests of executive directors with the main objective of medium to long-term value creation for investors;
- ensure the link between managers' remuneration and actual Company performance;
- promote medium-/long-term sustainability, with a specific focus on the interest of all corporate stakeholders.

For 2019, the remuneration policy and approach of the previous year were therefore confirmed, with the intention of aligning remuneration with the company's growth model.

Remuneration of executive directors

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

Remuneration of key management personnel

On 20 March 2019, the Board identified the Chief Financial Officer of the Company, Stefano Viviano, as Key Manager, and the beneficiary of a short-term variable and long-term incentive scheme, whose objectives are set out, based on the structure established for the Managing Director, as regards assigned responsibilities.

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

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

Directors' indemnity in case of resignation, dismissal or termination of the employment relationship following a takeover bid (pursuant to article 123-bis, paragraph 1(i) of the 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, or any non-competition agreements entailing the payment of a sum in respect of the obligation arising from the aforementioned agreements.

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



AUDIT, RISK AND SUSTAINABILITY COMMITTEE

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

The Audit, Risk and Sustainability Committee consists of the Independent Directors Andrea Pellegrini (Chairman), Sergio De Luca and Franco Moschetti.

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

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

Based on the "Guidelines for the Internal Audit and Risk Management system", approved by the Board in May 2014 and last revised by resolution of the Board of 14 May 2018, the Committee reports on the results of its activities on a half-yearly basis, during meetings held to approve the annual and interim accounting documents; As a consequence, at least 2 meetings have been planned for 2019, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

Functions of the Audit, Risk and Sustainability Committee

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

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

of approval of the annual and half-yearly financial reports; (vii) 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 (for example through the whistleblowing system).

To perform its functions, the Committee receives the following information flows:

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

On 9 August 2017, the Board 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.



INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

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

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

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

- explaining the roles and responsibilities of main entities involved in the audit process;
- formalising relations between the Internal Audit function and audited entities, as well as

information flows between this function and control bodies;

- making the rules of conduct and principles which the Internal Audit function must observe in its activities transparent.

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

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

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

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

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

10.1 Role of the Board of Directors

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

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

- defines the guidelines of the SCIGR, determining the level of compatibility of these risks with a business management in line with strategic objectives identified, including in its assessments, all risks that may be significant as regards the medium/long-term sustainability of the Issuer's operations;
- assesses, at least annually, the adequacy and effectiveness of the SCIGR, in relation to the Issuer's characteristics and the risk profile undertaken;
- approves, at least annually, the work plan prepared by the Internal Audit function manager, after consulting with the Board of Statutory Auditors and Director of the SCIGR;
- appoints and withdraws the appointment of the Internal Audit manager, on the proposal of the Director of the SCIGR, after consulting with

the Board of Statutory Auditors and obtaining approval from the Audit, Risk and Sustainability Committee;

- ensures that the Internal Audit manager has adequate resources for his/her responsibilities;
- evaluates, after consulting with the Board of Statutory Auditors, the results of the independent auditors in their letter of findings and fundamental issues identified during auditing.

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

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

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

10.2 Director responsible for the internal audit and risk management system

On 2 May 2017, the Board of Directors appointed Paolo Pierantoni as Director of the SCIGR; the appointment was confirmed on 14 November 2018.

As part of his responsibilities, the Director of the SCIGR, carried out an assessment in 2018 and in the first few months of 2019, together with the Audit, Risk and Sustainability Committee, based on which the SCIGR of the Issuer was revised, giving the Issuer, in its capacity as an industrial holding, a key role in coordinating and promoting equity investments and identifying new investment opportunities. In this context, SIAS:

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

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

The Director of the SCIGR:

- actually adopts the guidelines defined by the Board, overseeing the planning, development and management of the SCIGR and verifying its adequacy and effectiveness on a continual basis, adapting it to the dynamics of operating conditions and the legal and regulatory framework;
- oversees the identification of main company risks, taking into account the characteristics of activities carried out by the Issuer, and submits them at regular intervals to the Board, for review;

- may request the manager of the Internal Audit Function to perform checks on specific areas of operation and on compliance with the internal rules and procedures in conducting corporate operations, concurrently notifying the Chair of the Board of Directors, the Chair of the Audit, Risk and Sustainability Committee and the Chair of the Board of Statutory Auditors;

- promptly reports to the Audit, Risk and Sustainability Committee on issues and critical aspects identified in carrying out his/her activities or that come to his/her knowledge, so that the Committee may act accordingly.

10.3 Internal Audit Manager

The Board, on the proposal of the Responsible Director, and after consulting with the Audit and Risk Committee and Board of Statutory Auditors, appointed Mario Ciampini as Internal Audit Manager on 23 December 2014, resolving on his annual compensation for this position. Mr Ciampini has long-term experience in management control.

The Internal Audit Manager:

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

- prepares six-monthly reports containing information on activities, the procedures used to manage risks, in compliance with plans defined to mitigate risks and the suitability of the SCIGR;
- checks the reliability of information systems, including accounting systems, as part of the audit plan.

In March 2018, the Board – after consulting with the Audit, Risk and Sustainability Committee, and the Board of Statutory Auditors and Director of the SCIGR – approved the new “2018-2020 Audit Plan” and relative audit schedule for 2018, with related time scales and commitment in terms of “man/days”.

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

10.4 Organisational model pursuant to Legislative Decree 231/2001

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

Model 231 – aligned with the principles in “Confindustria Guidelines” approved in March 2002 and last updated in 2014 – was then updated on an ongoing basis, to take into account the many offences that were gradually included in the scope of predicate offences considered by Decree no. 231/01 and to implement necessary adjustments due to organisational changes over the years.

The Board of Directors appointed a Supervisory Board (“SB”) to which it has allocated the task of monitoring the operation, effectiveness 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 in office, appointed by the Board on 2 May 2017, comprises the Edda Gandossi (Chair), the Acting Auditor Annalisa Donesana and Roberto Sanino.

The SB held 10 meetings during 2018 and has held 3 meetings in 2019.

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

Finally, it should be noted that the main subsidiaries of the Issuer have adopted a Model 231 and



appointed a Supervisory Board, which typically includes one member of the Board of Statutory Auditors.

10.5 Independent Auditors

On 27 April 2017, the Board resolved to appoint PricewaterhouseCoopers S.p.A., with registered office in Via Monterosa 91, Milan, registered as auditors with the Ministry of Economy and Finance to audit the accounts of the Issuer for 2017-2025.

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

In compliance with article 21, paragraph 6 of the Articles of Association, on 2 May 2017 the Board – having consulted with the Board of Statutory Auditors – re-appointed Sergio Prati, Administration Manager of the Issuer, as “manager responsible for financial reporting”.

Mr Prati – who has extensive professional experience in administrative and financial matters and complies with the requirements of integrity required for the position of director – was appointed for the same term of office of the Board (i.e. until approval of the 2019 financial statements).

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

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

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

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

During 2018, the Director monitored the functioning of the “control model 262/2005”. This model was adopted by the Issuer and its main subsidiaries in 2007 based on a “cascade” approach, in order to align significant administrative/accounting procedures in relation to duties regulated by article 154-bis of the TUF.

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

As part of the procedures concerning the “control model 262”, the managers of all companies of the Issuer’s group forwarded relative statements and certification concerning annual and interim accounting documents.

In compliance with 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.

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

As described above, the functions and bodies that make up the SCIGR report on activities carried out in order to comply with their institutional tasks and related findings, according to the

methods and deadlines set out by relative legal and regulatory provisions, as well as by the Civil Code's recommendations providing for their establishment.

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



DIRECTORS' INTERESTS AND RELATED PARTIES' TRANSACTIONS

Since 1 January 2011 the procedure on transactions with related parties has been in force. This procedure was approved by the Board on 26 November 2010 (and subsequently amended on 9 November 2012, 6 March 2014 and 23 January 2017 with the favourable opinion of the Audit and Risk 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 to identify transactions of lesser or greater importance; (ii) the transactions that have been excluded and are not subject to the procedure set out for their approval, except for communication obligations towards Consob, if of greater importance; (iii) the transactions carried out by subsidiaries, that shall be subject to approval of the SIAS Board, having heard the opinion of the Audit and Risk Committee. This category includes:

- the acquisition or disposal of real estate whose value is higher than EUR 1 million;
- merger transactions, division by acquisition or non-proportional demerger 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;
- transactions other than those mentioned above, with 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).

For a correct implementation of the procedure within the Issuer's Group, any relevant information and operating instructions have been promptly notified to the subsidiaries, pursuant to article 2359, paragraph 1, no. 1) of the Civil Code.

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 the



transactions with related parties, if requirements are met. For the orderly functioning of the Committee, an age-based replacement system has been created if some members are already involved in specific transactions.

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

12.0

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 a Standing 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 Standing Auditor, the other for candidates for the office of Substitute 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 abovementioned shareholding shall be proved according to the methods and timescales set out

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 Standing Auditor and one Substitute 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 year’s experience in:

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

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

The outgoing auditors can be re-elected.

The lists submitted shall be filed at the Issuer's registered office within the terms and according to the methods set out by current regulations, as mentioned in the meeting's notice. The declarations by which candidates accept their candidacy and represent, under their own responsibility, that there are no reasons for their ineligibility and incompatibility, together with any document required by law, must be deposited with each list; they also confirm they comply with legislative and statutory requirements. The list that does not comply with the above-mentioned provisions shall be considered as not submitted.

Election of Statutory Auditors will proceed as follows:

- from the list obtaining the most votes in the Shareholders' Meeting, two acting and two substitute 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 substitute member are taken, based on the sequential order in which they were listed in the sections of the list.
- In the event of a tie between two or more lists, the most senior candidates are elected, up to the number of places to be assigned.
- The Chair of the Board of Statutory Auditors is assigned to the candidate from the list obtaining the second most votes in the Shareholders' Meeting; in the event of a tie between two or more lists, the preceding paragraph applies;
- Should application of the above procedure not allow, for Standing Auditors, compliance with

the legislation on gender balance, the quotient of votes to be attributed to each candidate taken from the Standing Auditor sections of the various lists is calculated, dividend the number of votes obtained from each list by the sequential number of each of said candidates; the candidate of the most represented gender with the lowest quotient of candidates taken from all the lists is replaced by that belonging to the less represented gender, where indicated, with the immediately higher sequential number, in the same section of the Acting Auditors of the list of the replaced candidate or, alternatively, in the section of the Alternate Auditors of the same list of the replaced candidate (which in this case takes over the position of the alternate candidate he/she replaces). In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of auditors is taken or, alternatively, the candidate taken from the list which obtained the least votes will be replaced;

- for the appointment of auditors, for any reason, not appointed in the manner provided above, the Shareholders' Meeting decides with the legal majorities and in compliance with current legislation regarding gender balance.

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

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

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 balance.



COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

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

The Board of Statutory Auditors currently in office was appointed by the Ordinary Shareholders' Meeting on 27 April 2017, based on lists filed by Shareholders pursuant to law and the Articles of Association, for the financial years 2017-2019, i.e. until the 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 1.00% of the share capital. The following two lists were presented:

- list no. 1, representing the majority, submitted by the Shareholder ASTM S.p.A., owning 61.695% of the share capital, consisting of two candidates to the office of Acting Auditor (Pasquale Formica, Annalisa Donesana) and two candidates to the office of Alternate Auditors (Riccardo Bolla, Luisella Bergero);
- list no. 2, representing minorities, submitted by a group of Italian and foreign institutional investors, owning overall 1.641% of the share capital, including one candidate to the office of Acting Auditor (Daniela Elvira Bruno) and one candidate to the office of Alternate Auditor (Alessandra Pederzoli); upon filing, this list also included the statement certifying that no relations existed with reference shareholders, as set out

by the aforementioned regulatory provisions issued by Consob, implementing article 148 of the TUF.

Out of 176,776,840 shares (equal to 77.692% of the share capital with voting rights):

- list no. 1 submitted by ASTM S.p.A. was voted for by 143,570,288 shares (equal to 81.216% of the share capital present and 63.098% of the share capital with voting rights);
- list no. 2 submitted by the minority was voted for by 32,178,579 shares (equal to 18.203% of the share capital present and 14.142% of the share capital with voting rights);
- votes accounting for 33,735 shares were cast against both lists (equal to 0.019% of the share capital present and 0.015% of the share capital with voting rights);
- abstaining votes accounted for 501,162 shares (equal to 0.283% of the share capital present and 0.220% of the share capital with voting rights);
- no votes were cast for 493,076 shares (equal to 0.279% of the share capital present and 0.217% 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 27 April 2017, which have been published on the Issuer's website under the "governance" section.

The following candidates were therefore voted to the Board of Statutory Auditors:

- from list no. 1 submitted by ASTM S.p.A., the following four candidates: Pasquale Formica (Acting Auditor), Annalisa Donesana (Acting Auditor) Riccardo Bolla (Acting Auditor) and Luisella Bergero (Acting Auditor);
- from list no. 2, submitted by the minority, the following 2 candidates: Daniela Elvira Bruno (Chair of the Board of Statutory Auditors) and Alessandra Pederzoli (Acting Auditor);

Some short bibliographical notes on the members of the Board of Statutory Auditors are detailed below. Their full curricula vitae, together with the list to which they belong, are available on the Issuer's website, under the "governance" section:

Daniela Elvira Bruno:

born in Bollate (Milan) on 1 October 1969. 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 considerable experience in taxation, in particular as regards corporate restructuring, national and international tax planning, tax litigation and opinions on taxation and corporate issues. She holds the following offices: Chairman of the Board of Statutory Auditors of RO.EL.MI Holding S.p.A., Acting Auditor of SVP Europe S.p.A., Acting Auditor of Elopak S.p.A., Acting Auditor of ICR Industrie Cosmetiche Riunite S.p.A., Acting Auditor of Immobiliare Elfin S.p.A., Acting Auditor of Ametech S.r.l., Acting Auditor of Lacto Siero Italia S.p.A., Acting Auditor of Ecommerce Partners S.p.A., Auditor of: Terabel Gienne Pharma S.p.A.

Pasquale Formica:

born in Avellino, on 3 June 1979. He was awarded a degree in Economics and Business and works as a chartered accountant and independent statutory auditor. He has gained considerable experience in providing tax, corporate and business advisory services. He is the author of numerous publications in newspapers and the specialist press on taxation. He is an Acting Auditor for Ecogena S.p.A.

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 offices: Acting Auditor of Dea Capital S.p.A., Acting Auditor of Dea Capital Partecipazioni S.p.A., Acting Auditor of A2A Security S.c.p.a., Acting Auditor of 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., Alternate Auditor of A2A Calore & Servizi S.r.l., Alternate Auditor of A2A Energy Solutions S.r.l., Alternate Auditor of ASTM S.p.A..

Luisella Bergero:

born in Savona on 5 September 1971. She was awarded a degree in Economics and Business from Genoa University. She works as a chartered accountant and independent statutory auditor and is a specialist in law and taxation. She has written numerous scientific articles for magazines of the Il Sole 24 Ore Group, on accounting, finance and control and guides on accounting and financial statements. She holds the following offices: Chairman of the Board of Auditors of ERG Power S.r.l., Acting Auditor of Cosulich International

S.r.l., Acting Auditor of ERG Power Generation S.p.A., Acting Auditor of ERG Hydro S.r.l., Acting Auditor and statutory auditor of ERG Solar Holding 1, Acting auditor and statutory auditor of I.P.S. Insedimenti Produttivi Savonesi s.c.p.a., Sole Auditor and statutory auditor of CABUR S.r.l., Alternate Auditor of ERG S.p.A., Alternate Auditor of Fratelli Cosulich S.p.A., Alternate Auditor of Express S.r.l.

Riccardo Bolla:

born in Savona, on 26 February 1966. He was awarded a degree in Economics and Business from Cattolica University, Milan. He works as a chartered accountant and independent statutory auditor and is registered with the Ministry of Economic Development as a Liquidator and with the Ministry of the Interior as a statutory auditor of local authorities. He has gained considerable experience in tax planning, the revision of banks and industrial companies, tax litigation and consulting activities for listed companies concerning issues with international standards, corporate disclosure and listings. He holds the following offices: Chairman of the Board of Statutory Auditors of Cavanna S.p.A., Chairman of the Board of Statutory Auditors of Cosulich International S.r.l., Chairman of the Board of Statutory Auditors of Fratelli Cosulich S.p.A., Chairman of the Board of Statutory Auditors of Interporto Vado Vio S.p.A., Chairman of the Board of Statutory Auditors of TPL Linea S.r.l., Chairman of the Board of Statutory Auditors of IGLI S.p.A., Chairman of the Board of Statutory Auditors of Sirti Energia S.p.A., Chairman of the Board of Statutory Auditors of Ester Capital S.r.l., Chairman of the Board of Statutory Auditors of Axia.Re S.p.A., Chairman of the Board of Statutory Auditors of Fondazione A. De Mari, Acting Auditor of A.d.F. S.p.A., Acting Auditor of Carestream Health Italia S.r.l., Acting Auditor of COS S.r.l., Acting Auditor of Link Industries S.p.A., Acting Auditor and statutory auditor of Società Servizi Generali del Porto di Savona Vado S.r.l., Acting Auditor and statutory auditor of Express S.r.l., Acting Auditor

and statutory auditor of Logistica Tirrenica S.p.A., Acting Auditor and statutory auditor of Vetreco S.r.l., Acting Auditor and statutory auditor of Cosco Shipping Lines (Italy) S.r.l.; Sole auditor: Eco Glass S.r.l., Nuova Foce S.r.l., Sole auditor of Fondazione Edoardo Garrone, Sole auditor of Rotary Savona, Sole auditor of the Local Authorities of Rapallo; Alternate Auditor of Santander Private Banking S.p.A. in liquidation, Alternate Auditor of Four Jolly S.p.A., Alternate Auditor of Scarpe & Scarpe S.p.A., Alternate Auditor of Sagi Holding S.p.A., Director of Genoa University.

Alessandra Pederzoli:

born in Mirandola (Modena) on 8 July 1974. She was awarded a degree in Economics and Business from Modena University and works as a chartered accountant and independent statutory auditor. She is a temporary lecturer at the University of Modena and Reggio. She is the author of various publications on accounting, finance and control. She holds the following offices: Chairman of the Board of Statutory Auditors of Ichnusa Gas S.p.A., Chairman of the Board of Statutory Auditors of Tea Acque S.r.l., Chairman of the Board of Statutory Auditors of A.B.L. S.p.A., Chairman of the Board of Statutory Auditors of Trigano S.p.A., Chairman of the Board of Statutory Auditors of S.E.A. Società Europea Autocaravan S.p.A., Chair of the Board of Statutory Auditors of Trigano Van S.r.l.; Acting Auditor of Sanfelice 1893, Acting Auditor of Banca Popolare s.c.p.a., Acting Auditor of AEC Costruzioni S.r.l., Acting Auditor of Marigliano Gas S.r.l., Acting Auditor of Proliber S.r.l., Acting Auditor of Sorgea S.r.l.; Alternate Auditor of CMF Technology S.p.A., Alternate Auditor of Fincedi Lazio S.p.A., Alternate Auditor of Santacruz S.r.l., Statutory Auditor of Geovest S.r.l., Sole Auditor of Tred Carpi S.r.l., Sole Auditor of Arca Camper S.r.l..

Table 3 (included in the Appendix) provides a summary of the data concerning the Board of Statutory Auditors.

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.

In 2018, the Board held 23 meetings.

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

Possession of the independence requirements provided for by the Code (stated at the same time as submission of the lists, upon acceptance of the application), was positively ascertained after the renewal, both by the Board of Statutory Auditors and by the Board of Directors’, as well as during the annual assessment performed on 20 March 2019.

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

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

Board of Statutory Auditors in the annual report to the Shareholders’ Meeting, pursuant to article 153 of the TUF.

Specifically, the aim of this procedure is to: (i) regulate the assignment of some types of services to the independent auditors and its network; (ii) safeguard the independence of the entity appointed to audit the accounts; (iii) achieve the efficient, orderly planning of activities carried out by the Internal Control and Audit Committee, in authorisation processes and the corporate organisation of the Issuer.

All members of the Board of Statutory Auditors also took part in Board meetings and the Shareholders’ Meeting held on 19 April 2018.





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”.

this site includes, among others, a profile of the Issuer’s group, as well as the financial statements, the half-yearly financial report, the interim management reports of the Issuer, the articles of association, the regulations for shareholders’ meetings, press releases and reports on issues discussed at the Shareholders’ Meetings, including notices convening the meetings and related minutes.

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

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

To make sure that these relationships are professionally handled and managed, the Investor

Relations’ Officer carries out intense and constant information activities with regard to the results, as well as the growth and development prospects of the Issuer and the group, through personal and institutional meetings with investors and analysts, both in Italy and abroad.

The investor relations’ officer, Giuseppe Agogliati, may be contacted at the following email address: investor.relations@grupposias.it.

With regard to their roles, the Chair, the Managing Director and Investor Relations’ Officer were assisted by the Board’s Secretarial Department and Compliance and Corporate Function, with particular reference to notices to relevant Authorities and Shareholders.



SHAREHOLDERS' MEETINGS

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

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

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

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

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

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

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

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

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

The Shareholders' Meeting is chaired by the Chair; In case of absence or impediment, the meeting is Chaired by a Deputy Chair or, if both are absent, by another person appointed by the Meeting.

The Chair appoints the Secretary with the approval of the Meeting and, if necessary, two scrutineers, by choosing them among the Shareholders with voting right or their representatives. In the cases provided for by law, or if deemed appropriate by

the Chair of the Meeting, the minutes are prepared by a Notary Public appointed by the Chair. In this case, it is not necessary to appoint a Secretary.

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

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

Regulations for Shareholders' Meeting

In June 2002, the Issuer adopted the Regulations for Shareholders' Meetings – in line with the model issued by ABI and Assonime – to enable the orderly and proper functioning of meetings.

On 15 November 2010, upon proposal of the Board and in line with the provisions contained in the Articles of Association, the Ordinary Shareholders' Meeting approved aligning the regulations on its functioning with Legislative Decree no. 27 of 27 January 2010 with regard to the exercise of some rights of listed companies.

More specifically, the aforementioned Regulations govern the operating methods for the Meeting's activities and the exercise of participants' rights. In this regard, the Chair opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chair may decide that speeches shall be booked in writing, with indication of the subject.

After having provided any personal detail and the number of votes represented, each person who is entitled to take part in the meeting has the right to report on each of the issues on the agenda and make observations, as well as proposals.

Taking into account the subject and relevance of each single issue – as well as the questions received before the Meeting and the number of persons who want to speak – the Chair may predetermine the

duration of speeches and answers by notifying the participants, so as to make sure that works are completed within one single meeting.

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

Information for Shareholders

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

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

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

Nr. 9 Directors took part in the Annual General Meeting held on 20 April 2018.

Changes in capitalisation and shareholding structure

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

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.

CHANGES SINCE THE END OF THE FINANCIAL YEAR

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



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

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

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

- pre-board meeting disclosure: also based on the self-assessment process conducted in February 2019, the deadline of two business days in advance of the date of the board meeting for sending documents was considered adequate in 2018, and basically met. To improve comprehension and the use of information, and to take into account some indications made during the self-assessment process, the introduction of new technological platforms to access this documentation has been planned for 2019;
- adoption of independence criteria: the process to check independence requirements is adopted, on an annual basis, obtaining information from each director, by sending a questionnaire and was considered suitable for

identifying any critical situations.

- board review: as explained in detail in paragraph 4.3, the self-assessment process was started last February, with the assistance of Eric Salmon & Partners, independent consultants with considerable experience in this sector. The assessment, which was conducted by compiling a questionnaire – which required the compiler, for each statement, to give a rating choosing from possible alternatives, with the possibility to make observations to improve the functioning of the Board – and with interviews held by the advisor, was positively evaluated by the Directors;
- remuneration policies: during 2017-2018, the Company introduced a managerial incentive system aimed at promoting the achievement of increasingly outstanding results and creating a virtuous link between compensation and business performance. Specifically, (i) an annual incentive system was adopted based on achieving economic/financial and project/strategic objectives, as well as (ii) a long-term incentive scheme that ensures the alignment of managerial behaviour with the objectives of strategic plans. As the remuneration policies do not envisage the possibility of paying sums not related to parameters already established,

and as the payment of annual variable and long-term remuneration is restricted by a clawback mechanism, the Board of Directors, for incentive schemes started in the current year, may decide whether or not to pay all or part of the bonus in the case of extraordinary

and objective events – that may also have damaged third parties – as ascertained by the Board, which have a serious impact on the Company and/or its reputation and image.



TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT 27 MARCH 2019

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed	Rights and obligations
Ordinary shares	227,542,156	100	MTA (FTSE Italia Mid Cap Index)	
Shares with more than one vote	=	=	=	=
Shares with limited voting right	=	=	=	=
Shares without voting right	=	=	=	=
Other	=	=	=	=

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.	6.844	6.844
	Argo Finanziaria S.p.A. Unipersonale	0.155	0.155
	ASTM S.p.A. (listed company)	61.693	61.693
	Sina S.p.A. ⁽¹⁾	1.718	1.718
	Total Group	70.410	70.410

⁽¹⁾ Subsidiary of ASTM S.p.A.

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

Board of Directors													Audit, Risk and Sustainability Committee		Appointments and Remuneration Committee	
Position	Members	Year of birth	Date of first appointment *	In office from	In office until	List **	Exec.	Non-exec.	Independent pursuant to the Civil Code	Independent pursuant to the TUF	No. of other offices	(*)	(*)	(**)	(*)	(**)
1) Chair ●	P. PIERANTONI	1956	08/02/2002	27/04/2017	Approval of 2019 Financial Statements	M	x				2.5	12/12				
2) Deputy Chair	S. BARIATTI	1956	01/08/2013	27/04/2017	Approval of 2019 Financial Statements	M		x			1	12/12				
3) Deputy Chair	F. MOSCETTI	1951	14/11/2018	14/11/2018	Next Shareholders' Meeting	C		x	x	x	3	0/0	1/1	M	1/1	P
4) Managing Director ◊	U. TOSONI	1975	14/11/2018	14/11/2018	Next Shareholders' Meeting	C	x				3.5	0/0				
5) Director	S. CASELLI	1969	27/04/2011	27/04/2017	Approval of 2019 Financial Statements	M		x	x	x	4	8/12				
6) Director	S. DE LUCA	1950	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M		x	x	x	=	12/12	9/9	M		
7) Director	M. GALLI	1964	19/06/2018	19/06/2018	Next Shareholders' Meeting	C		x			=	5/5				
8) Director	S. KUNST	1966	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M		x	x	x	1	12/12			6/6	M
9) Director	R. MAZZA	1983	27/09/2018	27/09/2018	Next Shareholders' Meeting	C		x			1	1/1				
10) Director	F. OUSELEY	1964	14/11/2018	14/11/2018	Next Shareholders' Meeting	C		x	x	x	=	0/0				
11) Director	A. PELLEGRINI	1964	19/04/2014	27/04/2017	Approval of 2019 Financial Statements	M		x	x	x	3	9/12	8/9	P		
12) Director	G. QUAGLIA	1947	21/02/2013	27/04/2017	Approval of 2019 Financial Statements	M		x			1	12/12				
13) Director	A. SEGNI	1965	19/04/2014	27/04/2017	Approval of 2019 Financial Statements	M		x	x	x	2	10/12			6/6	M ⁽¹⁾
14) Director	P. SIMIONI	1960	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M		x	x	x	2	6/12				
15) Director	M. VESCIA	1973	14/11/2018	14/11/2018	Next Shareholders' Meeting	C		x	x	x	=	0/0				
Directors no longer in office during the reporting period																
Director	G. ANGIONI	1941	31/07/2007	27/04/2017	12/3/2018	M		x	x	x	=	2/2		P		
Director	E. GANDOSSO	1956	27/04/2017	27/04/2017	23/03/2018	M		x	x	x	1	3/3				
Director	F. GATTI	1964	19/04/2018	19/04/2018	14/11/2018	M		x			N/A	6/7				
Director	B. GAVIO	1965	08/05/2003	27/04/2017	14/11/2018	M	x				1.5	4/11				
Director	D. GAVIO	1958	08/02/2002	07/04/2017	14/11/2018	M	x				=	10/11				
Director	F. PIANTINI	1953	07/05/2004	27/04/2017	14/11/2018	M		x		x	6.5	9/11			3/3	M
Director	L. MATTIOLI	1967	1/04/2014	27/04/2017	14/11/2018	M		x	x	x	5	6/12			2/3	M
Number of meetings held during FY 2018							Board of Directors: 12			Audit, Risk and Sustainability Committee: 9			Appointments and Remuneration Committee 6			
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 147-ter of the TUF): 1%																

NOTES

(1) Antonio Segni held the position of Chair of the Appointments and Remuneration Committee (formerly the Remuneration Committee) up until 14 November 2018

● 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). Umberto Tosoni held the position of General Manager until 19 June 2018

* 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). Directors co-opted during the year are indicated by the letter "C".

(*) This column shows the Directors' attendance to the meetings of the Board of Directors and the Committees, respectively. (no. of attendances/no. of meetings held during the actual term in office of the individual in question).

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

Director	Position held in SIAS	No. of other positions allowed	Significant positions as at 27 March 2019		
Stefania Bariatti	Deputy Chair	8	Banca Monte dei Paschi di Siena S.p.A.	Chair	1
Stefano Caselli	Director	8	Generali Real Estate SGR S.p.A.	Director	4
			Creval S.p.A.	Deputy Chair	
			ICF Group S.p.A.	Director	
			EPS Equita PEP SPAC S.p.A.	Director	
Sergio De Luca	Director	8	=	=	0
Saskia Kunst	Director	8	Board Corporate Development BV.	Director	1
Rosario Mazza	Director	8	2i Rete Gas S.p.A.	Director	1
Franco Moschetti	Deputy Chair	8	Diasorin S.p.A.	Director	3
			Fideuram Investimenti SGR S.p.A.	Deputy Chair	
			Zignago Vetro S.p.A.	Director	
Frances Ouseley	Director	8	=	=	0
Andrea Pellegrini	Director	8	Maire Tecnimont S.p.A.	Director	2
			DeA Capital Funds SGR S.p.A.	Director	
Paolo Pierantoni	Chair and Director of the SCIGR	6	Cassa di Risparmio della Spezia S.p.A.	Director	4
			EcoRodovias Infraestrutura & Logística S.A. ⁽¹⁾	Director	
			Primav Infraestrutura S.A. ⁽¹⁾	Director	
			Tangenziali Esterne di Milano S.p.A.	Director	
			Tangenziale Esterna S.p.A.	Managing Director	
Giovanni Quaglia	Director	8	REAM SGR S.p.A.	Chair	1
Antonio Segni	Director	8	B4 Investimenti SGR S.p.A.	Chair	2
			Ambienta SGR S.p.A.	Chair	
Paolo Simioni	Director	8	ATAC S.p.A.	Chair	2
			I.C.T.I. S.p.A.	Director	
Umberto Tosoni	Managing Director	4	EcoRodovias Infraestrutura & Logística S.A. ⁽¹⁾	Director	3.5
			SITAF S.p.A.	Managing Director	
			Tangenziali Esterne di Milano S.p.A.	Director	
			Tangenziale Esterna S.p.A.	Director	
Micaela Vescia	Director	8	=	=	0

NOTES

(1) On 27 September 2018, the resignation was handed in, becoming effective from the appointment of the new Board of Directors by the Shareholders' Meeting.

(2) Issuer's subsidiary.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence pursuant to the Code	Attendance in Board of Statutory Auditors' Meetings ***	Number of other offices ****
Chair	D. BRUNO	1969	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x	13/13	11
Acting auditor	P. FORMICA	1979	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x	13/13	1
Acting auditor	A. DONESANA	1966	18/04/2014	27/04/2017	Approval of 2019 Financial Statements	M	x	13/13	6
Alternate auditor	L. BERGERO	1971	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x		9
Alternate auditor	R. BOLLA	1966	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x		21
Alternate auditor	A. PEDERZOLI	1974	27/04/2017	27/04/2017	Approval of 2019 Financial Statements	M	x		13
Number of meetings held during FY 2018: 13									
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 of the TUF): 1%									

NOTES

* 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 Auditors' attendance to the meetings of the Board of Statutory auditors (no. of attendances/no. of meetings held during the actual term in office of the individual in question).

**** This column shows the number of positions as Director or Auditor held by the person which are relevant for the purposes of article 148-bis of the TUF. The complete list of positions is published by Consob on its website, pursuant to article 144-quinquiesdecies of the Consob Issuers' Regulation.

Moreover, given that, following the amendments introduced by 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 directly with the interested parties.

ATTACHMENT

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

1) Foreword

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

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

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

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

The Issuer has prepared an organisational model pursuant to Law 262/2005, which supervises the preparation of the financial statements in order to issue the certification required by paragraphs 2 and 5, article 154 bis of the TUF, with the aim of assisting the assessment of the SCIGR.

Based on provisions in 154 bis of the TUF, the SCIGR, which supervises the preparation of the financial statements, currently involving all company functions, focuses on the objective of reliable financial disclosure through the preparation of adequate administrative/accounting procedures and verification of their actual adoption.

The definition of the reference scope and of processes to analyse (scoping) is updated by the Financial Reporting Officer (hereinafter also the "FRO"), at least once a year, in order to analyse, identify and consider changes that have affected the SCIGR and consequently supplement/amend administrative/accounting procedures.

The assessment, monitoring and update of the SCIGR with regard to financial reporting entails an analysis (at Group level) of organisational

and operating structures according to a risk identification/assessment procedure based on the use of the so-called "risk scoring" method. Thanks to this activity, assessments can be carried out focusing on those areas characterised by higher risks and/or relevance, or on the risks of major errors (also as a consequence of frauds) in the items of financial statements and any related information document. To this end, the activity aims at:

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

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

categories detailed below:

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

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



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