

## Report on Corporate Governance and Ownership Structure

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Maire Tecnimont S.p.A.



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## **Report on Corporate Governance and Ownership Structure**

Pursuant to article 123-*bis* of the Consolidated Finance Act (CFA)

Traditional administration and control model

Issuer: **Maire Tecnimont S.p.A.**

Website: **[www.mairetecnimont.com](http://www.mairetecnimont.com)**

**FY 2017**

**Approved by the Board of Directors on 15 March 2018**

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## Glossary

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

**Civil Code/CC:** the Italian Civil Code.

**Board:** the Issuer's Board of Directors.

**Legislative Decree 254/2016:** Legislative Decree 30 December 2016, no. 254 "*Disclosure of non-financial information and information on diversity by certain companies and certain large groups*" and subsequent amendments and additions;

**Issuer / Company / Maire Tecnimont:** Maire Tecnimont S.p.A.

**Financial Year / Year:** the company financial year ended on 31 December 2017, to which the Report refers.

**Group:** means the group headed by Maire Tecnimont.

**Borsa Italiana Instruction Rules:** the Instructions accompanying the Rules for the Markets organised and managed by Borsa Italiana S.p.A.

**Borsa Italiana Rules:** the Rules of the Markets organised and managed by Borsa Italiana S.p.A.

**Consob Issuers' Regulation:** the Regulations issued by CONSOB with resolution no. 11971 of 1999 (and subsequent amendments) on the matter of issuers.

**MAR Regulation:** Regulation No. 596/2014 of the European Parliament and of the Council on market abuse and the related delegated and implementing regulations.

**Consob Market Regulation:** the Regulations issued by CONSOB with resolution no. 20249 of 2017 (and subsequent amendments) on the matter of markets.

**Consob Related-Party Regulation:** the Regulation issued by Consob no. 17221 of 12 March 2010 (and subsequent amendments) on the matter of transactions with related parties.

**Consob Regulation implementation Legislative Decree 254/2016:** the Regulation issued by Consob with resolution no. 20267 of 18 January 2018 implementing Legislative Decree 254/2016, on the disclosure of non-financial information.

**Report:** this report on corporate governance and ownership structures prepared pursuant to article 123-*bis* of the CFA.

**Designated Auditor:** the independent auditor or the auditing firm responsible for verifying compliance with the "Non-Financial Statement" pursuant to Legislative Decree 254/2016.

**Appointed Auditor:** the independent auditor or auditing firm appointed for legal audit pursuant to Legislative Decree 39/2010.

**Tecnimont:** the subsidiary having strategic relevance, Tecnimont S.p.A.

**Consolidated Finance Act / CFA:** Legislative Decree 24 February 1998, no. 58.



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## 1. ISSUER'S PROFILE

Maire Tecnimont is organized according to the traditional administration and control model, including the Shareholders' Meeting, Board of Directors and Board of Statutory Auditors.

The Board of Directors has established two internal committees having advisory and propositional functions - the Remuneration Committee and the Control, Risk and Sustainability Committee (formerly Control and Risk Committee) - pursuant to the provisions set out in the Corporate Governance Code.

The Board of Directors has also established a Related-Party Committee which is assigned the tasks and duties envisaged by Consob Related-Party Regulation.

The mandate of legal audit of the accounts for the years 2016-2024 was assigned by the ordinary Shareholders' Meeting of 15 December 2015 - on the proposal of the Board of Statutory Auditors - to the auditing firm PricewaterhouseCoopers S.p.A. ("**Appointed Auditor**"), effective from 27 April 2016, i.e. from the date of the ordinary Shareholders' Meeting of the Company that approved the financial statements at 31 December 2015. As from 26 November 2007, Maire Tecnimont shares are traded on the Mercato Telematico Azionario ("**MTA**" Telematic Stock Market) organised and managed by Borsa Italiana S.p.A.

As at the date of this Report, Maire Tecnimont is controlled, in accordance with article 93 of the CFA, by Fabrizio Di Amato, who, through the company GLV Capital S.p.A. ("**GLV Capital**"), holds legal control of the Company.

The Company's corporate governance system is aimed at creating value for the Shareholders in the medium-to-long term, concentrating upon the core business of the Company and the Group and adequately considering the interests of all the stakeholders involved during execution.

The Company and the Group are committed to continuing relationships with its internal and external stakeholders through social responsibility initiatives in the areas where they are present with their business, aimed at supporting projects with charitable purposes, for social and economic promotion and support to organizations with social value of particular relevance. The Group also participates in and contributes to international initiatives developed by the United Nations (UN Global Compact and Global Compact Network Italy) to promote the protection of human and labour rights, environmental protection and the fight against corruption, as well as ample programs for more sustainable international socio-economic development (UN Sustainable Development Goals). The commitment to respect these initiatives is reflected in the Sustainability vision of the Company and the Group.

## 2. INFORMATION ON OWNERSHIP STRUCTURES

(pursuant to article 123-*bis*, paragraph 1, CFA)

### a) Share capital structure (pursuant to article 123-*bis*, paragraph 1, letter a) CFA)

On the date on which this Report is approved, the subscribed and fully paid-up share capital of Maire Tecnimont amounts to Euro 19,689,550.00, divided into 305,527,500 ordinary shares, with no par value, corresponding, pursuant to article 120, paragraph 1 of the CFA and article 6 *bis* of the Articles of Association, to 473,192,634 voting rights.

It should be noted that, following the on 15 February 2018, 27 February 2018 and 2 March 2018 of a total of 23,112,932 new ordinary shares deriving from the paid capital increase resolved by the Extraordinary Shareholders' Meeting of 30 April 2014, servicing the conversion of the equity-linked bond called "*€80,000,000 5.75 per cent equity-linked bonds due 2019*" (the "**Bond**"), pursuant to and for the purposes of the existing legislation, on 15 March 2018, the Company filed with the Companies Register of Rome the certification pursuant to art. 2444 of the civil code along with the updated Articles of Association.<sup>1</sup>

As of the date of the registration of the said certification, the fully subscribed and paid-up share capital of Maire Tecnimont will amount to Euro 19,920,679.32, subdivided into 328,640,432 ordinary shares, with no par value, corresponding, pursuant to article 120, paragraph 1 of the CFA and article 6 *bis* of the Articles of Association, to 496,305,566 voting rights.<sup>2</sup>

In this regard, it is recalled that on 11 February 2014, the Company's Board of Directors approved the Bond, with maturity 20 February 2019.

It is also recalled that on 30 April 2014, the extraordinary Shareholders' Meeting resolved to authorize pursuant to article 2420-*bis* Civil Code and the provisions of the related regulation, the conversion of the Debenture Loan and as a result, to approve the proposal for a capital increase in cash, on payment and in tranche, with exclusion of the option right pursuant to article 2441, paragraph 5 of the Civil Code, for a total maximum amount of Euro 80 million (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 ordinary shares of the Company, having the same characteristics of the ordinary shares in issue, reserved exclusively and irrevocably for the Bond, in accordance with the terms of the related

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<sup>1</sup> The certification pursuant to art. 2444 of the civil code was registered at the Companies Register on 3 April 2018.

<sup>2</sup> The certification pursuant to art. 2444 of the civil code was registered at the Companies Register on 3 April 2018.



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regulation, establishing as deadline for the subscription of newly-issued shares 20 February 2019, or upon the deadline of the fifth year following the issuance of the Bond, notwithstanding that, in the event that at that date the capital increase has not been fully subscribed, the same will be however considered increased by an amount equal to the subscriptions received.

The Extraordinary Shareholders' Meeting of 30 April 2014 determined the conversion price per share in Euro 2.1898 (of which Euro 0.01 to be charged to capital and Euro 2.1798 to the share premium), subject to any adjustments to the conversion price as provided for in the regulation of the Bond. As a result of the dividend distributions approved by the Company's Shareholders' Meeting on 27 April 2016 and, most recently, on 26 April 2017, the conversion price of the new shares was adjusted and, therefore, the same was reduced to Euro 2.0964.

On 25 January 2018, the Board of Directors of Maire Tecnimont resolved to exercise, pursuant to the relative regulation, the option of early repayment in cash, at nominal value, of the Bond. Following the exercise of the early repayment option referred to above, in accordance with the provisions of the Bond Regulation, the holders of the Bonds were able to present requests to convert the bonds into ordinary shares of Maire Tecnimont by 28 February 2018, at the conversion price of Euro 2.0964.

The conversion requests received were met through the delivery to the assignees of a total of 38,065,232 ordinary shares of Maire Tecnimont, with regular dividend rights, of which 14,952,300 of the Company's treasury shares deriving from the buyback programme for the conversion of the Bond initiated on 25 September 2017 and 23,112,932 newly-issued shares deriving from the paid capital increase to service it.

The Bond was therefore fully repaid in advance, on 7 March 2018.

For the purpose of providing the Company with a rapid and flexible tool, that would enable it to seize more efficiently the opportunities emerging from the market in order to identify venture capital, the extraordinary Shareholders' Meeting of 26 April 2012 introduced a provision establishing that the shareholders' option right in relation to newly issued shares and bonds convertible into shares may be excluded by the Shareholders' Meeting, or, in case of assigned powers pursuant to article 2443 of the Italian Civil Code, by the Board of Directors, to the limited extent of ten per cent of the pre-existing share capital and concurrently with the other conditions set out in article 2441, paragraph 4, second sub-paragraph, of the Civil Code.

As at the date of this Report, no shares of any class have been issued other than ordinary shares.

Lastly, it is noted that the incentive plans adopted by the Company do not involve capital increases.

Maire Tecnimont share capital structure is detailed in Table 1, annexed to this Report. In this regard, it is recalled that - as further specified in paragraph 2, letter d) of the Report- the

extraordinary Shareholders' Meeting of 18 February 2015 resolved - pursuant to article 127-*quinquies* of the CFA and article 20, paragraph 1-*bis*, of Decree Law 91/2014 converted into law 116/2014 - the introduction in the Articles of Association of Maire Tecnimont of the mechanism of the increased voting rights and that article 120, paragraph 1 of the CFA, as part of the discipline of disclosure obligations of significant shareholdings, provides that for companies whose Articles of Association allow the increased voting rights, share capital means the total number of voting rights.

**b) Stock transfer restrictions (pursuant to article 123-*bis*, paragraph 1, letter b), CFA)**

There are no restrictions on the transfer of company shares.

**c) Significant equity holdings (pursuant to article 123-*bis*, paragraph 1, letter c), CFA)**

Significant holdings in Maire Tecnimont capital at 31 December 2017 and 15 March 2018 are indicated, on the basis of the results of the shareholders' register and disclosure obligations envisaged by article 120 of the CFA and other information in the possession of Maire Tecnimont, in Table 1 annexed to this Report.

**d) Stocks granting special rights (pursuant to article 123-*bis*, paragraph 1, letter d), CFA)**

As at the date of this Report, no stocks conferring special controlling rights have been issued.

As anticipated in paragraph 2, letter a) of the Report, in order to encourage medium to long-term investment and thus the stability of the shareholding structure, the extraordinary Shareholders' Meeting of 18 February 2015 resolved - pursuant to article 127-*quinquies* of the CFA and article 20, paragraph 1-*bis*, of Decree Law 91/2014 converted into Law 116/2014 - the introduction in the Articles of Association of Maire Tecnimont of the mechanism of increased voting rights, through the introduction of articles 6-*bis*, 6-*ter* and 6-*quater*.

The regulations introduced provide for the allocation of two votes to each ordinary share belonged to the same Shareholder for a continuous period of not less than twenty-four months from the date of registration in a special list of Shareholders (the "**Special List**"), established and maintained by the Company.



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In particular, the Articles of Association provide that the increased voting rights are achieved, after registration in the Special List following request of the owner accompanied by communication certifying shareholding ownership (also for a portion of the shares held), issued by the intermediary where the shares are deposited, with twenty-four months uninterrupted ownership from registration in the Special List and with effect from the fifth trading day of the month following that in which the period of twenty-four months has elapsed.

The increased voting rights already accrued, i.e. the ownership period necessary for accrual thereof already elapsed, are retained in the event of succession following death in favour of the heirs or legatees of the holder of the shares, merger or demerger of the holder of the shares in favour of the company resulting from the merger or beneficiary of the demerger and transfer from one portfolio to another of the UCI managed by the same entity.

In addition, the increased voting rights extend to (i) shares for a free capital increase due to the holder in relation to the shares for which the increase accrued; (ii) shares due in exchange in case of mergers and demergers (if the merger or demerger provides it); and (iii) shares subscribed by the holder in case of exercise of option rights relating to the shares for which the increase accrued.

The increased voting rights shall cease to apply for shares to be transferred for payment or free of charge, or pledged, subject to usufruct or other constraints that attribute the voting right to a third party and for the shares owned by companies or entities (that own shareholdings exceeding the threshold in article 120 CFA) in case of transfer of control of said companies or entities. The increase shall no longer apply also following waiver of the holder, in whole or in part.

The increased voting rights are calculated for each shareholders' meeting resolution for the determination of all the shareholders' meeting and resolution quorum that refer to share capital rates and has no effect on the rights, other than voting, due and exercisable under the possession of specific capital rates (including rates for the submission of lists for the appointment of corporate bodies, for the exercise of the liability or the appeal of shareholders' meeting resolutions).

Following the registration of the shareholders' meeting resolution of 18 February 2015 in the Register of company, the Company established the Special List of Shareholders who wish to take advantage of the increased voting rights pursuant to article 6-*quater* of the Articles of Association and published on its website ([www.mairetecnimont.com](http://www.mairetecnimont.com), section "Governance" – "Increased voting rights") the operational procedures for registration in the same.

Shareholders registered in the Special List referred to in article 6-*quater* of the Articles of Association may be entitled to the increased voting rights – if the regulatory requirements and

conditions apply as laid down by the laws and Articles of Association – on request, by completing the form available at the intermediaries.

In accordance with article 6-*quater*, paragraph 3 of the Articles of Association, the Company will update the Special List by the 5th (fifth) trading day open from the end of each calendar month and, in any event, no later than the so-called record date prescribed by the regulations in force (currently at the end of the accounting day of the seventh trading day prior to the date set for the Shareholders' Meeting).

The Company will communicate to the public and to Consob, the total amount of voting rights, pursuant to article 85-*bis*, paragraph 4*bis* of Consob Issuers' Regulation.

It is recalled that article 120, paragraph 1 of the CFA, as part of the discipline of disclosure obligations of significant shareholdings, provides that for companies whose Articles of Association allow the increased voting rights, share capital means the total number of voting rights.

On 7 April 2017 - following a request made pursuant to article 6-*bis*, paragraph 2 of the Articles of Association, provided the assumptions and conditions required by current legislation and by the Articles of Association apply - the increased voting rights were obtained with reference to 167,665,134 ordinary shares of the Company held by the shareholder GLV CAPITAL which, therefore, starting from that date is entitled to 335.330.268 voting rights.

#### **e) Employee stock ownership: mechanism for exercising voting rights (pursuant to article 123-*bis*, paragraph 1, letter e), CFA)**

At the date of this Report, there is no employee stock ownership scheme by means of which voting rights are not exercised directly by the employees.

For further information regarding the share-based incentive plans of the Issuer that provide share ownership for employees, reference is made to as indicated in Section 9 of the Report as well as the Remuneration Report prepared in accordance with articles 123-*ter* CFA and 84-*quater* of the Consob Issuers' Regulation, and made available to the public on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), in the section "Governance" – "Shareholders' Meetings Documents" – "2017").

#### **f) Restrictions on voting rights (pursuant to article 123-*bis*, paragraph 1, letter f), CFA)**

As at the date of this Report, there are no restrictions on voting rights.



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### **g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1, letter g), CFA)**

As at the date of this Report, the Issuer is not aware of any Shareholders' agreements pursuant to article 122 of the CFA.

### **h) Change of control clauses (pursuant to article 123 bis, paragraph 1, letter h) CFA) and statutory provisions concerning takeover bids (pursuant to article 104-bis, paragraph 1-ter, and 104-bis, paragraph 1)**

The loan agreement entered into on 21 April 2017 between Tecnimont, on the one hand, and Banca IMI S.p.A., Intesa Sanpaolo S.p.A., Unicredit Corporate Banking S.p.A. and Banco BPM S.p.A., on the other, to which Monte dei Paschi di Siena S.p.A., Bank of China Ltd., Industrial and Commercial Bank of China, Bank ABC, Banca Popolare dell'Emilia Romagna and Banca del Mezzogiorno were subsequently added, establishes compulsory full early repayment of the loan in the event that: (i) the majority shareholder ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing more than 35% of the voting rights in the Shareholders' Meeting of Maire Tecnimont, or (ii) an entity other than the majority shareholder becomes a holder, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing over 35% of the voting rights in the Shareholders' Meeting of Maire Tecnimont, or (iii) the majority shareholder ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a percentage of voting rights that ensures the power to appoint or remove a majority of the members of the Board of Directors of Maire Tecnimont, or (iv) Maire Tecnimont ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing over 50% of the voting rights in the Shareholders' Meeting of Tecnimont.

The regulations of the bonds entered into on 21 April 2017 and subsequently amended on 24 April 2017 and between Maire Tecnimont, on the one hand, and Amundi AM and Amundi SGR, on the other, provide for the obligation of fully early repayment of the bonds in the event that: (i) the majority shareholder ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing more than 35% of the voting rights in the Shareholders' Meeting of Maire Tecnimont, or (ii) an entity other than the majority shareholder becomes a holder, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing over 35% of the voting rights in the Shareholders' Meeting of Maire Tecnimont, or (iii) the majority shareholder ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a percentage of voting rights that ensures the

power to appoint or remove a majority of the members of the Board of Directors of Maire Tecnimont, or (iv) Maire Tecnimont ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing over 50% of the voting rights in the Shareholders' Meeting of Tecnimont.

The loan agreement, stipulated on 15 November 2016 between Tecnimont and Credito Valtellinese S.p.A. establishes the obligation of full early repayment of the loan if: (i) the majority shareholder ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing more than 35% of the voting rights in the Shareholders' Meeting of Maire Tecnimont, or (ii) an entity other than the majority shareholder becomes a holder, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing over 35% of the voting rights in the Shareholders' Meeting of Maire Tecnimont, or (iii) the majority shareholder ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a percentage of voting rights that ensures the power to appoint or remove a majority of the members of the Board of Directors of Maire Tecnimont, or (iv) Maire Tecnimont ceases to hold, directly or indirectly through wholly owned subsidiary or controlled companies pursuant to article 2359, a shareholding representing 100% of the voting rights in the Shareholders' Meeting of Tecnimont.

Some agreements related to the issuance of bank or insurance guarantees for the projects: Power Plant Punta Catalina, Dominican Republic – Al Dabb'iyah Surface Facilities, Abu Dhabi – IGD Das Island, Abu Dhabi – Liwa Plastics, Oman – Fertilizer Plant, Iowa – Citadel, Egypt – Polymer Plants, Azerbaijan – Zohr 2, Egypt, provide the option for the relevant Financial Institutions to require the provision of guarantee deposits or the replacement of existing guarantees in the event of a change of control of Maire Tecnimont and/or Tecnimont and/or the subsidiary KT – Kinetics Technology S.p.A. ("**KT**").

The regulation of the Bond referred to in Section 2, letter a) of the Report - fully on 7 March 2018 - established that if there were a change in Issuer control (thereby meaning any situation whereby the Company's majority Shareholder would cease directly and/or indirectly holding more than 50% of shares with voting rights and, more generally, any hypothesis in which one party or several parties acting jointly would directly and/or indirectly acquire more than 50% of shares with voting rights), each bondholder would have the right to request the early redemption of the bonds held at 100% of their par value, plus interest accrued; this is without prejudice to the adjustment of said amount on the basis of a mathematical formula included in the regulation of the Bond.

The Issuer's Articles of Association do not contain provisions that derogate from the provisions regarding the passivity rule provided for by article 104, paragraphs 1 and 1-*bis*, of the CFA and



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do not provide for the application of the neutralization rules contemplated by article 104-*bis*, paragraphs 2 and 3, of the CFA.

## **i) Powers to increase the share capital and authorize the purchase of treasury shares**

### **(pursuant to article 123-*bis*, paragraph 1, letter m), CFA)**

As at the date of this Report, Maire Tecnimont Board of Directors has not been authorized to increase the Issuer's share capital pursuant to article 2443 of the Civil Code, nor to issue share-based financial instruments.

On 26 April 2017, the Ordinary Shareholders' Meeting, following revocation of the authorization resolved by the Ordinary Shareholders' Meeting on 15 December 2015, resolved to authorize the Board of Directors to purchase and dispose of treasury shares pursuant to articles 2357 and 2357-*ter* of the Civil Code, article 132 of the CFA and article 144-*bis* of Consob Issuers' Regulation, as proposed by the Board of Directors on 15 March 2017.

The authorization was approved for the purpose of pursuing objectives such as, among other things, stock incentive plans, conversion of debt instruments convertible into equity instruments, extraordinary transactions, including the exchange of shareholdings, of interest to the Company and, through the intervention of an intermediary, support of the liquidity of the stock to facilitate the regular conduct of negotiations.

The authorization to purchase treasury shares was granted up to a maximum amount of 20,000,000 ordinary shares, equal to 6.54% of the shares outstanding on the date, subject to the limit of 20% of the total number of shares outstanding at the time of the transaction, taking into account the treasury shares already held by the Company and possibly by the subsidiaries.

The authorization was granted for a period of 18 months with effect from the approval of the Shareholders' Meeting.

The above Shareholders' Meeting resolved that the unit price for the purchase of the shares be determined from time to time for each transaction, provided that purchases of shares may be made at a price not exceeding the higher of the price of the last independent transaction and the offer price of the highest current independent purchase offer at the trading venue where the purchase is made, and provided that the above unit price may not in any case be more or less than 10% compared to the reference price recorded by the security in the stock exchange session preceding each individual purchase transaction, in compliance with the law and regulations and "market practices" allowed by Consob.

The authorization to dispose of treasury shares was granted without time limits. Treasury shares may be disposed of at the price or, in any case, according to criteria and conditions to be determined, from time to time by the Board of Directors in compliance with the rules of law and regulations and "market practices" allowed by Consob.

For completeness, it is noted that the Board of Directors of the Company:

- on 22 June 2017, it launched a programme to purchase treasury shares, pursuant to article 5 MAR, servicing the first cycle (2016) of the "2016-2018 Employee Share Ownership Plan dedicated to the Employees of Maire Tecnimont Group" approved by the Ordinary Shareholders' Meeting of 27 April 2016. This programme was completed on 30 June 2017 with the purchase of a total of 1,125,000 shares;
- on 25 September 2017, it launched a programme to purchase treasury shares, pursuant to article 5 MAR, servicing the equity-linked Bond, named "*Euro80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019*", issued by the Company further to the resolution passed on 11 February 2014 by the Board of Directors pursuant to article 2410, first paragraph of the Civil Code. This programme was completed on 30 January 2018 with the purchase of a total of 15,000,000 shares.

For further information regarding programs for the purchase of treasury shares launched by Maire Tecnimont, kindly refer to what is disclosed to the public on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Investors" – "Press Releases" – "Buy Back Press Releases").

At 31 December 2017, Maire Tecnimont held 9,759,548 ordinary shares of the Company.

It is also noted that at 15 March 2018, Maire Tecnimont holds 16,248 ordinary shares of the Company.

## **I) Management and coordination activities**

### **(pursuant to article 2497 and subsequent Civil Code)**

In the opinion of the Issuer's Board of Directors, the Company is not subject to direction and co-ordination activities by the parent company GLV Capital, considering: (i) that the decisions relating to the management of the business of the Company and its subsidiaries are made by corporate bodies of the Company and its subsidiaries; (ii) that the Company's Board of Directors has the task, among others, of periodic assessment of the financial and economic performance of the Company and the Group; examining and approving for the Company and the Group; definition of the corporate governance system and rules of the Company and the Group; evaluating the suitability of the organizational, administrative and accounting structure for the Company and its subsidiary Tecnimont (i.e. with strategic relevance), as set for by the Company



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competent bodies; (iii) the existence of five advisory bodies – Coordination Committee, Commercial Committee, Region Committee, Project Development Committee and Internal Sustainability Committee (established in March 2018) - with the role of supporting the CEO in the evaluation of strategic, Corporate and Business initiatives and decisions impacting the Group in relation to: *i) investments, ii) commercial activities, iii) presence in geographic areas (Regions) of interest to the Group, iv) Project Development initiatives and v) sustainable management of the business.*

At the date of approval of the Report, the direct subsidiary with strategic relevance Tecnimont and the other direct subsidiaries Neosia S.p.A., KT-Kinetics Technology S.p.A., MET Gas Processing Technologies S.p.A. and MET Development S.p.A. are subject, pursuant to article 2497 of the Civil Code, to the management and coordination of Maire Tecnimont.

Maire Tecnimont carries out strategy-oriented and co-ordination activities regarding both the industrial set-up and the activities performed by its subsidiaries. In particular, the Company provides assistance to the companies for the Group regarding definition of strategies, also with reference to the policies of Merger & Acquisition and cooperation agreements, local content, concerning internal audit, governance and compliance, institutional relations & communication, investor relations, social responsibility, security, organization, development & compensation and technology.

Maire Tecnimont also coordinates and directs Group companies in matters regarding: legal, corporate affairs, human resources development and remuneration policy, industrial relations, procurement, administration, finance and management control, project control and contract management, system quality, HSE, project quality & Risk Management, general services, communication, as well as management and development of the Group's IT platform.

\* \* \*

The Issuer specifies that:

- the information required by article 123-*bis*, first paragraph, letter. i) CFA ("*agreements between the company and directors... that provide compensation in case of resignation or dismissal without just cause or if the employment is terminated following a takeover bid*") is disclosed in the Remuneration Report prepared in accordance with articles 123-*ter* of the CFA and 84-*quater* of Consob Issuers' Regulation, and made available to the public on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), section "Governance" - "Shareholders' Meetings Documents" - "2018");
- information required pursuant to article 123-*bis*, first paragraph, letter l) of the CFA ("*regulations applicable to the appointment and replacement of directors to*

*amendments to the Articles of Association, if different from the applicable additional legal and regulatory provisions") is illustrated in Section 4.1 of the Report ("Appointment and replacement of Directors"), to which reference is made.*

### **3. COMPLIANCE**

#### **(pursuant to article 123-bis, paragraph 2, letter a), CFA)**

Maire Tecnimont adheres to the Corporate Governance Code drafted by the Corporate Governance Committee of Borsa Italiana S.p.A., last modified in July 2015 and accessible to the public on the website of the Corporate Governance Committee (<http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>).

It is noted that in some cases the Company did not adhere to the recommendations contained in the Corporate Governance Code. The following sections representing said deviations and the underlying reasons, as well as possible alternative behaviors.

The Issuer and its subsidiary with strategic relevance Tecnimont are not subject to non-Italian law provisions that have an impact on Maire Tecnimont corporate governance structure.

### **4. BOARD OF DIRECTORS**

#### **4.1 APPOINTMENT AND REPLACEMENT OF DIRECTORS**

##### **(pursuant to article 123-bis, paragraph 1, letter I), CFA)**

In compliance with the provisions of article 147-ter of the CFA, the Company Articles of Association envisages the appointment of directors and Statutory auditors by means of a list-based voting mechanism.

Article 14 of the Articles of Association (as amended by the Board of Directors in the extraordinary shareholders' meeting of 26 April 2012 in order to implement the provisions of Law 120/2011, including rules aimed at ensuring a balanced proportion between genders in the composition of the administrative and auditing bodies of listed companies) envisages that directors be appointed on the basis of lists submitted by the shareholders (with candidates listed with a progressive number) holding, individually or jointly, at least 2% of the capital represented by shares with voting rights in the ordinary shareholders' meeting, or any other shareholding cap as requested by Consob regulation. In this respect, it shall be noted that such shareholding cap determined by Consob for the Issuer, pursuant to article 144-quater of the Issuers' Regulation, as stated in resolution of 24 January 2018 no. 20273, is equal to 1.0%.



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Lists, signed by those who submit them, must be registered with at the Company's registered office at least 25 (twenty five) days before that set for the Shareholders' Meeting in first calling, together with: (i) a declaration by each single candidate confirming acceptance of candidacy and also confirming, under their own responsibility, the absence of any causes for ineligibility and incompatibility, and the availability of the requirements as specified in the applicable regulations and, if required, the fulfilment of the requisite of independence, (ii) a curriculum vitae of each candidate, including specifications regarding any administration and control offices held in other companies, (iii) a certification of ownership, at the time when the list is filed with the company, of the minimum shareholding envisaged for the presentation of the lists (it is noted that, in compliance with the provisions of article 147-ter, paragraph 1-bis, of the CFA, said certification may also be produced subsequent to the filing of the list, provided that it is within the deadline envisaged for its publication).

The clause envisages that the directors to be elected are those listed in the list that has obtained the largest number of votes except one who shall be selected from the minority list that has obtained the second major number of votes received and who is in no way, also indirectly, connected with the Shareholders that have presented or voted the majority list. In this way, the appointment of a minority director is ensured in compliance with the provisions of article 147-ter, paragraph 3, of the CFA.

The Articles of Association, to which reference is made, also regulate the hypothesis in which two or more lists obtain the same number of votes.

The Company Articles of Association do not envisage a minimum percentage of votes so that a list can participate in the distribution of directors to be elected.

In relation to the balanced proportion of genders, article 14 of the Company Articles of Association envisages that the lists containing at least three names shall be composed of candidates belonging to both genders, so that at least one third of the slate candidates (rounded up) belongs to the least represented gender, and the election and the presence in the Board of the least represented gender, in compliance with the currently applicable regulatory provisions in the matter of "balanced proportion of genders", is ensured.

Regarding the election of independent directors, article 14 of the Articles of Association provides a specific mechanism to ensure the appointment of the minimum number of directors required by article 147-ter, paragraph 4, of the CFA. In particular, it provides (i) first, that each list contains a minimum number of candidates with the independence requirements established by law and applicable regulations, and (ii) if among the candidates elected there are not as many independent directors as required by law, it shall be required to proceed as follows:

- a) in the event of a majority list, the non-independent candidates (equal to the number of missing independent Directors) coming last in progressive order in the majority list shall

be replaced by non-elected independent Directors from the same list according to the progressive order;

- b) in the absence of a majority list, non-independent candidates (in a number equal to the number of missing Independent Directors) which are elected with the lowest number of votes in the lists – and from which no Independent Director has been drawn - shall be replaced by non-elected Independent Directors from the same lists, according to the sequential order.

Lastly, a replacement procedure is also envisaged in order to ensure (in case this were not guaranteed by the afore mentioned election criteria) that the Board of Directors is composed pursuant to the currently applicable regulation in the matter of balance proportion of genders.

The Company Articles of Association do not envisage requisites of independence other than those envisaged by article 148, paragraph 3, of the CFA nor requisites of honour other than those envisaged by currently applicable law provisions. No professionalism-related requirements are envisaged to hold the position of Director.

If the Board of Directors needs to replace one or more directors, it does so by co-opting - pursuant to article 2386 of the Civil Code - the first non-elected candidate from the list whence the terminated director was taken and so on, if such non-elected candidate is not available or ineligible, provided that such candidates are still eligible and are willing to accept the office. Should no non-elected candidates from the list remain or, in any case, for whatever reason, should it not be possible to meet with the criterion as above disciplined, the Board of Directors shall proceed with the replacement, as the subsequent Shareholders' Meeting shall also do, with the legal majority and without voting lists.

In any case, the Board of Directors and, subsequently, the Shareholders' Meeting shall proceed with the appointment so as to ensure (i) the presence of Independent Directors in the minimum total number required by the currently applicable regulation and (ii) compliance with the currently applicable regulation in the matter of balanced proportion of genders.

It is noted that the Issuer is not subject to any further provisions in relation to the composition of the Board of Directors with respect to the regulations contained in the CFA.

As regards the statutory clauses relating to statutory changes, it is noted that the Articles of Association do not contain provisions other than those provided by applicable law.

It is also noted that the Articles of Association, in accordance with article 2365 of the Civil Code, confers to the Board of Directors of the Company the authority to resolve on the adjustment of the Articles of Association to regulatory provisions.

Lastly, it is recalled that, as better described in Section 2, letter d) above of the Report, to which reference is made, the extraordinary Shareholders' Meeting of 18 February 2015 approved the



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amendments to the Articles of Association to introduce the mechanism of the increased voting rights. In this regard, it shall be noted that the vote increase is computed for each shareholders' meeting resolution and therefore also for the determination of shareholders' meeting and resolution quorums that refer to capital rates. The increase has no effect on rights other than voting rights, entitled and exercisable under certain capital rates and thus also, among other things, for the determination of the capital rates required for the presentation of lists for the election of the bodies of the Company.

### **Succession plans**

On 15 March 2018, the Board of Directors, in conducting its assessments and in compliance with the provisions of application Criterion 5.C.2 of the Code on the adoption of a Plan for the succession of executive Directors (the "**Succession Plan**"), essentially confirmed as already resolved by the same on 15 March 2017. In particular, the Board of Directors considers it unnecessary for the moment to adopt the Succession Plan as the current governance structure of the Company - with the presence of two executive Directors and Top Management, who have gained extensive managerial experience and specific expertise in the company's core businesses - allows managing in the short-term management discontinuity deriving, for example, from any replacement of executive Directors in advance with respect to the ordinary expiry of office or from resignations, thereby ensuring continuity and stability in the conduct of the Company and the Group.

## **4.2 COMPOSITION**

### **(pursuant to article 123-bis, paragraph 2, letters d) and d-bis), CFA)**

Pursuant to article 13 of the Articles of Association, Maire Tecnimont is administered by a Board of Directors made up of no less than five and no more than eleven members, provided in odd number, who may also not be the shareholders.

The Board of Directors holds office from one to three years and until approval of the financial statements of the last year in which it holds office in compliance with the resolution made by the Shareholders' Meeting upon its appointment. Directors may be re-elected.

The current Board of Directors was appointed by the ordinary Shareholders' Meeting on 27 April 2016 and shall remain in office until approval of the financial statements at 31 December 2018.

This Shareholders' Meeting, after determining nine as the number of members of the Board of Directors, appointed Fabrizio Di Amato, Pierroberto Folgiero, Luigi Alfieri, Gabriella Chersicla, Stefano Fiorini, Vittoria Giustiniani, Andrea Pellegrini, Patrizia Riva and Maurizia Squinzi as

Directors of the Company. At the same time, the Shareholders' Meeting appointed Fabrizio Di Amato as Chairman of the Company's Board of Directors.

The current Board of Directors consists of five independent directors out of nine. Similarly, the Board Committees established by the Board of Directors pursuant to the Corporate Governance Code consist of Directors, all non-executive, mostly independent.

For further information regarding the Independent Directors in office, reference is made to Section 4.6 of the Report.

Two lists were submitted to the ordinary Shareholders' Meeting of 27 April 2016 for the appointment of the Directors.

The Directors Fabrizio Di Amato, Pierroberto Folgiero, Luigi Alfieri, Gabriella Chersicla, Stefano Fiorini, Vittoria Giustiniani, Andrea Pellegrini, Patrizia Riva were taken from the list submitted by the Shareholder GLV Capital, which obtained the favourable vote of 200,390,452 shares, equal to 84.704% of the shares present at the Shareholders' Meeting (the "**Majority List**"). It is noted that among the candidates for the office of Director indicated in the Majority List was also Simone Pierangeli.

The Director Maurizia Squinzi was taken from the list submitted jointly by the Shareholders Arca SGR S.p.A. (manager of the fund Arca Azioni Italia), Eurizon Capital SGR S.p.A. (manager of the funds Eurizon Azioni Italia and Eurizon Azioni PMI Italia), Eurizon Capital S.A. (manager of the fund Eurizon EasyFund – Equity Italy), Fideuram Asset Management (Ireland) Limited (manager of the funds Fideuram Fund Equity Italy and Fonditalia Equity Italy), Interfund Sicav (manager of the fund Interfund Equity Italy) and JP Morgan Asset Management (manager of the funds JP Morgan Funds) holders, at the date of submission of the list, of a total shareholding equal to 2.517% of the share capital. This List obtained the favourable vote of 36,117,994 shares, equal to 15.267% of the shares attending the Shareholders' Meeting (the "**Minority List**"). It is noted that among the candidates for the office of Director indicated in the Minority List was also Carlo Maria Clemente Vismara.

Both lists are available on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Governance" - "Shareholders' Meetings Documents" - "2016").

In relation to seniority of office from the first appointment of the Board Directors, it is noted that: Fabrizio Di Amato and Stefano Fiorini have been in office since the listing, which occurred in November 2007; Luigi Alfieri, Gabriella Chersicla, Vittoria Giustiniani and Patrizia Riva were appointed by the ordinary Shareholders' Meeting on 30 April 2013, while Andrea Pellegrini was appointed by co-option by the Board of Directors on 11 June 2014 and re-appointed by the ordinary Shareholders' Meeting on 18 February 2015; Maurizia Squinzi was appointed by the ordinary Shareholders' Meeting on 27 April 2016.



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As from the date of closure of the Financial Year, none of the Board members has resigned nor have there been any changes in the composition of the Board.

With regard to the additional information concerning the composition of the Board of Directors, also in terms of seniority of office from the first appointment of each Director, reference is made to Table 2 Annexed.

In compliance with the provisions of article 144-*decies* of the Consob Issuers' Regulation, the personal and professional characteristics of each Director are specified in Annex "A" to this Report.

### **Diversity Policies**

On 6 March 2018, the Company's Board of Directors - taking into account the fact that the mandate of the corporate bodies of Maire Tecnimont is currently underway and that it will expire at the Meeting to approve the financial statements for the Year 2018 - resolved, after hearing the opinion of the Board of Statutory Auditors for matters within its competence, to postpone any assessment regarding the possible future definition of the "Diversity Policy" of Maire Tecnimont for 2018 and in view of the aforementioned Shareholders' Meeting during which the Shareholders of the Company will also be required to renew the corporate bodies of Maire Tecnimont for the three-year period 2018-2021. This assessment took into account the fact that a "Diversity policy" may be useful in view of the renewal of the mandate of the corporate bodies and in the event that the Board of Directors intends to develop indications to be provided to Shareholders for the purpose of preparing and presenting the lists of candidates.

In this meeting, the Board of Directors has also been able to appreciate the results of the evaluation process for 2017 - conducted pursuant to Application Criterion 1.C.1., letter g), of the Code - on the functioning of the Board and its Committees as well as their size and composition with reference to the "Diversity criteria" already reflected in the current composition of the Board of Directors, also deriving from the application of the provisions of law and self-regulation.

In this regard, it is specified that: (i) on the Company's Board of Directors, 4 Directors (out of a total of 9) belonging to the less represented gender and, therefore, in a number higher than as prescribed by legislation on balance between genders; (ii) the Board is characterized by the diversity of its members, taking into account that the age of the Directors is between 46 and 66; (iii) the training and professional path of the Directors currently in office guarantees a balanced combination of profiles and experience within the administrative body suitable to ensure the correct performance of the functions assigned to it.

In view of the foregoing, the Board therefore deemed it appropriate to highlight said "diversity criteria" in the context of this Report. In this regard, reference is made to Section 4.3 "Role of the Board of Directors".

### **Maximum number of offices held in other companies**

The Board continues to be oriented to not defining any general criteria regarding the maximum number of offices as Board of Directors or Board of Statutory Auditors held in other companies that may be deemed compatible with the role of Director with the Issuer, in the belief that each Director and Statutory Auditor will assess with judgement and sense of duty, prior to the undertaking of each of said offices, the compatibility of the offices as Director and Statutory Auditor, held in other companies (in particular in companies listed on regulated markets, financial institutions, banks, insurance companies or significant size, with the diligent performance of the tasks undertaken as a Director of the Issuer).

The average number of positions held in other companies by the Issuer's Directors during the Year 2017 is equal to a slightly over 2 in unlisted companies and about 1 in listed companies.

### **Induction Programme**

Taking into account the appreciation expressed by the Board of Directors and the Board of Statutory Auditors for the induction activities carried out in 2016, the Chairman of the Board of Directors, in line with the recommendations of the Corporate Governance Code, promoted, also for the Year, the "Induction Session" programmes for Directors and Statutory Auditors of the Company.

In particular, these meetings were organized in order to provide them with adequate knowledge of the business sector in which the Company and the Group operate, also considering its specificity thereof, the business dynamics and their evolution, the principles of proper risk management as well as the regulatory and self-regulatory framework of reference.

In more detail, during the Year and in the first quarter of 2018, several induction sessions were held aimed at providing the Directors and Statutory Auditors with continuous updates on the new regulatory system introduced by Directive 2014/95/EU with which the legislator has amended Directive 2013/34/EU to introduce disclosure obligations for companies and groups of significant size for two distinct categories of information: *i*) non-financial information concerning environmental and social issues, personnel, respect for human rights, the fight against active and passive corruption ("Non-Financial Statement"), and *ii*) information concerning the company's policies with reference to the criteria for choosing the members of the corporate bodies ("Diversity Policies"). These updates also concerned the recent regulatory provisions



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issued by Consob with the Consob Regulation implementing Legislative Decree 254/2016 on the disclosure of non-financial information.

Said induction sessions are to be attributed to the "Sustainability Project" initiated by the Company for the purpose of preparing the "Maire Tecnimont Group Sustainability Report" for the Year, containing the "Non-Financial Statement" pursuant to Legislative Decree 254/2016.

Furthermore, in July 2017 and, lastly, in January 2018, the Directors and Statutory Auditors received updates on the state of the regulations concerning the "*Market Abuse Regulation*", on the public consultation initiated by Consob on the management of privileged information and drafting of the "Insider list" as well as on investment recommendations and on the results thereof, which ended with the adoption of the Guidelines for the management of privileged information and on investment recommendations.

On 6 July 2017, at the Grupa LOTOS refinery in Gdańsk, a meeting of the Directors and Statutory Auditors of Maire Tecnimont took place with the top management of the subsidiary KT - Kinetics Technology S.p.A. ("KT"), an international process engineering contractor with extensive experience in the processing of hydrocarbons and proprietary technology providers such as EPC contractor in the chemical sector. During the meeting, an informative report on the "EFRA - effective refining project" was provided. The Directors and Statutory Auditors also had the opportunity to participate in a guided tour of the refinery by KT's technical staff.

In November 2017, an induction meeting was held on the "Smart Working" project or "Agile work" initiated by the Company. The various phases of adoption and implementation of the Project were presented, focusing in particular on the information and training sessions aimed at getting to know the opportunities deriving from the introduction of "Smart Working", also in terms of work-life balance, the technological tools available to improve productivity and the quality of work activities, as well as coaching courses aimed at supporting managers to better deal with the ongoing transformation. In this regard, the Directors and Statutory Auditors also received information on investments regarding ICT and redevelopment of spaces, as well as an update on current legislation in this area.

Discussions were also held, during the meetings of both the Board of Directors and the Control, Risk and Sustainability Committee, aimed at developing the knowledge of the internal control and risk management system of the Company and the Group, also in order to support the definition of the guidelines of the internal control and risk management system, so that the main risks relating to the Company and its subsidiaries are correctly identified and adequately measured, managed and monitored, also determining the degree of compatibility of said risks with the strategies approved.

After the end of the Financial Year, on 25 January 2018 - on the proposal of the Control, Risk and Sustainability Committee, adopted by the Independent Directors and the Board of Directors

- an ad hoc update meeting was held, in the form of an Induction Session, for the benefit of Directors who are not members of the Control, Risk and Sustainability Committee, on the approach of Risk Management, the methodologies adopted and the results of the monitoring activities of the risks related to the projects, taking into account the centrality of the internal control and risk management system in the Maire Tecnimont Group.

By virtue of the specific characteristics of the activities and sector of reference in which the Company and the Group operate, no induction programmes were organised with external consultants insofar as at present, the training run by the Company's management for Directors and Statutory Auditors, together with the on-site training meetings organised with representatives of the Maire Tecnimont Group are considered as highly effective and profitable and well able to suitably transfer knowledge of the business area, business dynamics of the Company and the Group - also with reference to risk management - and of their evolution and the reference legislation and self-regulatory framework.

#### **4.3 ROLE OF THE BOARD OF DIRECTORS**

##### **(pursuant to article 123-bis, paragraph 2, letter d), CFA)**

In the Year, eight Maire Tecnimont's Board of Directors' meetings have been held with an average duration of 2 hours and 5 minutes.

For the current Year, eleven Board of Directors' meetings are envisaged.

At the date of approval of the Report, the Board had met 3 times, respectively on 25 January 2018, 6 March 2018 and 15 March 2018.

The disclosure to the Directors and Statutory Auditors is made available to them via a dedicated portal, both with full documentation and and with summary notes clarifying the most significant, relevant points to the decisions under resolution.

To date, the Board has not identified a notice term within which to send pre-board documentation as the relevant matters are generally first examined by the Committees internal to the Board, meeting prior to that date, or during meetings of the same Board of Directors convened to conduct a preliminary examination of the matters on which the resolution is subsequently to be passed.

In any case, the Chairman of the Board of Directors, also with the help of the Secretary of the Board of Directors, ensures that the relevant documentation in relation to the items on the agenda is sent to the Directors and Statutory Auditors, in line with the Company practice, sufficiently in advance of the meeting date to ensure timely and complete pre-meeting information.



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In the presence of complex issues and supported by voluminous documentation, the Company's management prepares the summary notes that outline the most significant and relevant points of the resolutions to be taken, subject to the prior transmission to each Director and Statutory Auditor of the entire set of documents related to the topic on the agenda.

Where, for strictly operational reasons or confidentiality, the documents relating to certain items on the agenda are sent close to the Board meetings, the Chairman of the Board of Directors shall ensure that during the meeting the time necessary for ample illustration by the delegated bodies in order to make aware decisions is dedicated to the related topics. The Chairman shall also ensure that adequate and accurate clarifications are provided regarding items to promote a constructive debate with the involvement of Statutory Auditors and Directors, including the independent and non-executive.

The Managers of the Issuer responsible for the relevant corporate functions and external consultants were also invited to the Board meetings held in the Year and depending on the items to be discussed, thus valuing the Board's meetings as an opportunity in which all the Directors may acquire adequate information about the management of the Company and the Group and appropriate insights on agenda items.

Specifically, the meetings of the Board of Directors are regularly attended by the Head of the Group Corporate Affairs, Governance & Compliance Function as also the Secretary of the Board of Directors which, if necessary, illustrates the issues of competence of its Function concerning the items on the agenda of the Board of Directors. The meetings of the Board of Directors are also regularly attended by the Group's Chief Financial Officer and the Executive Responsible for preparing the company's financial reports, and from time to time, depending on the items on the agenda, by the Head of the Group Human Resources, Organization and Group function, the Head of Internal Audit, or other Group Executives to illustrate specific issues related to the business.

The Board of Directors plays a central role in the Company's organization being responsible for the definition and pursue of the strategic objectives of the Company and the Group, as well as to verification of the availability of the controls necessary to monitor the Company and Group Companies performance.

In addition to the powers attributed by law and by the Company Articles of Association to the Board of Directors, including those specified in article 2381, paragraph 4 of the Civil Code, the Board of Directors has the following powers:

- the examination and approval of the strategic, business (including those relating to human resources) and financial plans and budgets of the Company and Group, as well as regular monitoring of their implementation;

- the examination and approval of the draft financial statements, interim financial reports and the half-year financial report, both of the Company and consolidated;
- the definition of the nature and risk level compatible with the Company's strategic aims;
- evaluation of the suitability of the general organisational, administrative and accounting structure of the Company and the subsidiary having strategic significance, with particular reference to the internal audit system and the management of risks;
- evaluation of the Company performance taking into particular consideration the information received from the relevant competent bodies and comparing results achieved against budget on a periodic basis;
- periodic assessment of the financial and economic performance of the Company and the Group;
- definition of the Company corporate governance and rules and the Group structure;
- establishment and regulation of Board internal committees, with the relevant appointment and determination of remuneration;
- attribution and revocation of powers of attorney to the CEO, the Chairman and other Board members, with possible specification of limits and application criteria (for the powers of attorney) and determination of the relevant remuneration;
- examination and approval of the proposals of the Remuneration Committee;
- examination and approval of the transactions on behalf of the Company and its subsidiaries, when such transactions have significant strategic, economic and financial relevance for the Company. In this respect, it shall be noted that the Issuer's Board of Directors of 27 April 2016 resolved that transactions having the characteristics above specified are, by way of example without limitations: (a) transactions to be accomplished by the Issuer or Group company belonging to the Issuer, relating to the establishment of companies and branches or the acquisition, transfer, disposal in any form of investments or companies or business unit when (i) the relation between net equity involved in the transaction and the Group's consolidated net equity is greater than 5% or (ii) the value of the transaction is greater than 5% of the Group's consolidated net equity; and (b) the issue of personal or real guarantees, of whatever amount, in the interest of the subsidiary, and in the interest of third parties;
- the examination and approval of operations by the Issuer and Group companies concerning the concession, assumption and early repayment of loans in general, the assumption of financial debt and other financial transactions of any kind, including bank and insurance bonds, worth more than Euro 50 million per transaction.



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The extraordinary Shareholders' Meeting of 26 April 2012, in order to provide the Company with greater flexibility in the cases which may not request its intervention, introduced a provision in article 15 of the Company Articles of Association establishing the possibility of granting to the Board of Directors the power (concurrently with the Shareholders' Meeting) to resolve also in the matter of merger in the cases envisaged by article 2505 (incorporation of fully owned companies) and article 2505-bis of the Civil Code (incorporation of companies owned at ninety per cent), as well as divisions, when the aforementioned regulations also apply.

Moreover, in compliance with the Consob Related-Party Regulation, the Company adopted a Procedure for the Management of Transactions with Related-Party (the "**Procedure**"), described in further detail in Section 12 of the Report, to which reference is made, which envisages a specific procedure to be applied in carrying out Significant Transactions and Minor Transactions (as defined in the procedure), on the basis of the provisions of Consob Related-Party Regulation, establishing, amongst other matters, that the approval of the first is reserved to the Company's Board of Directors.

Pursuant to article 16 of the Company Articles of Association, in order for resolutions to be valid, it is necessary that the majority of the Directors in office be present and the resolutions are given a favourable vote by the majority of the attendees.

The Board, respectively upon approval of the annual financial report and half-year financial report, shall evaluate the adequacy of the organizational, administrative and accounting structure of the Issuer and Tecnimont - a subsidiary with strategic relevance whose assets are 73% of the consolidated assets of the Company - with particular reference to the internal control and risk management system.

Therefore, with reference to the Year, the Board of Directors evaluated the adequacy of the organizational, administrative and accounting structure of the Issuer and the of Tecnimont, with particular reference to the internal control and risk management system, respectively during the meetings held 27 July 2017 and 6 March 2018.

These assessments, which had positive outcome in both cases, have been conducted - after obtaining opinion of the Control, Risk and Sustainability Committee - on the basis of a statement, supported by documentary evidence, made by the CEO and the management of the Company to the Directors and Statutory Auditors on the organizational, administrative and accounting structure, of the Issuer and also of the main direct subsidiaries, including Tecnimont.

The Control, Risk and Sustainability Committee, whose meetings are minuted, received disclosures in the Year from the Director in charge of the internal control and risk management system, the Head of Internal Audit, the Head of Group Corporate Affairs, Governance & Compliance and the Head of Group Process & Risk Management Function of the Company on

the identification, measurement, management and monitoring of the main risks of the Company and the Group.

The Chairman of the Control, Risk and Sustainability Committee has always provided information on the activities of the Committee and the results of its preliminary activities at the first Board of Directors' meeting.

With regard in particular to risk management, reference is made to as specified in Section 11 of the Report ("*Internal control and risk management system*").

The Board has also assessed on a quarterly basis the general operating performance, taking the information received from the Executive Directors into account and periodically comparing the results attained against budget.

In line with application criterion 1.C.1 of the Code, the Board of Directors performed the annual self-assessment process ("**Board Evaluation**") of the size, composition, operation of the Board and its three Committees (Control, Risk and Sustainability Committee, Remuneration Committee and Related-Party Committee).

The Board of Directors, upon the proposal of the Independent Directors and valuing the positive experience of the previous mandate, has chosen to carry out, also with reference to the Year, its internal self-assessment and that of its Committees with the support of the Group Corporate Affairs Governance & Compliance Function and of the Lead Independent Director.

Therefore, the Board Evaluation for the Year was carried out internally by sending to each Director a questionnaire prepared by the Group Corporate Affairs Governance & Compliance Function.

It is recalled that Application Criterion 1.C.1., letter g) of the Code provides that the Board Evaluation also includes an assessment of the size and composition of the Board and its Committees, also taking into account elements such as the professional, experience, even managerial, and gender characteristics of its members, as well as their seniority of office.

The questionnaire for the Year was also prepared taking into consideration the recommendations made by the Chairman of the Corporate Governance Committee of Borsa Italiana S.p.A. (the "**Committee**") by letter dated 13 December 2017, in order to identify, even at the time of self-assessment, the possible changes in the governance of the Company in relation to some of the "Areas of improvement", also qualitative, found in 2017 by the Committee.

Moreover, as anticipated in Section 4.2 of this Report, the questionnaire provides for an entire section to take into account the new disclosure obligations for listed companies regarding "diversity policies" adopted or to be adopted in relation to the composition of their corporate bodies referred to in the amended article 123-*bis*, letter d)-*bis* CFA.



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The questionnaire was divided into eight sections concerning questions related to: (i) main responsibilities of the Board of Directors; (ii) functioning of the Board of Directors; (iii) climate and dynamics of the Board; (iv) role of Chairman of the Board of Directors; (v) composition, professional skills and size of the Board; (vi) Executive Directors and organizational structure; (vii) evaluation of the Committees within the Board of Directors, including questions addressed to Directors non-members of the Committees (viii) self-assessment of Directors, also to reflect on the effectiveness of the role as member of the Board of Directors.

The results were examined by the Group Corporate Affairs, Governance & Compliance Function, previously shared with the Lead Independent Director and presented to the Board of Directors during the meeting held on 6 March 2018.

The self-assessment confirmed the positive opinion already expressed by the Board of Directors in the Board Evaluation referring to Year 2016 with reference to the functioning, composition and size of the same and of its Committees.

With specific reference to "diversity criteria" already reflected in the current composition of the Board of Directors, also deriving from the application of the provisions of law and self-regulation, all the Directors expressed an opinion of adequacy of the composition of the Board, also in terms of diversity.

In particular, the Directors recognize a balanced and diversified composition of the Board in terms of professional and managerial skills and find an adequate and diversified composition in terms of diversity (gender, training and professional background, age, geographical origin and international experience).

The Directors considered that they effectively exploited the professional and managerial skills and the international experience of its members, finding an adequate balance within the Board among executive, non-executive and independent members.

At the date of approval of the Report, the Shareholders' Meeting did not authorize general or advance derogation of the prohibition of competition under article 2390 Civil Code.

## **4.4 DELEGATED BODIES**

### **Chief Executive Officers**

Pursuant to article 17 of the Company Articles of Association, the Board of Directors may delegate its powers, with the exclusion of those expressly reserved by law to the competence of the Board, to an Executive Committee and/or to one or more Board members and appoint power of attorney holders, also on a permanent basis, by single deeds or transactions or by categories of deeds and transactions.

The Shareholders' Meeting of 27 April 2016 appointed Fabrizio Di Amato as Chairman of the Board of Directors. The Board of Directors, which met on the same date at the end of the Shareholders' Meeting, confirmed Pierroberto Folgiero as Chief Executive Officer ("**CEO**") of the Company, thus maintaining separation of the roles of Chairman and CEO in continuity with as done during the previous Board mandate.

During the same meeting, the Board of Directors, while confirming Pierroberto Folgiero as Chief Operating Officer of the Company, attributed to the CEO all the powers of ordinary and extraordinary Company management that are not reserved to the competence of the Board of Directors (specified in Section 4.3 of the Report) or the Chairman, to be exercised in Italy and abroad with individual signature, except where otherwise envisaged.

It is recalled that Pierroberto Folgiero has held the office of Chief Operating Officer of the Company since 22 May 2012.

Therefore, Pierroberto Folgiero serves as CEO, understood as the Executive Director who, by virtue of the powers granted and their actual exercise, is primarily responsible for management of the Issuer.

Specifically, the following Functions report to Pierroberto Folgiero, as Chief Executive Officer of the Company: Administration, Finance and Control, which includes the Function Group Project Control & Contract Management, Sustainability Reporting and Investor Relation - Human Resources, Organization and ICT, which includes the Function Group System Quality - Group Special Initiatives and Region Coordination - Legal Affairs & Contract - Technology - Group HSE, Project Quality & Risk Management and Corporate Strategy.

In addition, Pierroberto Folgiero, as Chief Operating Officer of the Company, is also responsible for defining strategic business of the operational and commercial activities and initiatives to strengthen the geographical presence of the Group. To this end, the following Functions report to Pierroberto Folgiero, as Chief Operating Officer: Americas Region, Russia and Caspian Region, Middle East Region, Sub-Saharan - North Africa Region, Iran Group Initiatives and Group Procurement.

Pierroberto Folgiero has been assigned the following powers:

- a) to determine the strategies in terms of general guidance and the development policy of Maire Tecnimont and the Group and to implement the Group acquisitions and disposals Plan, defined in the Strategic Plans approved by the Board of Directors;
- b) to monitor the trend of Maire Tecnimont and the Group and to ensure that the organisational, administrative and accounting structure of Maire Tecnimont is suitable for the nature and size of the Company;



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- c) to prepare the budgets and strategic, business (including those relating to human resources) and financial plans, as well as the investment plans of Maire Tecnimont and the Group, to be submitted to the Board of Directors, and ensure their implementation;
  - d) to prepare investment proposals and extraordinary operations for which the Board of Directors is competent to resolve;
  - e) to oversee, as Appointed Director in accordance with article 7 of the Corporate Governance Code, the functionality of the internal control and risk management systems, defining the relevant instruments and implementation methods according to the guidelines defined by the Board of Directors;
  - f) to implement the management and coordination of Group companies, also by proposing, by agreement with the Chairman, the appointment of Managing Directors of the companies directly controlled by Marie Tecnimont;
  - g) to inform the Board on the work carried out in exercising the powers of attorney assigned during the Board meetings and in any case at least once a quarter.

The Chief Executive Officer is not responsible for interlocking directorate situations, as recommended by the Corporate Governance Code under application criterion 2.C.5<sup>3</sup>, considering that Pierroberto Folgiero holds positions only within the Maire Tecnimont Group.

### **Chairman of the Board of Directors**

Fabrizio Di Amato was Chairman and CEO of the Company from when it was first listed, in November 2007, until 30 April 2013.

The Shareholders' Meeting of 30 April 2013 appointed Fabrizio Di Amato as Chairman of the Board of Directors of the Company.

On 2 May 2013, the Board of Directors - by virtue of the experience acquired at Maire Tecnimont by Fabrizio Di Amato and the intention to separate the areas of competence between the Chairman and the CEO - appointed Pierroberto Folgiero, former Chief Operating Officer of the Company, as Chief Executive Officer of Maire Tecnimont.

The ordinary Shareholders' Meeting and the subsequent Board of Directors of 27 April 2016 confirmed, respectively, Fabrizio Di Amato as Chairman of the Board of Directors and Pierroberto

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<sup>3</sup> Pursuant to Application Criterion 2.C.5 of the Corporate Governance Code "The Chief Executive Officer of an issuer (A) does not act as a director of another issuer (B), not belonging to the same group, of which a director of the issuer is Chief Executive Officer (A)".

Folgiero as CEO of the Company, thus maintaining the separation of the roles indicated above in line with continuity with the previous Board mandate.

The Board of Directors' meeting held on 27 April 2016, after the Shareholders' Meeting, acknowledging the confirmation by the Shareholders' Meeting of Fabrizio Di Amato as Chairman of the Company's Board of Directors, confirmed the powers conferred to it by the law and the Articles of Association.

In addition, the Board of Directors, in continuity with previous mandates, has simultaneously confirmed to Fabrizio Di Amato - to which the Internal Audit Function and the Functions at the time called Public Affairs and Communication and Group Corporate Secretary (who were responsible for Compliance activities), subsequently renamed, respectively, Institutional Relations & Communications and Group Corporate Affairs, Governance & Compliance - additional responsibilities, including:

- a) to prepare proposals regarding corporate governance, without prejudice to the competence of the Board of Directors;
- b) to ensure the institutional relations and communication of Maire Tecnimont and the Group, and
- c) to oversee, in implementation of the guidelines issued by the Board of Directors, the work of the Compliance and Internal Audit Functions.

On 15 March 2017, the Company's Board of Directors - without prejudice to the powers conferred to Fabrizio Di Amato by the law and the Articles of Association by virtue of the office of Chairman conferred - confirmed to the latter the delegations and powers already conferred by the Board on 27 April 2016, further specifying the same on the basis both of the office of Chairman conferred to him and of the office held by him as Group Corporate Affairs, Governance & Compliance and Institutional Relations Senior Executive of the Company.

Lastly, it is noted that the Board of Directors of Maire Tecnimont, on 27 July 2017, recalling the powers already attributed to Fabrizio Di Amato as Chairman of the Board of Directors and as Group Corporate Affairs, Governance & Compliance and Institutional Relations Senior Executive of the Company and without prejudice to the powers of the law and the Articles of Association conferred to him in relation to the office of Chairman, - in accordance with the resolution passed on 15 March 2017 and in order to expressly clarify the 2013 company's governance - further confirmed specifying the proxies and attributions already conferred to him as follows:

- 1) as Chairman of the Board of Directors:
  - a) see to the orderly conduct of the Board of Directors' meeting, i.e.:
    - call the Board of Directors' meetings, establishing the agenda and leading the meetings;



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- communicate the items on the agenda and arrange for the Directors to be sent, sufficiently in advance, the most suitable documentation to allow their effective participation in the work of the Board;
  - b) ensure adequate information flows between the Board's committees and the Board, facilitating the consistency of the decisions of the corporate bodies of the Company;
  - c) act as an effective interlocutor of the Lead Independent Director, in order to incorporate the contributions of non-executive Directors and Independent Directors;
  - d) oversee the definition of the strategic lines of the Company and the Group also in order to promote international growth and operational excellence programs;
  - e) oversee the implementation of the Strategic Plans of the Company and the Group approved by the Board of Directors;
  - f) oversee, in implementation of the guidelines issued by the Board of Directors, the work of the Internal Audit Function;
- 2) as Group Corporate Affairs, Governance & Compliance and Institutional Relations Senior Executive:
- a) manage institutional relations and external relations of the Company and the Group;
  - b) manage communication and initiatives to promote the image of the Company and the Group;
  - c) manage and coordinate, in accordance with the guidelines of the Board of Directors, the activities of the Institutional Affairs and Communication Function;
  - d) oversee the correct management of corporate information;
  - e) propose initiatives in favour of Directors and Statutory Auditors aimed at strengthening their knowledge of the Company and the Group ("Induction Session");
  - f) without prejudice to the competence of the Board of Directors, prepare proposals relating to the corporate governance system;
  - g) manage and coordinate, in implementation of the guidelines of the Board of Directors, the activities of the Group Corporate Affairs, Governance & Compliance Function;
  - h) oversee the fulfilment of reporting disclosure obligations in the field of non-financial information (Sustainability) of the Company and the Group.

Lastly, it is noted that the Chairman, Fabrizio Di Amato, holds direct control of the Company through GLV Capital.

### **Executive Committee**

At the date of this Report, the Board of Directors has not appointed an executive committee.

## **Disclosure to the Board**

During the Year, the CEO and Chief Operating Officer Pierroberto Folgiero and the Chairman of the Board of Directors, Fabrizio Di Amato, reported to the Board on their work carried out by virtue of the exercise of the powers assigned them, more or less once a month.

### **4.5 OTHER EXECUTIVE DIRECTORS**

There are no other executive Directors apart from the CEO and Chief Operating Officer Pierroberto Folgiero and the Chairman of the Board of Directors Fabrizio Di Amato.

### **4.6 INDEPENDENT DIRECTORS**

There are currently five Independent Directors in the Company's Board of Directors and precisely: Gabriella Chersicla, Vittoria Giustiniani, Andrea Pellegrini, Patrizia Riva and Maurizia Squinzi.

The Board of Directors - in implementation of the provisions of the Code and on the basis of the information available and the statements made by the parties concerned - ascertained, in the first meeting after appointment, held on 27 April 2016, that they fulfil the requisites to be qualified as independent according to the application criteria defined in the Code and in compliance with the criteria provided for in article 147-ter, paragraph 4 of the CFA, which makes also reference to the criteria set out in article 148, paragraph 3 of the CFA, disclosing the results of said assessments to the market through a press release. This verification was reiterated by the Board, with reference to Year 2016, on 15 March 2017.

In addition, with reference to the Year, in the meeting of 6 March 2018, the Board - in implementation of the provisions of the Code and on the basis of the information available and the statements made by the parties concerned - verified again the fulfilment of the requisites of independence by Directors Gabriella Chersicla, Vittoria Giustiniani, Andrea Pellegrini, Patrizia Riva and Maurizia Squinzi, confirming, following the verifications conducted, that they may qualify as independent pursuant to article 147-ter, paragraph 4 of the CFA and article 3 of the Code, particularly with reference to application criteria 3.C.1 and following.

With reference to the audits that the Board of Statutory Auditors is required to carry out pursuant to Application Criterion 3.C.5. of the Code, it is noted that on 27 April 2016, the Board of Statutory Auditors, after the appointment of the Board of Directors, on 27 February 2017 and, most recently, on 5 March 2018, positively verified the correct application of the assessment criteria and procedures adopted by the Board to evaluate the independence of its members, reporting to it the results of the audits carried out.



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The outcome of these verifications will be disclosed in this Report and in the Statutory Auditors' report to the Shareholders' Meeting prepared pursuant to article 153 CFA.

Upon their appointment, the Independent Directors drawn from both the Majority and Minority Lists committed to promptly notify the Company of any change in the content of the declaration of independence made by the same.

As for the information regarding the meetings of the Independent Directors held during the Year, in the absence of the other Directors, pursuant to Application Criterion 3.C.6. of the Code, reference is made to the following Section 4.7 of the Report.

#### **4.7 LEAD INDEPENDENT DIRECTOR**

On 27 April 2016, the Board of Directors, taking into account the fact that the Chairman of the Board of Directors of Maire Tecnimont, Fabrizio Di Amato, is the party that indirectly controls the company, confirmed - in compliance with the recommendations of article 2, Criterion 2.C.3 of the Code - Gabriella Chersicla as Lead Independent Director until the approval of the Company's financial statements at 31 December 2018.

The Lead Independent Director is a point of reference for the co-ordination of the requests and contributions of non-executive Directors and, in particular, of Independent Directors. The Code also establishes that the Lead Independent Director must collaborate with the Chairman of the Board of Directors in order to guarantee that Directors receive complete, prompt information. Besides, the Lead Independent Director has the right to independently or upon request of other Directors, convene specific meetings of Independent Directors to discuss matters considered to be of interest with respect to the function of the Board of Directors or Company management.

On 27 July 2017, on the proposal of the Lead Independent Director Gabriella Chersicla, a meeting was held of the Independent Directors of Maire Tecnimont, attended by all Independent Directors and, as invitees, all the members of the Board of Statutory Auditors, which lasted a little over 1 hour. At this meeting, the Independent Directors analyzed and discussed issues pertaining to the Company, including activities related to Risk Management, Corporate Governance & Compliance and the Group's compensation system.

As already indicated above, after the end of the Financial Year, on 25 January 2018 - on the proposal of the Control, Risk and Sustainability Committee, adopted by the Independent Directors and the Board of Directors - a meeting was held of the Independent Directors during which there was an Induction Session meeting for the benefit of the Directors not members of the Control, Risk and Sustainability Committee, on the approach of the Risk management, the methodologies adopted and the results of the risk monitoring activities related to the projects.

During the Year, the Lead Independent Director, Gabriella Chersicla, participated in almost all the meetings of the Board of Directors and, as Chairman, all the meetings of the Control, Risk and Sustainability Committee and all the meetings of the Related-Party Committee.

## 5. PROCESSING OF CORPORATE INFORMATION

The Board of Directors of the Company, in its meeting of 10 July 2007, approved an "*Internal regulation for the management of privileged information*" (the "**Regulation**").

On 15 December 2010, the Board of Directors decided to make some changes to the Regulation, in order to achieve greater coordination among the provisions of the Regulation and adjust some of its provisions to the discipline established by Consob resolution no. 16850 of 1 April 2009.

On 16 March 2016, the Board of Directors made some additional changes to the Regulation to align the provisions with the applicable laws and regulations in force and with corporate operational and authorization processes.

During the Year, the Company started the update of the Regulation to implement the changes introduced by the MAR Regulation regarding "Market Abuse Regulation".

These activities continued during the Year, also taking into account the changes made to the national legislative and regulatory framework.

As a result of the above, the following new procedures have been prepared, in place of the Regulation:

- the "*Procedure for managing Inside Information and Potential Inside Information*";
- the "*Procedure for managing the List of persons who have access to Inside Information and the List of persons who have access to Specific Potential Inside Information*", and
- the "Internal Dealing Procedure"

approved by the Board of Directors, subject to a favourable opinion of the Control, Risk and Sustainability Committee on 25 January 2018.

The new procedures are available on the Issuer's website [www.mairetecnimont.com](http://www.mairetecnimont.com), in the section "Governance" – "Corporate Documents".

## 6. BOARD OF DIRECTORS' INTERNAL COMMITTEES

(pursuant to article 123-bis, paragraph 2, letter d), CFA)



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The Board of Directors has established a Remuneration Committee and a Control, Risk and Sustainability Committee, both with proactive and advisory functions, in accordance with the provisions of article 4 of the Code.

The functions were not distributed to the Committees differently from as recommended by the Code nor were reserved to the entire Board.

Furthermore, in the context of the "Sustainability Project" initiated by the Company for preparation of the "Sustainability Report of the Maire Tecnimont Group" for the Year, containing the "Non-Financial Statement" pursuant to Legislative Decree 254/2016, the Board of Directors, on 25 January 2018, taking into account the recommendations of the Corporate Governance Code and in line with the best practices on the matter, resolved to extend the functions of the Control and Risk Committee of the Company in the field of sustainability, renaming the same "Control, Risk and Sustainability Committee".

In particular, the Control, Risk and Sustainability Committee has been assigned advisory and consultative functions with respect to the Board of Directors also in matters of sustainability as further indicated in Section 10 of this Report.

Furthermore, in line with the provisions of the Consob Related-Party Regulation, the Board of Directors established the Related-Party Committee, which has been assigned the duties and functions indicated in the "*Procedure for transactions with related parties*" of the Company. Pursuant to the express resolution of the Board of Directors the principles and application criteria provided by the Code will apply to the Company's Related-Party Committee. For additional information regarding the composition, functions and duties of this Committee and the "*Procedure for transactions with related parties*" of the Company, reference is made to Section 12 of the Report.

At the date of this Report, no committees other than those provided for by the Code or the Related-Party Committee have been established, except as specified in Section 10 of the Report with reference to the attributions on sustainability attributed to the Control, Risk and Sustainability Committee and the subsequent Section 17 of the Report ("*Further corporate governance practices*").

## **7. APPOINTMENTS COMMITTEE**

The Board of Directors, to date, has not formed an Appointments Committee given that the Board of Directors consists of a majority of Independent Directors (five Independent Directors out of nine) and that the assessment of the size and composition of the Board and nominations

as director in cases of co-option is performed collegially by the entire Board, after consulting with the Board of Statutory Auditors.

In addition, the provision of the Articles of Association regarding election of the Board of Directors through the list voting mechanism ensures a transparent appointment procedure of Directors and the appointment of at least one Director by the minority list.

## **8. REMUNERATION COMMITTEE**

In accordance with the provisions of Principle 6 of the Code, the Maire Tecnimont Board of Directors has established a Remuneration Committee.

### **Composition and operation of the Remuneration Committee (pursuant to article 123-bis, paragraph 2, letter d), CFA)**

The Board of Directors of 10 September 2007 resolved to establish a Remuneration Committee with effect from the date of release, by Borsa Italiana S.p.A., of the procedure regarding the trading of Maire Tecnimont shares on the Mercato Telematico Azionario (Telematic Stock Market) on 26 November 2007.

On 30 September 2011, the Company's Board of Directors has approved the Remuneration Committee Regulation, governing its function and, specifically, its constitution, composition and duration (including the replacement of members who have stood down from office), identifying its functions and regulating the convening and operations of meetings. The Remuneration Committee Regulation was modified by the Board of Directors of 20 December 2012 to make it consistent with the provisions of the Code of December 2011. It was approved by the Board of Directors on 02 May 2013, following appointment of the Board of Directors for the three-year period 2013-2015 and, lastly, by the Board of Directors of 27 April 2016, following appointment of the current Board of Directors.

In the Year, the composition of the Remuneration Committee was compliant with the indications contained in the Corporate Governance Code, establishing that the Committee shall be composed of no less than three members, if the Board of Directors is composed of eight members or more (Application Criterion 4.C.1), Independent Directors or, in alternative, non-executive, the majority of whom independent, among whom to appoint a Chairman (Principle 6.P.3).

The Remuneration Committee currently in office was appointed by the Board of Directors on 27 April 2016, following the Shareholders' Meeting, and will remain in office until approval of the financial statements at 31 December 2018.



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In particular, the Board of Directors confirmed the previous composition of the Remuneration Committee, which is therefore in line with the previous Year and consists of the following members: Andrea Pellegrini, as Committee Chairman, Luigi Alfieri and Vittoria Giustiniani.

All Committee members are non-executive Directors. Moreover, Andrea Pellegrini and Vittoria Giustiniani are Independent Directors. The Board recognises that all Remuneration Committee members, considering the relevant professional profile, have an adequate knowledge and expertise in financial matters or remuneration policies.

In the Year, the Remuneration Committee met 5 times, and precisely: on 8 February, 2 March, 14 March, 9 May and 4 July 2017. The meetings of the Remuneration Committee lasted an about 1 hour and were regularly minuted. The Chairman of the Remuneration Committee regularly provided information to the first Board of Directors on the activities of the Committee and on the issues covered in each meeting of the same.

For Year 2018, 7 meetings of the Remuneration Committee are scheduled, three of which were held, respectively, on 7 February 2018, 1 March 2018 and 14 March 2018.

For further information on the composition and operation of the Remuneration Committee, reference is made to Table 2 annexed hereto.

As envisaged in the Remuneration Committee Regulation, no Director takes part in the Remuneration Committee meetings when proposals to Board of Directors regarding their remuneration are submitted.

The Remuneration Committee Regulation gives the entire Board of Statutory Auditors the right to attend the Committee meetings.

All Committee members have actively participated in the meetings, and at the invitation of the Committee itself, the Board of Statutory Auditors, the Head of the Function Human Resources, Organization and ICT Franco Ghiringhelli, as well as external consultants, also participated.

The Remuneration Committee operates with the support of the Company's Human Resources, Organization and ICT Function.

### **Functions of the Remuneration Committee**

In compliance with article 6 of the Code and as envisaged by article 3 of the Remuneration Committee Regulation, the Remuneration Committee has the following tasks:

- formulate proposals to the Board of Directors for the implementation of policies regarding the remuneration of executive Directors and executives with strategic responsibilities;

- formulate proposals to the Board of Directors for the implementation of policies regarding the remuneration of all Group's Top Managers, including money and shared-based incentive plans on the short and long term;
- periodically assess the appropriateness, general consistency and concrete application of the policy for the remuneration of the executive Directors and executives with strategic responsibilities, availing itself, in this latter context, of the information provided by the Company CEO;
- submit proposals to the Board of Directors and express opinions regarding the remuneration of the executive Directors and other Directors holding special offices and also concerning the determination of the performance targets correlated to the variable component of their remuneration;
- monitor the implementation of decisions taken by the Board itself, verifying, in particular, the actual achievement of performance targets;
- examine in advance the annual remuneration report which listed companies are required to prepare and make available to the public before the annual Shareholders' Meeting pursuant to article 2364, paragraph 2 of the Civil Code, in accordance with applicable regulatory requirements.

During the Year, the Remuneration Committee periodically assessed the adequacy, overall consistency and concrete application of the policy for the remuneration of Directors and Top Management.

Also in the Year, in continuity with the redefinition of the Group Remuneration Policies launched in 2015, the Remuneration Committee supported the Board of Directors in the implementation and monitoring of incentive systems in place defined under the 2016-2018 Remuneration Policy cycle, oriented in particular to long-term sustainable value growth. In this regard, we also recall the 2016-2018 Performance Share Plan and, for the same three-year period, the Employee Share Ownership Plan, both aimed at involving Human Capital in increasing the Group's value growth and fostering the alignment of the action of Human Resources to the interests of Shareholders and Stakeholders in view of the pursuit of the Group's strategic objectives.

During the Year, the Remuneration Committee also submitted to the approval of the Board of Directors the proposal for a new remuneration system for the Chief Executive Officer and some Top Managers identified. This new system, called the "2017-2019 Restricted Stock Plan", approved by the Board of Directors on 15 March 2017 and by the Shareholders' Meeting on 26 April 2017, represents a new tool for retention and partnership in the development of the Company and the creation of value for Stakeholders.

In addition, on the proposal of the Remuneration Committee of 2 March 2017 and 14 March 2017, the Board of Directors of 15 March 2017 approved the renewal of Non-Competition



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Agreements, expired at the end of 2016, intended for the Chief Executive Officer and some Top Managers identified, with professionalism subject to greater risks of attraction on the market by competitors. These Agreements meet the need to continue the process of strengthening the loyalty of key resources that have made possible the turn-around and the achievement of the positive economic-industrial results of the past three years.

In addition, the Remuneration Committee reports to the Shareholders during the annual Shareholders' Meeting on the criteria adopted in the performance of its tasks pursuant to article 2364, paragraph 2, of the Civil Code.

In the meetings of 7 February 2018, 1 March 2018 and 14 March 2018, the Committee also preliminarily reviewed the Remuneration Policy for 2018 and the annual Remuneration Report pursuant to article 123-ter of the CFA that listed companies shall prepare and make available to the public before the annual Shareholders' Meeting as per article 2364, paragraph 2, of the Civil Code, in compliance with currently applicable regulatory provisions.

The Maire Tecnimont Board of Directors in the meeting of 15 March 2018 approved the Remuneration Policy for 2018 and the Remuneration Report pursuant to article 123-ter of the CFA (the "**2018 Remuneration Report**"), Section One of which will be submitted for approval, by non-binding vote, to the next Company Shareholders' Meeting convened for 26 April 2018 on first call and 27 April 2018 on second call.

In the performance of its functions, the Remuneration Committee has had access to the necessary information and corporate functions in order to accomplish its tasks relying, in particular, on the support of the Human Resources, Organization and ICT Function.

As envisaged in article 7 of the Remuneration Committee Regulation, the latter may resort to external consultants for the performance of its tasks.

After having verified the independence of the selected company, Maire Tecnimont availed itself of the remuneration-related advisory services provided by Willis Towers Watson, leading company in industry remuneration surveys as well as advisory activities and certification of corporate compensation systems.

No specific financial resources have been allocated to the Remuneration Committee since the same Committee avails itself - as above mentioned for the performance of its tasks - of the means and corporate structures of Maire Tecnimont and may avail itself of external consultants, the expenses of which are paid for by the Company up to a maximum amount from time to time established by the Company.

## 9. DIRECTORS' REMUNERATION

### General remuneration policy

For information on the general remuneration policy, reference is made to the 2018 Remuneration Report prepared pursuant to article 123-ter of the CFA and made available to the public on the website of the Company ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Governance" - "Shareholders' Meetings Documents" - "2018"), approved by the Board of Directors on 15 March 2018, after examination by the Remuneration Committee.

### Share-based remuneration plans

The Ordinary Shareholders' Meeting of 28 April 2015 approved, pursuant to article 114-bis of the CFA, the adoption of a long-term incentive plan based on phantom stock (the "**2015-2017 Phantom Stock Plan**"). For further information, reference is made to the "2015 Remuneration Report" prepared pursuant to article 123-ter of the CFA and the Explanatory Report prepared pursuant to article 114-bis of the CFA and article 84-ter of the Consob Issuers' Regulation and the Information Document on the Phantom Stock Plan prepared pursuant to article 84-bis of Consob Issuers' Regulation, available on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), section "Governance" - "Shareholders' Meeting Documents" - "2015").

The Ordinary Shareholders' Meeting of 27 April 2016 approved, pursuant to article 114-bis of the CFA, the adoption of a long-term incentive system based on the allocation of the Company's shares (the "**2016-2018 Performance Share Plan**") to the benefit of the Top Managers of the Group, and an Employee Share ownership plan (the "**2016-2018 Employee Share Ownership Plan**") addressed to all employees. For further information regarding these plans, reference is made to the "2016 Remuneration Report" prepared pursuant to article 123-ter of the CFA and the related Information Documents and the Explanatory Reports, approved by the Board of Directors on 16 March 2016 and by the Shareholders' Meeting held 27 April 2016, made available to the public on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Governance" - "Shareholders' Meetings Documents" - "2016").

The Ordinary Shareholders' Meeting of 26 April 2017 approved, pursuant to article 114-bis of the CFA, the introduction of a new long-term retention system based on the allotment of Company's shares (the "**2017-2019 Restricted Stock Plan**"). For further information, reference is made to the "2017 Remuneration Report" prepared pursuant to article 123-ter of the CFA and the Explanatory Report prepared pursuant to article 114-bis of the CFA and article 84-ter of the Consob Issuers' Regulation and the Information Document on the Restricted Stock Plan prepared pursuant to article 84-bis of Consob Issuers' Regulation, available on the



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Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), section "Governance" - "Shareholders' Meeting Documents" - "2017").

### **Remuneration of Executive Directors**

For information on the remuneration of Executive Directors, reference is made to the information in the 2018 Remuneration Report made available to the public on the Company website ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Governance" - "Shareholders' Meetings Documents" - "2018").

### **Incentive mechanisms for the Head of Internal Audit and of the Executive Responsible for preparing the Company's financial reports**

Dario Michelangeli, Administration and Financial Statements Vice President of Maire Tecnimont, has been assigned, as Executive Responsible for preparing the Company's financial reports - confirmed in this role by the Board of Directors of the Company on 27 April 2016, after the favourable opinion of the Board of Statutory Auditors - additional gross annual fees of Euro 15,000, as resolved unanimously by the Board of Directors of Maire Tecnimont in the meeting held on 12 May 2016 and with the favourable opinion of the Remuneration Committee and the Board of Statutory Auditors.

The Head of Internal Audit, Valerio Actis Grosso, appointed by the Board of Directors on 8 October 2013 until revocation and, to the extent possible, confirmed in this role until revocation by the Company's Board of Directors following a favourable opinion of the Director responsible for the internal control and risk management system, on 27 April 2016, shall receive a fixed annual remuneration recognized as adequate and in compliance with the tasks assigned.

For the functions of Executive Responsible for preparing the Company's financial reports and the Head of Internal Audit no incentive schemes are envisaged.

### **Remuneration of non-executive Directors**

For information on the remuneration of Non-executive Directors, reference is made to the information in the 2018 Remuneration Report made available to the public on the Company website ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Governance" - "Shareholders' Meetings Documents" - "2018").

**Indemnity to Directors in the case of resignation, dismissal or termination of employment following a take-over bid (pursuant to article 123-bis, paragraph 1, letter i), CFA).**

For information on compensation of the Directors in case of resignation, dismissal or termination of employment following a takeover bid (pursuant to article 123-bis, paragraph 1, letter i) CFA), reference is made to what is reported in the relevant section of the 2018 Remuneration Report made available to the public on the Company website ([www.mairetecnimont.com](http://www.mairetecnimont.com), section "Governance" - "Shareholders' Meetings Documents" - "2018").

As better represented in Section 4.1 of this Report, the Board of Directors did not resolve a succession Plan.

## **10. CONTROL, RISK AND SUSTAINABILITY COMMITTEE**

The Board of Directors, on 10 September 2007, resolved to establish an Internal Control Committee (subsequently renamed "Control and Risk Committee") with effect from the date of release, by Borsa Italiana S.p.A., of the procedure regarding the trading of Maire Tecnimont shares on the Mercato Telematico Azionario ("MTA" Telematic Stock Market) on 26 November 2007.

On 20 December 2012, in order to incorporate the changes made in December 2011 to the Code, the Board of Directors also amended the Control and Risk Committee Regulation, increasing the functions and requiring the participation of all Statutory Auditors in its meetings.

The Committee Regulation was approved by the Board of Directors on 2 May 2013, following appointment of the Board of Directors for the three-year period 2013-2015 and, lastly, by Board of Directors of 27 April 2016, following appointment of the current Board of Directors.

Lastly, in the context of the "Sustainability Project" initiated by the Company for preparation of the "Sustainability Report of the Maire Tecnimont Group" for the Year, containing the "Non-Financial Statement" pursuant to Legislative Decree 254/2016, the Board of Directors, on 25 January 2018, and in line with the best practices on the matter, resolved to extend the functions of the Control and Risk Committee of the Company in the field of sustainability, renaming the same "Control, Risk and Sustainability Committee".

In particular, the Control, Risk and Sustainability Committee has been assigned advisory and consultative functions with respect to the Board of Directors also in matters of sustainability as further indicated below.



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## **Composition and operation of the Control, Risk and Sustainability Committee (pursuant to article 123-bis, paragraph 2, letter d) of the CFA)**

In the Year, the composition of the Control, Risk and Sustainability Committee was compliant with the indications contained in the Code, establishing that the Committee shall be composed of no less than three members, if the Board of Directors is composed of eight members or more (Application Criterion 4.C.1), Independent Directors or, in alternative, non-executive, the majority of whom independent, among whom to appoint a Chairman (Principle 7.P.4).

The Control, Risk and Sustainability Committee currently in office was appointed by the Board of Directors on 27 April 2016, following the Shareholders' Meeting, and will remain in office until approval of the financial statements at 31 December 2018.

In particular, the Board of Directors confirmed the previous composition of the Control, Risk and Sustainability Committee, which is therefore in line with the previous Year and consists of the following members: Gabriella Chersicla, as Committee Chairwoman, Stefano Fiorini and Andrea Pellegrini.

All Committee members are non-executive Directors and Gabriella Chersicla and Andrea Pellegrini are also qualified as Independent Directors. The Board recognises that all Control, Risk and Sustainability Committee members, considering the relevant professional profile, have an adequate knowledge and expertise in financial and accounting or risk management matters.

During the Year, the Control, Risk and Sustainability Committee - which at the time did not exercise the advisory and consultative role regarding sustainability - met 7 times, on 14 March, 9 May, 4 July, 26 July, 26 October, 6 November and 14 December 2017. The meetings of the Control, Risk and Sustainability Committee lasted an average of 2 hours and were regularly minuted. The Chairman of the Control, Risk and Sustainability Committee regularly provided information to the first Board of Directors on the activities of the Committee and on the issues covered in each meeting of the same.

For Year 2018, 11 meetings of the Control, Risk and Sustainability Committee are scheduled, 4 of which were held, respectively, on 24 January, 1 March, 5 March and 14 March 2018.

For further information on the composition and operation of the Control, Risk and Sustainability Committee, reference is made to Table 2 annexed hereto.

The meetings of the Control, Risk and Sustainability Committee are regularly attended by the Board of Statutory Auditors, the Chief Executive Officer, also as Director Responsible for the internal control and risk management system, the Group Chief Financial Officer and the Executive responsible for preparing the company's financial reports and, from time to time upon invitation of the Committee itself and on individual items on the agenda, representatives of the Auditing Firm, the Head of Internal Audit, the Head of Group HSE, Project Quality & Risk

Management, the Head of Group Corporate Affairs, Governance & Compliance, the Head of Sustainability Reporting and the Supervisory Body pursuant to Legislative Decree 231/2001 and, in general, depending on the items on the agenda to be discussed, Top Managers of the Company and external consultants.

### **Functions attributed to the Control, Risk and Sustainability Committee**

Based on as recommended by the Code, and according to the provisions of article 3 of the Regulation of the Control, Risk and Sustainability Committee of Maire Tecnimont, as approved by the Company's Board of Directors on 6 March 2018, the Control, Risk and Sustainability Committee:

- a) assists the Board of Directors in carrying out the tasks entrusted to the same by the Code and the law relating to internal control and risk management, namely:
  - (i) definition of the guidelines to be used for the internal control and risk management system, so that the main risks concerning the Company and its subsidiaries, including all risks that can be relevant with a view to sustainability in the medium to long term of the activity of the Company and the Group, are properly identified and also adequately measured, managed and monitored, determining the level of compatibility of said risks with a business management consistent with the strategic objectives identified;
  - (ii) periodic assessment, at least once a year, of the adequacy of the internal control and risk management system with respect to the company's characteristics and risk profile as well as of its efficacy;
  - (iii) approval, at least once a year, of the work plan prepared by the Head of the Internal Audit function, after consulting with the Board of Statutory Auditors and the Director Responsible for the internal control and risk management system;
  - (iv) description, in the annual report on corporate governance, of the main characteristics of the internal control and risk management system and the methods of coordination between the entities involved, and for the assessment of adequacy of the same;
  - (v) preliminary assessment of the additional Report, pursuant to article 11 of EU Regulation no. 537/2014, on the results of the auditing activity that the Board of Statutory Auditors is required to send, together with any observations, to the Board of Directors;



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- b) expresses to the Board of Directors its opinion on the appointment, revocation and remuneration of the Head of the Internal Audit Function and on the adequacy of the resources guaranteed to the same for the performance of the relevant tasks;
  - c) in collaboration with the Executive Responsible for preparing the company's financial reports, after having heard the Independent Auditor and the Board of Statutory Auditors, assesses the proper application of accounting principles and their uniformity for the purposes of preparing the consolidated financial statements;
  - d) expresses opinions on specific aspects relating to the identification of the Company's main risks;
  - e) receives, at least every six months, evaluations and reports from the Supervisory Body on the functioning and compliance of the organization, management and control model adopted by the Company pursuant to Legislative Decree 231/2001;
  - f) examines the periodic reports drafted by the Internal Audit Function concerning the evaluation of the internal control and risk management system as well as those having particular relevance;
  - g) monitors the autonomy, adequacy, efficacy and efficiency of the Internal Audit function;
  - h) may ask the Internal Audit function to perform audits on specific operating areas, giving concurrent communication to the Chairman of the Board of Statutory Auditors;
  - i) supports, with adequate investigations, evaluations and decisions of the Board of Directors relating to the management of risks arising out of prejudicial acts, which the Board of Directors has become aware of;
  - l) carries out advisory and consultative functions with respect to the Board of Directors regarding sustainability, namely:
    - (i) examines and assesses sustainability issues related to the exercise of business activity and the dynamics of interaction with stakeholders;
    - (ii) examines and evaluates the system for collecting and consolidating data for the preparation of the Group's "Sustainability Report", containing the "Non-Financial Statement" pursuant to Legislative Decree 254/2016;
    - (iii) examines in advance the "Sustainability Report" of the Maire Tecnimont Group, containing the "Non-Financial Statement" pursuant to Legislative Decree 254/2016, formulating an opinion for approval by the Board of Directors;
    - (iv) monitors the Company's positioning on sustainability issues, with particular reference to the Company's positioning in ethical sustainability indices;

- (v) expresses, at the request of the Board of Directors, opinions on any further sustainability issues;
- m) reports to the Board at least twice a year, on the occasion of the approval of annual and interim financial reports, on the activities carried out and on the adequacy of the internal control and risk management system.

In the Year, the Control and Risk Committee examined the periodical accounting reports with special focus, together with the Executive Responsible for preparing the Company's financial reports and with the Independent Auditors, on the correct use of the accounting principles adopted and their consistency for the purposes of drafting the consolidated financial statements.

These activities were last carried out by the Committee, with reference to the draft financial statements and the consolidated financial statements at 31 December 2017, at the meeting held 14 March 2018.

Moreover, the Control, Risk and Sustainability Committee, once every six months, examined the regular reports by the Head of the Internal Audit, and received the reports from the Supervisory Body on the function of and compliance with the Organisational, Management and Control Model adopted by the Company in accordance with Legislative Decree 231/2001.

Every six months, it also supports the Board in evaluating the adequacy, efficacy and proper operation of the internal control and risk management system and communicates to the Board, on the occasion of the approval of the Annual and Half-Yearly Financial Report, on the investigation activities performed, also considering what reported by the Supervisory Body and Head of Internal Audit.

The Control, Risk and Sustainability Committee supported the Board of Directors in the prior examination of periodic financial reports, budgets, business plan and the methodologies and results of the Group Impairment Test analysis.

The Control, Risk and Sustainability Committee was also kept constantly informed about the progress of risk management activities, by the Head of Group Process, QHSE & Risk Management, as well as activities related to the Project for optimization, with risk-based approach, of Models 231 of the Company and of companies under Italian law directly controlled by Marie Tecnimont ("**Project 231**"), aimed at further strengthening the Models 231 adopted by Maire Tecnimont and sister companies under Italian law proposing the development of a risk assessment system, the preparation of documentation and the definition of control mechanisms fully integrated with the operating procedures and practices adopted by the Group, and with the legislative principles and guidelines.



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During the Year, the Board of Directors did not become aware of facts detrimental to the Company and the Group.

It is also noted that the Committee, at its meeting of 14 March 2017, also previously examined the proposal relating to the authorization for the purchase and disposal of treasury shares, subject to revocation of the one granted by the shareholders on 15 December 2015, to the extent not yet used, in accordance with article 2357 et seq. Civil Code approved by the Shareholders' Meeting on 26 April 2017.

During the Year, the Committee also promoted meetings with specific Company Functions, identified from time to time, in order to monitor the activities and processes of competence for assessment of the adequacy of the organizational, administrative and accounting structure of the Company as well as that of the subsidiary having strategic relevance, with particular reference to the internal control and risk management system.

With specific reference to the "Sustainability Project" initiated by the Company, during the Year, the Committee monitored the formation process of the Group's "Sustainability Report" for 2017, containing the "Non-financial Statement" as per Legislative Decree 254/2016, promoting the preparation of an operational procedure for the control and reporting of non-financial data and information aimed at defining a solid and reliable data collection and consolidation system.

On 1 March 2018, the Committee - with the support of the Head of the Sustainability Reporting Function of the Company and the Head of the Group Corporate Affairs, Governance & Compliance Function - examined the *"Reporting procedure and internal control for preparation of the Sustainability Report"*, on which a favourable opinion was expressed.

On 14 March 2018, the Committee also examined, issuing its favourable opinion for approval by the Board of Directors, the Group's "Sustainability Report" for 2017, containing the "Non-financial Statement" as per Legislative Decree 254/2016.

In the performance of its functions, the Control, Risk and Sustainability Committee has access to the information and corporate functions that are necessary in order to accomplish its tasks.

As envisaged in article 7 of the Control, Risk and Sustainability Committee Regulation, the Committee may avail itself of external consultants for the performance of its tasks.

No specific financial resources have been allocated to the Control, Risk and Sustainability Committee since the same Committee avails itself - as above mentioned - for the performance of its tasks of the Issuer's means and corporate structures and of external consultants, the expenses of which are paid for by the Company up to a maximum amount from time to time established by the Company.

## **11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Board defines the guidelines for the internal control and risk management system, comprising the rules, procedures and organizational structures aimed at assuring the identification, measurement, management and monitoring of the main risks.

The Board (i) defines the guidelines to be used for the internal control and risk management system, so that the main risks regarding the Company and its subsidiaries are properly identified and also adequately measured, managed and monitored, determining the level of compatibility of said risks with a business management consistent with the identified strategic objectives; (ii) assesses, at least every six months, the adequacy of the internal control and risk management system with respect to the company's characteristics and risk profile as well as of its efficacy.

In exercising these functions, the Board avails itself of the collaboration of the Director Responsible for the internal control and risk management system - identified in the person of the CEO, Pierroberto Folgiero - and of the Control, Risk and Sustainability Committee which, among other things, periodically examines the report prepared by the Head of Project Quality & Risk Management related to the risk for the commercial phase (pre-tendering, tendering/tendered) and for the executive phase (executive projects) and for the activities performed by the Corporate Functions (Enterprise Risk Management); it also takes into consideration the Organization and Management Models of the Company and the Group companies pursuant to Legislative Decree 231/2001, adopted therein.

On the proposal of the Director Responsible for the internal control and risk management system and after hearing the favourable opinion of the Control, Risk and Sustainability Committee and consulting with the Board of Statutory Auditors, the Board appointed the Head of Internal Audit, ensuring that the same is provided with adequate means to perform related functions, also from the point of view of the operating structure and the internal organization procedures for access to the information required to perform the related task.

The Company internal control and risk management system is based on a set of procedures including Group Standards, Procedures and Operating Instructions, on responsibilities segregation, on a tracking system of the transactions performed, management control system and of proxies and delegations, activation levels matrices, expenditure regulation, a system of verifications pursuant to Law 262/2005 and on the application of the Code of Ethics of the Company and of Model 231 pursuant to Legislative Decree 231/2001.

The Group adopts a risk management system integrated with the "internal control and risk management system", in order to properly ensure authenticity, accuracy, reliability and timeliness of financial information. In fact, the Group management is convinced that the financial risk management cannot be considered separately from the internal control and risk



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management system as both are elements of the same system and only in this way it is possible to ensure an accurate, reliable and timely financial information.

In particular, to manage risks associated with financial disclosures, the Group adopted a specific control system, the details and operating methods of which are reported in the paragraph below.

### **Main characteristics of the risk management and internal control systems in relation to the financial reporting process pursuant to article 123-bis, paragraph 2, letter b), CFA**

The risk management system related to financial reporting adopted by the Maire Tecnimont Group is based on the requirements of the CoSO Report model that guided the design, implementation, and maintenance of the management system. This model, developed by the Committee of Sponsoring Organizations of the Treadway Commission and accepted by the Code, is characterized by the presence of the following five components:

1. control framework;
2. risk assessment;
3. information and communication;
4. control activity;
5. monitoring.

The administrative and accounting control model is subject to a continuous process of updating and maintenance aimed at ensuring the effectiveness and coordination of the main elements of the system with respect to the organizational and governance evolution of the Company and the Group.

In this regard, it is noted that on 4 July 2017, the Executive Responsible for preparing the Company's financial reports submitted to the Control, Risk and Sustainability Committee, which positively acknowledged it, an update on the project initiated by the latter in 2016 aimed at revising the accounting and administrative control model. It is recalled that as part of the project, there was a review of the scoping method, an update of the mapping of key processes with administrative-accounting effects, a risk assessment and review of controls in order to ensure maximum effectiveness in mitigating risks. Considering the risks identified, a gap analysis was also carried out aimed at identifying any deficiencies/needs to improve the system, in order to start virtuous processes of implementation of improvement actions.

The results of the verifications carried out with reference to the process for the preparation of the Draft Financial Statements for the Year on the basis of the accounting and administrative

control model thus reviewed were presented to the Control, Risk and Sustainability Committee and to the Board of Directors respectively on 14 March and 15 March 2018.

### **Phases of the risk management and internal control system in relation to the financial reporting process**

For the purposes of fulfilling the obligations pursuant to article 154-*bis* of the CFA relating to the Executive Responsible for preparing the Company's financial reports, the model for management of risks related to financial reporting adopted by the Maire Tecnimont Group comprises the following main categories of activities:

- identification of the scope of the companies and the relevant processes in terms of potential impact on financial reporting. This assessment (scoping) is carried out in relation to the specific level of relevance, in both quantitative terms, for the level of significance of the potential impact on the consolidated financial statements, and in qualitative terms (taking into account the specific risks related to the business or the process);
- detection, through mapping, of processes considered relevant for the purposes of financial reporting, as well as the identification and assessment of the key risks and design of controls to oversee the same;
- these assessments are the basis for the construction of the control matrices (Risk and Control Matrix) which describe, for each process considered relevant for the purposes of financial reporting, the risks and the associated administrative-accounting control activities;
- a process of continuous monitoring of the adequacy and effective application of administrative-accounting procedures;
- the periodic verification of the design and effective operation of the key controls (Test of Effectiveness) with the systematic involvement of all those that are part of the control model (Process Owner, Control Owner, Test Owner). In order to ensure independence and objectivity of the results, said activity is carried out by personnel not in hierarchical line with the units responsible for implementation of the controls.
- a reporting process to the Board of Directors, also through the Control, Risk and Sustainability Committee, which guarantees, among other things, adequate information about the results of monitoring activities carried out regarding administrative-accounting procedures;
- an attestation process to the outside, based on the reports and declarations made by the Executive Responsible for preparing the Company's financial reports, in accordance



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with article 154-*bis* of the CFA jointly with the CEO (in the name and on behalf of the Board of Directors), as part of the drafting of the annual financial statements and half-year financial reports, to ensure the correctness of the accounting information that the company provides to its shareholders, third parties and the market.

In addition to the controls defined at process level, controls operating across the Group or individual companies (Entity Level Controls) are also defined and updated as integral part of the system. These controls are monitored through a check-list that covers each of the five fundamental elements of the CoSO Report.

### **Roles and functions involved**

The risk management system related to financial reporting adopted by the Maire Tecnimont Group includes the involvement of many parties in various levels of the organizational structure in order to ensure, consistent with the various responsibilities of each, the constant updating of the model over time and the maximum integration of controls with operational activities.

As a key element of the control system, the Process Owners are identified that are regularly called upon to express their opinion with respect to the design of the model for their part of competence, in terms of representation of the process and effective definition of controls.

In addition, for each control, Control Owners that have the responsibility to oversee the effective implementation of the controls are identified.

The operational activities for updating of the model, execution of tests and monitoring of mitigation actions of gaps are undertaken by the Executive Responsible for preparing the Company's financial reports with the help of a dedicated structure (Financial Controls), in synergistic cooperation with the Internal Audit Function.

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During the Year, the Control, Risk and Sustainability Committee provided the Board of Directors with regular updates on the Committee's operation, on the outcomes of the controls carried out and on the operation of the internal control and Risk management system, highlighting that the latter was adequate in relation to the Issuer's size and operating and organizational structure.

On 15 March 2017, 27 July 2017 and lastly, on 15 March 2018, the Board, acknowledging the reports made by the Control, Risk and Sustainability Committee and also based on the report made by the Head of Internal Audit, the Supervisory Body and the Head of Group HSE, Project Quality & Risk Management expressed an opinion of congruity, efficacy and effective operation of the internal control and risk management system.

## **11.1 DIRECTOR RESPONSIBLE FOR THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

On 27 April 2016, following the appointment of the new Board of Directors, the Board confirmed CEO Pierroberto Folgiero as Director Responsible for the internal control and risk management system.

The Director Responsible for the internal control and risk management system:

- identifies the main company risks, taking into account the characteristics of the activities performed by the Issuer and its subsidiaries and periodically submits them to the Board;
- implements the guidelines defined by the Board, managing the planning, implementation and management of the internal control and risk management system, continuously verifying the overall suitability and effectiveness;
- also deals with the adaptation of said system to the dynamics of operating conditions and the legislative and regulatory context;
- can request the Internal Audit Function to perform verifications on specific areas of operation and compliance with internal rules and procedures in the execution of company operations, giving simultaneous notification to the Chairman of the Board of Directors, the Chairman of the Control, Risk and Sustainability Committee and the Chairman of the Board of Statutory Auditors;
- timely reports to the Control, Risk and Sustainability Committee (or to the Board of Directors) on issues and problems in the course of its activities or of which it became aware so that the Committee (or the Board) can take appropriate action;
- proposes to the Board the appointment, removal of the Head of the Internal Audit Function.

Moreover, the Director Responsible for the internal control and risk management system shared with the Control, Risk and Sustainability Committee the results of the activities undertaken by the Group HSE, Project Quality & Risk Management Function, resulting from the specific report prepared for said purpose. This report illustrates the results of exposure to risk inherent to the commercial phase (pre-tendering, tendering/tendered), the executive phase (executive projects), as well as those relating to the Corporate functions (Enterprise Risk Management).

## **11.2 HEAD OF THE INTERNAL AUDIT FUNCTION**

On 8 October 2013, at the proposal of the Director Responsible for the Company's internal control and risk management system and upon obtaining the favourable opinion of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, the Board of Directors



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resolved to appoint, until revocation, Valerio Actis Grosso as Head of Internal Audit of Maire Tecnimont.

The Board established the remuneration of the Head of Internal Audit in line with company policy and assured that the same is adequately resourced to carry out its responsibilities.

On 27 April 2016, the Board of Directors - following the favourable opinion of the Director Responsible for the internal control and risk management system - confirmed until revocation, to the extent possible, Valerio Actis Grosso, Head of Internal Audit of Maire Tecnimont.

The Head of Internal Audit is not responsible for any operational area and reports to the Board of Directors.

The Head of Internal Audit verifies, both continuously and in relation to specific needs and in compliance with international standards, the operations and suitability of the internal control and risk management system through an Audit Plan approved by the Board of Directors, after consulting with Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Director Responsible for the internal control and risk management system, based on a structured process of analysis and prioritization of the main risks.

The Head of Internal Audit, as part of its activities, had direct access to all relevant information for the assignment.

The Head of Internal Audit prepared periodic reports containing adequate information about its activities and discussing with the function responsible, the way in which risk management is conducted as well as compliance with the plans defined for their reduction, in addition to an evaluation of the internal control and risk management system. These reports were forwarded to the members of the Control Risk and Sustainability Committee, the Board of Statutory Auditors and the Chairman of the Board of Directors, as well as the Director Responsible for the internal control and risk management system.

The Head of Internal Audit verified, as part of the Audit Plan, the reliability of information systems including accounting systems with the conduct of tests on IT automatic checks. In particular, during the Year, companies, branches, company processes, functions and projects in Europa, Asia, Africa, and the risk areas related to IT Governance, IT Risk Management and IT Compliance were audited. The Head of Internal Audit has been provided with financial resources and personnel for the performance of duties.

In the Year, the Head of Internal Audit carried out all the Internal Audit activities planned. The points of attention or improvement observed during the audits were the subject of Action Plans agreed with the managers concerned with the actions defined. The Internal Audit performs follow-up action to verify that Action Plans are implemented appropriately, effectively and timely.

The Internal Audit Function participated in the Project 231. It also participated in and supported the Supervisory Bodies, monitored compliance with the Code of Ethics, analyzed the presence of control in the company rules during issuance/updating and carried out verifications and controls regarding the current corporate document system.

### 11.3 ORGANIZATIONAL MODEL (as per Legislative Decree 231/2001)

The Board of Directors of Maire Tecnimont S.p.A. deemed it appropriate to adopt, since 2006, its own Organizational, Management and Control Model pursuant to Legislative Decree 231/2001 ("**Model 231**" or the "**Model**") thus responding to the need to ensure fairness and transparency in the conduct of business and in the management of company activities, with particular reference to the prevention of the offenses referred to in Legislative Decree 231/2001 (the "**Decree**") and appointed a collegial Supervisory Body with autonomous powers of initiative and control.

The Board of Directors of the Company has updated the Model over time, most recently with a resolution of 25 January 2018.

Model 231 consists of a "*General Part*"<sup>4</sup> and a "*Special Part*". In the "*General Part*", after a brief illustration of the legal regime concerning the entity's responsibility, an illustration is provided of the governance tools and the internal control and risk management system adopted and implemented by the Company, the areas at risk of commissions for each of the predicate offenses pursuant to Legislative Decree 231/2001 (the "**231 Offenses**"), the disciplinary system, the functioning and duties of the Supervisory Body that must supervise the functioning and observance of the Model and ensure that it is updated and the training and communication activities of the same. The "*Special Part*" contains the "*Protocols*", developed with reference to each area of activity at potential risk of committing the 231 Offenses. Each "*Protocol*" provides a set of rules and principles of control and conduct to be adopted and implemented in order to mitigate the risk of committing the offenses of administrative liability pursuant to Legislative Decree 231/2001.

The rules contained in Model 231 ("*General Part*" and "*Special Part*") of the Company are integrated with those of the Code of Ethics<sup>5</sup>, which expresses the principles of "corporate ethics" that Marie Tecnimont recognizes as its own and for which it requires compliance by all recipients of the Code of Ethics and Model 231. The Code of Ethics, available in Italian and English

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<sup>4</sup> The General Part of Model 231 of the Company is available on the website [www.mairetecnimont.com](http://www.mairetecnimont.com) in the section "Governance - Corporate Documents".

<sup>5</sup> The Code of Ethics of the Company is available on the website [www.mairetecnimont.com](http://www.mairetecnimont.com) in the section "Governance - Corporate Documents".



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language, is a single document for the entire Maire Tecnimont Group and as such all companies controlled directly or indirectly are required to adopt it and abide by the contents.

In the Year, following some regulatory changes concerning the responsibility of entities, the Company updated Model 231 with particular reference to the new types of predicate offenses concerning the instigation of corruption between private parties and illicit brokering and exploitation of labour. For the updating of Model 231, Maire Tecnimont has used the methodological approach, already applied in 2016, which allows "risk ranking" or, in the specific case, a quantification of the level of risk associated with each activity/process of the company exposed potentially at risk of committing 231 Offenses.

The process of updating the Model was therefore developed in different phases. The starting point was the updating of the mapping of the activities at risk ("**231 Risk Assessment**") or the activities carried out by the Company within which the 231 Offenses may be committed, including the new types of offense assumed in relation to instigation to corruption between private parties and illicit brokering and exploitation of labour. The mapping of activities at risk was updated by assessing the specific operational areas and the organizational structure of the Company, with reference to concrete potential offense risks.

The Risk Assessment, the General Part and the Protocols were analyzed in advance by the Control, Risk and Sustainability Committee on 24 January 2018 and approved by the Company's Board of Directors during the meeting held on 25 January 2018.

The further amendments to the Decree, in November and December 2017, referring to the crimes of racism and xenophobia and to the new provisions on reporting whistleblowing, are being examined by the competent Functions and the Supervisory Body of the Company and will be the subject of a next update of Model 231 and of the current corporate documentary body.

With reference to the composition of the Supervisory Body, it is noted that the Board of Directors continues to deem that the functions of the Supervisory Body are to be conducted by a person specifically and exclusively dedicated to supervisory activities on the operation, observance and updating of Model 231 and implementation within the Company, of the dictates of Legislative Decree 231/2001. The Supervisory Body of Maire Tecnimont is collegial and consists of two external members, one of whom acts as Chairman, and Head of the Internal Audit of the Group, experts in legal issues, economics and analysis of the corporate control system.

On 27 April 2016, the Company's Board of Directors, following the expiry of the mandate of the Supervisory Body then in office, appointed - under article 6, paragraph 1, letter b) of Legislative Decree 231/2001 - as members of the Company's Supervisory Body, Luciana Sara Rovelli (Chairwoman), Iole Anna Savini (external member) and Valerio Actis Grosso (internal member). The Supervisory Body will remain in office until approval of the financial statements at 31 December 2018.

Moreover, the Italian companies directly controlled by Maire Tecnimont ("sister companies"), including Tecnimont, have their own Model 231 and a Supervisory Body. The recently-established subsidiaries under Italian law started the preliminary activities during the Year to adopt the Model. In 2017, the "sister companies" continued the updating of their Model 231, also availing themselves of the support of an "Integrated Working Group"<sup>6</sup> - consisting of numerous Parent Company Functions in order to coordinate the updating activities of Models 231 - and of specialized technical consultants on the subject.

The "sister companies" completed the activities of updating the 231 Risk Assessment that was shared with the top management, the Heads of the Company Functions, with the respective Supervisory Bodies and with the Company's Control, Risk and Sustainability Committee and approved by the respective Boards of Directors in January and February 2018. Following the update of the activities at risk and based on the relative existing control system, the "sister companies" are updating the General Part of the Model and the specific Protocols and implementing a revision of their corporate document system.

With reference to the training and communication activities of the Model, it is noted that in 2017, Maire Tecnimont and the "sister companies" provided training sessions for their managers and employees. These sessions had the aim of illustrating the legislation on corporate administrative responsibility with a focus on the predicate offenses, the Model structure, including the Code of Ethics, as well as the principles of conduct and the specific controls of the Model Protocols in which the risk of illegal conduct is greater. For the population that did not take part in the training sessions in the classroom, an online course on the e-learning platform was made available starting from January 2018.

#### **11.4 INDEPENDENT AUDITORS**

In compliance with the applicable regulatory provisions, on 10 July 2007 the Company ordinary Shareholders' Meeting - on proposal of the Board of Statutory Auditors - resolved to assign the legal auditing of the accounts to the Independent Auditors Deloitte & Touche S.p.A. for the business Years 2007-2015 and thus, until the Shareholders' Meeting called to approve the financial statements at 31 December 2015.

On 15 December 2015, - in view of the expiry of the appointment of the legal audit of the accounts for the Financial Years 2007-2015 already conferred by the ordinary Shareholders' Meeting to Deloitte & Touche S.p.A. - the Shareholders' Meeting resolved to appoint, upon proposal of the Board of Statutory Auditors and with effect from the approval of the annual

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<sup>6</sup> The Integrated Work Group consists of Group Corporate Affairs, Governance & Compliance – Legal Affairs & Contracts – Group Organization, ICT & System Quality – Group HSE, Project Quality & Risk Management – Internal Audit.



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financial statements at 31 December 2015, the Independent Auditors PricewaterhouseCoopers S.p.A. as the legal auditor of the accounts for the 2016-2024 Financial Years.

Therefore, during the ordinary Shareholders' Meeting of 26 April 2016, following approval of the annual financial statements at 31 December 2015, PricewaterhouseCoopers S.p.A. replaced Deloitte & Touche S.p.A. as Independent Auditors of the Company and the Group.

The Board of Statutory Auditors of Maire Tecnimont in office at the time, considering the size and complexity of Maire Tecnimont and its subsidiaries, following the practice now consolidated by the major Italian listed companies, in agreement with the management of Maire Tecnimont and the Control, Risk and Sustainability Committee, therefore deemed it appropriate to initiate in advance the selection process for the new Independent Auditors for the Years 2016-2024, in order to submit to the Shareholders' Meeting the proposed conferment of the new appointment by the end of 2015 and thus, in advance with respect to the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2015.

This anticipation was proposed in order to allow, among other things, the new Independent Auditors to arrange in due time, the management of the transition of the audit activities and to facilitate, prior to beginning the appointment, the acquisition of more knowledge of Maire Tecnimont and the Maire Tecnimont Group, as well as more effectively and efficiently establish the audit activities.

The Board of Statutory Auditors, at the end of the selection process also performed with the help of the relevant company functions, and following a thorough technical and economic evaluation performed in full autonomy, identified as the best offer the one presented by the Independent Auditors PricewaterhouseCoopers S.p.A. , as more fully described in the "Reasoned proposal of the Board of Statutory Auditors", annexed to the Explanatory Report of the Board of Directors on the second item on the agenda of the extraordinary Shareholders' Meeting of 15 December 2015, available to Shareholders on the Company's website [www.mairetecnimont.com](http://www.mairetecnimont.com), in the section "Governance" - "Shareholders' Meetings Documents" - "2015".

## **11.5 EXECUTIVE RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS AND OTHER COMPANY'S ROLES AND FUNCTIONS**

In compliance with the provisions of article 154-*bis* of CFA and in accordance with the relevant appointment methods envisaged in article 23 of the Company Articles of Association, on 16 September 2013 the Board of Directors of the Issuer appointed Dario Michelangeli Administration and Financial Statements Vice President of Maire Tecnimont, as Executive Responsible for the preparation of the Company's financial reports. On 27 April 2016, at its meeting held following the ordinary Shareholders' Meeting, the Board of Directors resolved to

confirm Dario Michelangeli, following the favourable opinion of the Board of Statutory Auditors, as the Executive Responsible for preparing the Company's financial reports of Maire Tecnimont.

Article 23 of the Issuer's Articles of Association envisages that the Executive Responsible for preparing the Company's financial reports be appointed by the Board of Directors, following compulsory consultation with the Board of Statutory Auditors. Should the Board of Directors deviate from said opinion, it must justify its decision. Furthermore, in accordance with the Company Articles of Association the Executive Responsible for preparing the Company's financial reports must have an experience of at least three years in administration, finance and control and must fulfil the honesty requirements envisaged for Directors.

On 16 September 2013, with the favourable opinion of the Board of Statutory Auditors, the Board of Directors of Maire Tecnimont resolved to give Dario Michelangeli, as Executive Responsible for preparing the Company's financial reports for Maire Tecnimont, an additional gross annual fees of Euro 13,000.

Subsequently, the Board of Directors of Maire Tecnimont of 12 May 2016, with the approval of the Board of Statutory Auditors and the Remuneration Committee, resolved to increase to Euro 15,000 gross per year as the additional amount for Dario Michelangeli, as Executive Responsible for preparing the Company's financial reports.

Furthermore, at the time of appointment, the Board has vested the Executive Responsible for preparing the Company's financial reports with all the powers and means necessary to exercise the tasks assigned to him.

As explained below, the Company has identified specific business functions with responsibilities in relation to internal control and risk management, i.e. the Group HSE, Project Quality & Risk Management Function under the responsibility of Damiano d'Alessandro, the Internal Audit Function under the responsibility of Valerio Actis Grosso and the Group Corporate Affairs, Governance & Compliance Function headed by Simona Dolce and lastly, the Sustainability Reporting function headed by Giancarlo Venturini Reschigna.

## **11.6 COORDINATION BETWEEN SUBJECTS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

First, in line with as recommended by the Code, the Company distinguished roles and responsibilities of those involved in the internal control and risk management system, in order to optimize interaction between them and maximize efficiency of said system, avoiding duplication of work within their respective areas of activities and competence and duplication of controls.



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Maire Tecnimont supported the corporate bodies involved in the internal control and risk management system (Board of Directors, Control, Risk and Sustainability Committee, Board of Statutory Auditors and Executive responsible for preparing the company's financial reports) with duties and responsibilities prescribed by laws and regulations, some business functions (Group HSE, Project Quality & Risk Management, Internal Audit, Group Corporate Affairs, Governance & Compliance and lastly, the Sustainability Reporting Function), which form a stable part of the organizational structure. These functions operated in an integrated and interdependent manner, periodically reporting the results of their activities to the Control, Risk and Sustainability Committee, permanently involving the Board of Statutory Auditors, the Chief Executive Officer, also as Director Responsible for the internal control and risk management system, the Group Chief Financial Officer and the Executive Responsible for preparing the company's financial reports.

Every six months, upon approval of the half-yearly Financial Report and the annual Financial Report, the representatives of the Appointed Auditor and the Supervisory Body of Maire Tecnimont are also invited to the meetings of the Control, Risk and Sustainability Committee, where they present the results of their audit activities.

In addition, with specific reference to the "Sustainability Project" and, in particular, to the disclosure obligations of non-financial information for the Company pursuant to Legislative Decree 254/2016 and pursuant to Consob Regulation implementing Legislative Decree 254/2016, as already anticipated in Section 10 of this Report, it is noted that, in order to define roles, responsibilities, management methods and control of reporting activities for the preparation of the "Sustainability Report", containing the "Non-Financial Statement" drawn up pursuant to Legislative Decree 254/16, the Company issued the *"Reporting procedure and internal control for the process of preparing the Sustainability Report"*.

This Procedure has, in particular, the objective of establishing and maintaining a solid and reliable data collection and consolidation system for the preparation of the "Sustainability Report", with which Maire Tecnimont intends to ensure to its stakeholders non-financial information aimed at understanding the Group's performance and the impact of its activities.

Among those involved with different responsibilities and roles in the reporting and internal control activities for the preparation of the "Sustainability Report" are: the Board of Directors, which is responsible for ensuring that the "Non-Financial Statement" drafted pursuant to Legislative Decree 254/16 is drawn up and published in compliance with the provisions of Legislative Decree 254/16 and Consob Regulation implementing Legislative Decree 254/2016; the Control, Risk and Sustainability Committee, the Board of Statutory Auditors, in charge of supervising, as part of the functions assigned to it by the law, compliance with Legislative Decree

254/16 and Consob Regulation implementing Legislative Decree 254/2016, the Internal Sustainability Committee, the Sustainability Reporting Function, the Competent Functions and the Designated Auditor.

Additional opportunities for exchange of information flows are represented by the meetings between the bodies and audit functions, organized by the Board of Statutory Auditors, which may be attended from time to time by the Heads of Group HSE, Project Quality & Risk Management, Internal Audit and Group Corporate Affairs, Governance & Compliance, the representatives of the Independent Auditors and the Designated Auditor, the members of the Supervisory Bodies pursuant to Legislative Decree 231/2001 and the Executive Responsible for preparing the Company's financial reports.

At least annually, a meeting is also held between the Supervisory Body of the Company and the Supervisory Bodies of the Italian companies of the Group that have adopted an Organization and Management Model pursuant to Legislative Decree 231/2001 in order to achieve an overall view of the efficiency of the internal control and risk management system.

The Chairman of the Control, Risk and Sustainability Committee is the liaison with the Board of Directors reporting to the same, continuously, on the findings of the preliminary investigation of the Committee formulated based on the information from time to time received by the parties involved in various capacities in oversight of the internal control and risk management system.

At least once a year, the Board of Directors approves the Audit Plan prepared by the Head of Internal Audit, after consulting with the Board of Statutory Auditors and the Director Responsible for the internal control and risk management system.

The subjects involved in the internal audit and risk management system, therefore, operate in a coordinated and integrated manner with each other within the Company general organizational, administrative and accounting structure, with the shared goal of maximizing the efficiency of the system, to ensure the safeguarding of assets and the effectiveness of Company's processes and procedures, and to ensure the reliability of financial information, as well as the assumption of decisions, by the Board of Directors.

## **12. DIRECTORS' INTERESTS AND RELATED-PARTY TRANSACTIONS**

In compliance with Consob instructions in Regulation 17221/2010 of 12 March 2010, containing provisions in relation to transactions with related parties, on 12 November 2010 the Company's Board of Directors adopted – after receiving the favourable opinion of the two independent directors holding office at that time - an internal Procedure for the Management of Related-Party Transactions (the "**Procedure**"). Said Procedure came into force on 1 January 2011.

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Further to the appointment of the two new Independent Directors who were added to those previously appointed, the Board, at the meeting of 16 February 2012, made some amendments to the Procedure in order to take into account the creation of the Related-Party Committee, consisting exclusively of 3 Independent Directors, who have been assigned the functions and tasks envisaged by Consob Related-Party Regulation.

The Board of Directors on 13 March 2014 approved, following the favourable opinion of the Related-Party Committee, an update of the procedure in order to acknowledge on the one hand the recommendation in Communication no. DEM/10078683 of 24 September 2010, in which Consob recommends that companies evaluate, at least every three years, whether to review the procedures and, on the other hand, also to better regulate, among other things, the information flow from the subsidiaries to the parent company Maire Tecnimont.

Lastly, it is noted that on 15 March 2017, the Board of Directors of the Company, as part of the three-year evaluations of the adequacy of the Procedure, resolved - following the favourable opinion of the Related-Party Committee - to confirm the Procedure, also in view of the application effectiveness thereof and related controls, verified in the three-year period, as well as the lack in the reference period of material changes to the Company's shareholding structure.

The Company Procedure for Managing Related-Party Transactions may be consulted on the Issuer's website [www.mairetecnimont.com](http://www.mairetecnimont.com), in the section "Governance" - "Corporate Documents".

On 13 March 2014, the Company's Board of Directors also approved the Regulation of the Related-Party Committee, recently approved by the Board of Directors of 27 April 2016, following the Shareholders' Meeting. The Related-Party Committee Regulation, for which the Related-Party Committee approved its adoption, governs its function and, specifically, its constitution, composition and duration (including the replacement of members who have stood down from office), identifying its functions and regulating the convening and events of meetings.

The Related-Party Committee currently in office was appointed by the Board of Directors on 27 April 2016 following the Shareholders' Meeting, and will remain in office until approval of the financial statements at 31 December 2018. In particular, the Board of Directors confirmed the previous composition of the Related-Party Committee, which is therefore in line with the previous Year and consists of the following members: Gabriella Chersicla, as Committee Chairwoman, Andrea Pellegrini and Patrizia Riva. All Committee members are non-executive Independent Directors, as required by Consob in the Related-Party Regulation.

In the Year ended on 31 December 2017, the Related-Party Committee met 3 times, on 14 March, 26 July and 6 November 2017. The meetings of the Related-Party Committee lasted about one hour and were regularly minuted. The Chairman of the Related-Party Committee regularly provided information to the first Board of Directors on the activities of the Committee

and on the issues covered in each meeting of the same. The Company's Board of Statutory Auditors regularly took part in the meetings of the Related-Party Committee.

For the Year 2018, 2 meetings of the Related-Party Committee are scheduled.

The Procedure is applied in relation to Related-Party Transactions (the concept of which is described in the relevant definitions of the Consob Related-Party Regulation, expressly referred to by the Procedure) implemented directly by the Company or through its subsidiaries.

In particular, the Procedure identifies the discipline applicable to two categories of related party transactions: (i) Significant Related-Party Transactions (identified based on the criteria indicated in the Consob Related-Party Regulation) and (ii) Minor Related-Party Transactions (the concept of which is identified in the Consob Related-Party Regulation), envisaging specific provisions in relation to the initiation and approval of the same.

In compliance with the provisions of article 8 (*"Procedures for significant related-party transactions for companies adopting traditional and one-tier administration and control systems"*) of the Consob Related-Party Regulation, Significant Transactions may only be approved by the Board of Directors of the Company, and the involvement of the Related-Party Committee is also envisaged. In particular, the Related-Party Committee shall express its justified binding opinion on the Company's interest in the execution of each Significant Transaction as well as on the substantial fairness and convenience of the relevant conditions. Pursuant to article 3, paragraph 12, should the Related-Party Committee express an opinion against the implementation of a Significant Transaction, such transaction shall not be approved by the Board of Directors and, consequently, shall not be implemented. The rules of the Procedure do not establish for Significant Transactions for which the shareholders' meeting is competent that, in the event of a negative opinion of the Related-Party Committee, they may be authorised by the Shareholders' Meeting if the majority of "voting non-related shareholders" do not rule against the operation (referred to as a "whitewash" in the Shareholders' Meeting).

On the other hand, with regard to Minor Transactions, these may be approved by the body (CEO, Board of Directors, Shareholders' Meeting) qualified by law or by the Company Articles of Association to adopt the relevant decision. It is also envisaged that prior to approval of the transaction, the Related-Party Committee expresses a justified non-binding opinion on the Company's interest in the transaction completion as well as on the substantial fairness and convenience of the conditions envisaged.

Should Minor Transactions be approved despite the negative non-binding opinion of the Related-Party Committee, the circumstances should be disclosed, within fifteen days from the closure of each quarter, in an Information Document containing the indication of the Minor Transactions approved in the quarter of reference along with the negative non-binding opinion expressed by the Related-Party Committee, that shall be annexed to said document.



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Each quarter, specific subsequent disclosure obligations requirements are envisaged for the CEO vis-a-vis the Board of Directors and the Board of Statutory Auditors on the execution of both Minor and Significant Transactions.

It is also envisaged that the Board of Directors has the right to adopt framework resolutions regarding numerous very similar transactions in relation to (i) transactions involving the supply of property, and (ii) the delivery of services, including consultancy services, in compliance with the provisions envisaged in article 12 of Consob Related-Party Regulation.

The Procedure envisages certain exemptions from its application, identified on the basis of the provisions of Consob Related-Party Regulation, including:

- Shareholders' Meeting resolutions regarding fees payable to Board members and resolutions regarding the remuneration of Directors covering particular offices (as per article 2389, paragraph 3, of the civil code and article 19 of the company Articles of Association);
- Transactions of Insignificant Amount (as defined in the Procedure);
- Ordinary Transactions completed under Conditions Equivalent to Market Conditions or Standard Conditions (as defined in the Procedure based on the provisions of Regulation 17221/2010);
- Shareholders' Meeting resolutions relating to remuneration for members of the Board of Statutory Auditors (pursuant to article 2402 of the Civil Code);
- Infra-group transactions or Transactions with or between subsidiaries, also jointly, in addition to those with affiliated companies, if there are no Significant Interests in the subsidiaries or affiliated counterparties of the transaction (as defined in the Procedure), of other related parties of Maire Tecnimont.

It is hereby specified that the Procedure envisages, both with reference to the approval of Significant Transactions and with reference to Minor Transactions (falling under the Board of Directors' competence), that the Directors shall be informed about any interest (even indirect) of the members of the corporate bodies in such transactions. The Minor Transactions falling under the competence of the CEO who is holding an interest, even on behalf of third parties, shall remain under the Board's competence. Moreover, if in relation to a Significant Transaction or a Minor Transaction one member of the Related-Party Committee may not be qualified as "Non-Related Director" (as defined in the Procedure) with respect to any given transaction, the functions pertaining to the Related-Party Committee are performed by the two other members of the Related-Party Committee, who shall adopt a unanimous decision. In the event that two members of the Related-Party Committee may not be qualified as "Non-Related Directors" (as defined in the Procedure) with respect to the transaction in question, the functions pertaining

to the Related-Party Committee shall be performed by the non-related member of the Related-Party Committee. For lack thereof, the opinion will be given by an independent expert appointed by the Board of Directors (equivalent supervision).

Over the course of the Year, there have been no significant transactions with related parties.

### **Functions assigned to the Related-Party Committee**

In accordance with article 3 of the Company's Related-Party Committee Regulation, the Related-Party Committee:

- a) carries out its duties in accordance with the provisions of current legislation, the Procedure, Consob Related-Party Regulation and Consob Communication no. DEM/10078683 of 24 September 2010, specifically:
  - (i) it can suggest that the Board of Directors make changes or supplement the Procedure;
  - (ii) it has the faculty to request clarifications and additional information;
  - (iii) it expresses grounded opinions on the Company's interest - and, where applicable, on those of the companies it directly and/or indirectly controls involved - in the implementation of Related-Party Transactions, whether Significant or Minor Transactions, expressing an opinion on the convenience and substantial correctness of the conditions envisaged, upon receipt of suitable, prompt information;
- b) reports to the Board at least once every six months, during approval of the annual and half-year Financial Reports on its work, also on the basis of the information received from the competent offices of the Company.

## **13. APPOINTMENT OF STATUTORY AUDITORS**

The Board of Statutory Auditors is appointed by the Ordinary Shareholders' Meeting of the Company.

The mechanism for the appointment of the Statutory Auditors is regulated by article 21 of the Company Articles of Association in compliance with the provisions of article 148 of the CFA and the relevant implementing provisions as per articles 144-*quinquies* and following of the Issuers' Regulation, which: (i) made compulsory and regulated the list-based voting mechanism for the appointment of Statutory Auditors; (ii) ruled that the Chairman of the Board of Statutory Auditors shall be appointed among the Statutory Auditors elected by the minorities and (iii) identified limits to the maximum number of offices held by the Statutory Auditors.



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Article 21 of the Maire Tecnimont Articles of Association envisages that Statutory Auditors be appointed based on lists consisting of two sections: one for candidates for the role of Standing Statutory Auditor, the other for candidates for the role of Alternate Statutory Auditor, where candidates are listed by means of a progressive number. The lists can be presented by the Shareholders who, alone or together with other Shareholders, represent at least 2% (two percent) of the shares entitled to vote at the Ordinary Shareholders' Meeting, or any other threshold of participation required by the regulations issued by Consob. In this respect, it shall be noted that such shareholding cap determined by Consob for the Issuer, pursuant to article 144-*quater* of the Issuers' Regulation, as stated in resolution of 24 January 2018 no. 20273, is equal to 1.0%.

Lists, signed by those who submit them, must be registered with at the Company's registered office at least twenty five days before that set for the Shareholders' Meeting, together with: (i) information relating to the identities of the shareholders presenting them, indicating the overall shares held and certification attesting to the ownership of said shareholding (it being understood that, in compliance with the provisions of article 147-*ter*, paragraph 1-*bis*, of the CFA, said certification may also be produced after the list has been deposited, provided it is within the deadline envisaged for publication of the same); (ii) declarations by means of which the individual candidates accept their nomination and certify, on their own responsibility, that there are no grounds for incompatibility and that they are in possession of the requirements envisaged in the current regulations; (iii) a curriculum vitae relating to the personal and professional characteristics of the candidates, indicating their administration and control roles in other companies; and (iv) a declaration from the shareholders other than those holding, even jointly, a controlling or relative majority stake, certifying the absence of any relationship as envisaged in article 144-*quinquies* of the Issuers' Regulations.

It is recalled that the extraordinary Shareholders' Meeting of 18 February 2015 amended, with effectiveness as of the Shareholders' Meeting for approval of the financial statements at 31 December 2015, article 20 and article 21 of the Articles of Association, in order to better clarify some aspects of the mechanism for the appointment and replacement of Statutory Auditors, in order to comply with the best practices that emerged in the application of the rules concerning the balance between genders.

Therefore, as a result of the amendment of article 20 of the Articles of Association, the Board of Statutory Auditors shall be composed of 3 (three) Standing Statutory Auditors and 3 (three) Alternate Statutory Auditors, instead of 2 (two) Alternate Statutory Auditors as previously envisaged.

The procedure for appointment of the Board of Statutory Auditors, governed by article 21 of the Articles of Association as amended above, provides the Standing Statutory Auditors will be elected from the first two candidates on the list that receives the highest number of votes

("Majority List") and the first candidate on the list with the second highest number of votes ("Minority List") and which has been submitted by shareholders who are not associated, even indirectly, with the shareholders who submitted or voted for the Majority List, the candidate of which will also be appointed Chairman of the Board of Statutory Auditors. The first two alternate candidates of the Majority List and the first alternate candidate of the Minority List shall be elected Alternate Statutory Auditors;

In case more lists have obtained the same number of votes, a new vote is held between these lists by all eligible voters present at the Shareholders' Meeting and the candidates are elected from the list that will get a simple majority of votes.

If the manner described above does not ensure the composition of the Board of Directors, in its Standing members, in compliance with applicable provisions regarding the balance between genders, there must be, among the candidates for the office of Standing Statutory Auditor of the Majority List, the necessary replacements, according to the order in which candidates are listed.

In the event of death, resignation or disqualification of a Standing Statutory Auditor from office, the same shall be replaced until the next Shareholders' Meeting, by the first Alternate Statutory Auditor belonging to the same list of the Statutory Auditor being replaced, that shall ensure compliance with the applicable provisions concerning the balance between genders.

In the event of replacement of the Chairman, the chair is taken until the next Meeting, by the alternate member from the minority list.

In the event of presentation of a single list or in the event of a tie between two or more lists, the Chairman is replaced, until the next Shareholders' Meeting, by the first Statutory Auditor belonging to the list of the withdrawn Chairman.

If the Alternate Statutory Auditors cannot complete the Board of Statutory Auditors, the Shareholders' Meeting shall be convened to integrate the Board of Statutory Auditors, with the legal majorities and in accordance with legislation and regulations. In particular:

- if it is necessary to replace the (i) Standing Statutory Auditor and/or the Chairman or (ii) the Alternate Statutory Auditor taken from the Minority List, the unelected candidates listed in the same Minority List shall be proposed for the position, regardless of the section in which their names were listed and the individual that obtains the highest number of votes in favour shall be elected;
- in the absence of candidates to be proposed according the preceding paragraph and in the event Standing Statutory and/or Alternate Statutory Auditor(s) taken from the Majority List need to be replaced, the provisions of the Civil Code apply and the Shareholders' Meeting decides by a majority of votes.



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It remains understood that, in any case of replacement, the composition of the Board of Statutory Auditors must comply with the regulation in force on gender balance.

The individual indicated in first place on the minority list is appointed as Chairman of the Board of Statutory Auditor.

Should lists of candidates for the appointment of the Board of Statutory Auditors not be submitted, the Shareholders' Meeting shall proceed with the appointment based on the ordinary law provisions and without list voting.

In relation to the adjustment of the Company Articles of Association to Law 120/2011 in the matter of "gender balance", similar provisions to those for the appointment of Board Directors were introduced for the appointment of the Board of Statutory Auditors.

## **14. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS**

**(pursuant to article 123-bis, paragraph 2, letters d) and d-bis), CFA)**

Statutory Auditors remain in office for three Financial Years until the Shareholders' Meeting called to approve the financial statements relating to the third Year of their office term.

Article 21 of the Articles of Association envisages that the members of the Board of Statutory Auditors must comply with the regulation in force on balance between genders.

In compliance with the legal and regulatory provisions governing said matter, the appointment of Statutory Auditors depends on their compliance with the maximum number of offices held, without prejudice to their duty to inform Consob and to resign from one or more offices where said limits have been exceeded.

The current Board of Statutory Auditors of Maire Tecnimont was appointed by the ordinary Shareholders' Meeting of 27 April 2016 and consists of: Francesco Fallacara (Chairman), Giorgio Loli and Antonia Di Bella (Standing Statutory Auditors), as well as Massimiliano Leoni, Roberta Provasi and Andrea Lorenzatti (Alternate Statutory Auditors). The current Board of Statutory Auditors will remain in office until approval of the financial statements at 31 December 2018.

Two lists were submitted to the ordinary Shareholders' Meeting of 27 April 2016 for the appointment of the Board of Statutory Auditors.

The Standing Statutory Auditors, Giorgio Loli and Antonia Di Bella and the Alternate Statutory Auditors Massimiliano Leoni and Roberta Provasi were elected from the list submitted by the shareholder GLV Capital, which obtained the favourable vote of 199,091,108 shares, accounting for 84.154% of the shares in attendance at the Shareholders' Meeting (the "**Majority List**"). It

is noted that among the candidates on the Majority List was also Andrea Marrocco as candidate for the office of Standing Statutory Auditor and Andrea Bonelli as candidate for the office of Alternate Statutory Auditor.

The Chairman of the Board of Statutory Auditors, Francesco Fallacara, and the Alternate Statutory Auditor Andrea Lorenzatti were elected from the list submitted jointly by the Shareholders Arca SGR S.p.A. (manager of the fund Arca Azioni Italia), Eurizon Capital SGR S.p.A. (manager of the funds Eurizon Azioni Italia and Eurizon Azioni PMI Italia), Eurizon Capital S.A. (manager of the fund Eurizon EasyFund – Equity Italy), Fideuram Asset Management (Ireland) Limited (manager of the funds Fideuram Fund Equity Italy and Fonditalia Equity Italy), Interfund Sicav (manager of the fund Interfund Equity Italy) and JP Morgan Asset Management (manager of the funds JP Morgan Funds) holder of a total shareholding of 2.517% of the share capital. The Funds List obtained the favourable vote of 36,120,426 shares, accounting for 15.268% of the shares attending the Shareholders' Meeting (the "**Minority List**"). It is stated that the Minority List did not include other candidates for the office of Standing Statutory Auditor and Alternate Statutory Auditor of the Company.

Both lists are available on the Company's website ([www.mairetecnimont.com](http://www.mairetecnimont.com), Section "Governance" - "Shareholders' Meetings Documents" - "2016").

As from the date of closure of the Financial Year, none of the members of the Board of Statutory Auditors has resigned nor have there been any changes in the composition of the Board of Statutory Auditors.

Regarding the meetings (within the so-called "Induction Session" programs) with the Directors and the Statutory Auditors, recommended by the Corporate Governance Code and aimed at providing them with adequate knowledge of the sector of activity in which the Company and the Group operate, business dynamics and their evolution, the principles of proper risk management as well as the regulatory and self-regulatory reference framework, reference is made to the section of the Report on the Board of Directors (Section 4.2, paragraph "Induction Programme").

The remuneration of the members of Board of Statutory Auditors is commensurate to the commitment required, the importance of the role as well as the dimensional and sectoral characteristics of the Company.

With regard to information relating to the composition of the Board of Statutory Auditors, reference is made to Table 3 annexed to this Report.

In compliance with the provisions of article 144-*decies* of the Issuers' Regulation, the personal and professional characteristics of each Statutory Auditor are indicated in Annex "B" hereto.

During the Year, the Board of Statutory Auditors met on 13 occasions and the meetings lasted on average one hour and 15 minutes.



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The Board of Statutory Auditors has scheduled 12 meetings for 2018, of which 2 have already been held on 24 January 2017, 5 March and recently, 15 March 2018.

On 27 April 2016, following the Shareholders' Meeting that appointed it, the Board of Statutory Auditors has verified the independence of its members in accordance with the criteria laid down by article 148, paragraph 3 of the CFA and Application Criterion 8.C.1 of the Code. This verification, with reference to 2016, was then reiterated on 8 February 2017.

Lastly, on 24 January 2018, the Board of Statutory Auditors ascertained the continuing independence of its members by applying all the criteria envisaged by article 148, paragraph 3, CFA and the Code. In compliance with the provisions of Criterion 8.C.1. of the Code, on 24 February 2018, the Board of Statutory Auditors submitted to the Board of Directors the results of the periodic verifications of the permanence of the independence requirements of its members, so that the latter outlines them in the Report, in a manner consistent with that envisaged for Directors.

The Board of Statutory Auditors, in carrying out its activities, receives regular information from the Functions of the Company responsible for the management of the internal control and risk management system (including the Head of Internal Audit) and attends meetings of the Control, Risk and Sustainability Committee, to which it is invited on a permanent basis. The methods of coordination between the parties involved in various capacities in the internal control and risk management system of the Company are described in Section 11.6 of this Report, to which reference is made.

The Board of Statutory Auditors meets regularly for mutual exchange of information with representatives of the Appointed Auditor and Designated Auditor, the members of the Supervisory Body pursuant to Legislative Decree 231/2001 and the Executive responsible for preparing the company's financial reports.

The Board has chosen not to assign the Board of Statutory Auditors the duties of Supervisory Body in accordance with Italian Legislative Decree 231/01 deeming that the same are to be conducted by a person specifically and exclusively dedicated to supervisory activities on the operation, observance and updating of the Model and implementation within the Company, of the dictates pursuant to Legislative Decree 231/2001.

It is recalled that Legislative Decree no. 39/2010, as last amended by Legislative Decree 135/2016, assigns to the Board of Statutory Auditors the functions of internal control and auditing committee which, in particular, is responsible for:

- informing the competent body of the results of the legal audit and sending to said body the additional report pursuant to article 11 of Regulation no. 537/2014, accompanied by any comments;

- monitoring the financial reporting process and presenting recommendations or proposals aimed at guaranteeing its integrity;
- monitoring the effectiveness of the internal quality control and risk management systems of the company and, where applicable, of the internal audit, as regards the financial information of the audited entity, without violating its independence;
- monitoring the legal audit of the annual financial statements and the consolidated financial statements, also taking into account any results and conclusions of the quality controls performed by Consob pursuant to article 26, paragraph 6, of Regulation no. 537/2014, where available;
- verifying and monitoring the independence of legal auditors or independent audit firms pursuant to articles 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of Legislative Decree 39/2010 and of article 6 of Regulation no. 537/2014, in particular regarding the adequacy of the provision of services other than auditing to the audited entity, pursuant to article 5 of this regulation;
- being responsible for the procedure for the selection of Independent Auditors or auditing firms and recommending Independent Auditors or auditing firms to be appointed pursuant to article 16 of Regulation no. 537/2014.

For further details on the activities performed during the Year by the Board of Statutory Auditors, reference is made to the report on the supervisory activity of the Board of Statutory Auditors.

### **Diversity Policies**

With reference to the adoption of policies on diversity regarding the composition of the Board of Statutory Auditors, reference is made to what already indicated in Section 4.3 of this Report.

Furthermore, it is specified that: (i) a Standing Statutory Auditor and an Alternate Statutory Auditor belong to the less represented gender, in accordance with the legislation on balance between genders; (ii) without prejudice to the requirements of professionalism required by law, the training and professional development of the members of the Board of Statutory Auditors currently in office guarantees the appropriate skills to ensure the correct performance of the functions assigned to it.

## **15. RELATIONS WITH SHAREHOLDERS**

The Company believes that it is in its own specific interest, in addition to a duty vis-a-vis the market, to establish an ongoing dialogue, founded on a mutual understanding of each other's roles, with the majority of Shareholders as well as with institutional investors; a dialogue in any



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case destined to be conducted in compliance with the procedure for the disclosure of documents and information of the Company.

The Company has established two Sections "Investors" and "Governance" in its website ([www.mairetecnimont.com](http://www.mairetecnimont.com)), easily identifiable and accessible, for publishing information concerning the Company, which are of certain importance to Shareholders.

As from 10 June 2013, Maire Tecnimont has appointed Riccardo Guglielmetti as Manager for relations with Institutional Investors and other Shareholders (Investor Relator). The Investor Relator Function ensures a correct, continuous and comprehensive communication, being understood that the communication of documents and, in general, any disclosure concerning the Company shall take place in compliance with the "*Procedure for managing Inside Information and Potential Inside Information*" adopted by Maire Tecnimont.

The Issuer, for the transmission and storage of Regulated Information, has chosen to use the system called 1INFO ([www.1info.it](http://www.1info.it)), managed by Computershare S.p.A.

## **16. SHAREHOLDERS' MEETINGS**

### **(pursuant to article 123-bis, paragraph 2, letter c), CFA)**

With regard to Shareholder's Meeting operation, article 9 of the Company Articles of Association envisages that the Shareholders' Meeting shall be called, pursuant to and in accordance with the law, at the Company registered office or elsewhere provided that it is in Italy, by means of notices containing the information envisaged by the currently applicable legal and regulatory provisions. It is noted that the Meeting, which met in extraordinary session on 18 February 2015, has also resolved to amend article 9 of the Articles of Association in order to clarify that, notwithstanding article 2369 first paragraph of the Civil Code and as already implicitly provided in the previous formulation of the Articles of Association, the meeting may meet on multiple calls rather than in a single call.

In any case, ordinary Shareholders' Meetings shall be convened within 120 (one hundred and twenty) days from the closure of the financial Year or within 180 (one hundred and eighty) days, in the cases provided for by law.

The Articles of Association do not envisage any particular meeting or resolution-passing quorum. In this regard, it is noted that article 11 of the Company's Articles of Association refers to the legally-prescribed meeting and resolution-passing quorum.

The Meeting is competent to decide on matters specified by the Law. It shall be clarified that article 15 of the Articles of Association attributes to the Board of Directors resolutions concerning: i) the creation and suppression of branches; (ii) which directors, in addition to those

indicated in the Articles of Association, represent the Company; (iii) the reduction of the share capital in case of any shareholder's withdrawal; (iv) the adjustment of the Company Articles of Association to regulatory provisions; (v) the transfer of the registered office to another municipality in Italy; (vi) merger resolutions in the cases envisaged by articles 2505 and 2505-*bis* of the Civil Code, as well as divisions resolutions in the cases in which such regulations apply.

The vesting of the Board of Directors with powers that by law fall within the purview of the Shareholders' Meeting, in compliance with this article, shall not deprive the shareholders of their main powers to adopt concerning resolutions.

In accordance with article 10 of the Articles of Association of Maire Tecnimont, the legal power to participate in the Meeting and exercise the right to vote shall be attested to by a communication confirming such a right delivered to the Company, which has been prepared by the intermediary in favour of the person entitled right to vote, on the basis of the accounting registration at the end of the seventh trading day which is open prior to the date fixed for the Meeting.

More specifically, article 10 establishes that: *"Those with voting rights can attend shareholders' meetings. The legal power to participate in the meeting and exercise the right to vote shall be attested to by a communication confirming such a right delivered to the Company, which has been prepared by the intermediary in favour of the person entitled right to vote, on the basis of the accounting registration at the end of the seventh trading day which is open prior to the date fixed for the Meeting on first call. The communication of the intermediary referred to in this Article 10 must reach the Company by the end of the third trading day preceding the date fixed for the meeting in first call or by another deadline required by governing law and regulations from time to time in force.*

*All of the above without prejudice to the entitlement to speak and vote if communications have reached the Company after the above deadlines, as long as by the beginning of the meeting of each individual call.*

*Each shareholder entitled to attend the Shareholders' Meeting may be represented by a proxy, within the scope of and in accordance with the law. Shareholders retain the right to notify the Company of the proxy to attend the Shareholders Meeting by transmission of same to the email address indicated in the Shareholders' Meeting notice.*

*Ordinary and extraordinary shareholders' meetings are governed by the relative Shareholders' Meeting Regulations approved by the shareholders in an ordinary meeting".*

The extraordinary Shareholders' Meeting of 26 April 2012 resolved to eliminate the provision which established the possibility of holding Shareholders' Meetings with interventions from more



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than one locations by means of audio and/or video connections, as well as that relating to the exercise of the voting right by mail.

Furthermore, it is recalled that, as better described in Section 2, letter d) above, to which reference is made, the extraordinary Shareholders' Meeting of 18 February 2015 approved the amendments to the Articles of Association to introduce the mechanism of the voting right increase.

On 4 July 2007, the ordinary Shareholders' Meeting of Maire Tecnimont approved a Meeting Regulation with the aim of governing the ordered and functional performance of the Shareholders' Meetings. The Shareholders' Meeting held on 27 April 2011 resolved to make certain amendments to said Regulation as a consequence of the amendments made to the Company Articles of Association following the coming into force of Italian Legislative Decree 27/2010. The ordinary Shareholders' Meeting of 18 February 2015 approved additional amendments to the Meeting Regulations, in order to adapt the same to best practices on the matter and eliminate overlaps with the statutory provisions governing the operation of the Shareholders' Meeting.

The Maire Tecnimont Shareholder's Meeting Regulation may be consulted on the Issuer's website [www.mairetecnimont.com](http://www.mairetecnimont.com), under the section "Governance" - "Shareholders' Meeting Documents".

In order to guarantee each shareholder the right to voice their opinion on the items under discussion, in compliance with the provisions of article 9, Application criterion 9.C.3, of the Corporate Governance Code, article 16 of the Company Shareholder's Meeting Regulation rules that shareholders concerned should file the request to the Chairman, after reading of the item on the agenda to which the request refers and after the Chairman establishes the method for requests and interventions and the order thereof.

In the Year, an ordinary Shareholders' Meeting was held on 26 April 2017 and was attended by almost all Directors and by all Statutory Auditors.

The Board of Directors prepared and made available to Shareholders in advance, in the manner and within the time provided by law, all documentation on the topics on the agenda.

Through the Chairman of the Board of Directors and the CEO, the Board also reported to the Shareholder's Meeting on the activities conducted and scheduled and has always attempted to provide Shareholders with the correct information so that they may be able to make informed decisions regarding Shareholders's Meeting.

The ordinary Meeting of 26 April 2017 was attended by two members of the Remuneration Committee of the Company.

During the Year, there were no significant changes in the composition of the Issuer's corporate structure, with the exception of the reduction with effect from 14 September 2017 of the shareholding in the share capital of Maire Tecnimont by the partner Arab Development Establishment (ARDECO) that went from 6.457% to 3.287% of the share capital of Maire Tecnimont expressed in number of voting rights.

With regard to the complete information relating to the relevant shareholdings in the capital of Maire Tecnimont S.p.A., reference is made to Table 1 Annexed hereto.

In the Year, there was an increase of 67.4% in the Company's capitalization from Euro 788,260,950 at 31 December 2016 to Euro 1,319,267,745 at 31 December 2017.

The number of ordinary shares of the Company at 31 December 2017 amounted to 305,527,500 and did not change in the Year 2017.

As already explained in Section 2, letter a), on the date on which this Report is approved, the subscribed and fully paid-up share capital of Maire Tecnimont amounts to Euro 19,689,550,00, subdivided into 305,527,500 ordinary shares, with no par value.

Furthermore, as better indicated in the aforementioned Section, as a result of the registration with the Companies Register of Rome of the certification pursuant to in Article 2444 of the civil code, the fully subscribed and paid-up share capital of Maire Tecnimont will amount to Euro 19,920,679.32, subdivided into 328,640,432 ordinary shares.<sup>7</sup>

It is noted that as the Company introduced in the Articles of Association on 18 February 2015 the vote increase, share capital of Maire Tecnimont - pursuant to article 120, paragraph 1 CFA and the provisions of article 6-*bis* of the Articles of Association - must be understood as the total number of voting rights.

On the date on which this Report is approved, the share capital of Maire Tecnimont, expressed in number of voting rights, is equal to 473,192,634. Consequently, as of the date of the registration of the said certification, the Company's share capital, expressed in number of voting rights, will be equal to 496,305,566.<sup>8</sup>

## **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES**

**(pursuant to article 123-*bis*, paragraph 2, letter a), CFA)**

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<sup>7</sup> The certification pursuant to art. 2444 of the civil code was registered at the Companies Register on 3 April 2018.

<sup>8</sup> The certification pursuant to art. 2444 of the civil code was registered at the Companies Register on 3 April 2018.



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With regard to corporate governance practices in addition to those indicated in the previous paragraphs and effectively applied by Maire Tecnimont, reference is made to as already indicated in Section 10 of this Report with regard to the attribution to the Control and Risk Committee of new functions concerning sustainability.

Furthermore, for the sake of completeness, it is noted that within the Company organization are a Coordination Committee, a Commercial Committee, a Region Committee and a Project Development Committee. These committees perform activities in support of the CEO in the evaluation of strategic initiatives and decisions, Corporate and Business, including local content issues, with Group value and impact, related to investments, business activities and presence in geographical areas (Regions) of the Group's interest.

## **18. CHANGES AFTER THE CLOSURE OF THE FINANCIAL YEAR OF REFERENCE**

From the end of the Year, there no changes to be reported.

## **19. CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The letter from the Chairman of the Corporate Governance Committee of 13 December 2017 was promptly sent to the Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors of the Company on 15 December 2017.

The same was brought to the attention of the Independent Directors at the meeting held on 25 January 2018, of the Remuneration Committee on 7 February 2018 and of the Board of Directors on 25 January 2018 and, most recently, on 15 March 2018.

As indicated in Section 4.3 of this Report, the questionnaire for the performance of the board review for the Year was also prepared taking into consideration the recommendations made in the aforementioned letter, also with reference to the pre-meeting information.

The recommendations on strengthening the assessments of the independence of the Directors qualifying as such were taken into consideration by the Board at the meeting of 6 March 2018, i.e. on the occasion of the verification of permanence of the independence requirements for the Year referred to in Section 4.6 of this Report.

With reference to the recommendations expressed with regard to the establishment of the Appointments Committee referred to in Section 7 of this Report and to the concrete provision of succession plans for the executive directors referred to in Section 4.1 of this Report, these have been evaluated by the Board of Directors during the meeting held 15 March 2018.

Finally, with reference to the recommendations on remuneration, the Remuneration Committee, at the meeting of 7 February 2018, in the definition of the proposal for the "2018 Remuneration Policy", appreciated the full adherence of this policy to as recommended.



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## Tables

**Table 1: Information on the ownership structure**

<b>Share capital structure as at the date on which the Report is approved</b>				
	<b>No. of shares</b>	<b>% of share capital</b>	<b>Listed (list markets) / non-listed</b>	<b>Rights and obligations</b>
Ordinary Shares	305,527,500	100	Listed on MTA organized and managed by Borsa Italiana S.p.A.	Rights and Duties pursuant to law and articles of association
Shares with multiple vote	-	-	-	-
Shares with limited voting right	-	-	-	-
Shares with no voting right	-	-	-	-
Other	-	-	-	-

<b>Share capital structure as of the date of the registration of the certification pursuant to art. 2444 of the civil code, filed on 15 March 2018 with the Companies Register of Rome<sup>9</sup></b>				
	<b>No. of shares</b>	<b>% of share capital</b>	<b>Listed (list markets) / non-listed</b>	<b>Rights and obligations</b>
Ordinary Shares	328,640,432	100	Listed on MTA organized and managed by Borsa Italiana S.p.A.	Rights and Duties pursuant to law and articles of association
Shares with multiple vote	-	-	-	-
Shares with limited voting right	-	-	-	-
Shares with no voting right	-	-	-	-
Other	-	-	-	-

<b>Other financial instruments as at 31 December 2017 and until 7 March 2018 (attributing the right to subscribe newly issued shares)</b>				
	<b>Listed (list markets) / non-listed</b>	<b>No. of outstanding instruments</b>	<b>Category of shares subject to conversion / exercise</b>	<b>No. of shares subject to conversion / exercise</b>
Convertible bonds	"Third Market" (MTF), unregulated market of the Vienna Stock Exchange	799	ordinary shares	38,065,232
Warrant	-	-	-	-

<b>Other financial instruments as of 8 March 2018 (attributing the right to subscribe newly issued shares)</b>				
	<b>Listed (list markets) / non-listed</b>	<b>No. of outstanding instruments</b>	<b>Category of shares subject to conversion / exercise</b>	<b>No. of shares subject to conversion / exercise</b>
Convertible bonds	-	-	-	-
Warrant	-	-	-	-

<sup>9</sup> The certification pursuant to art. 2444 of the civil code was registered at the Companies Register on 3 April 2018.



<b>Significant shareholding in the capital as at the date on which the Report is approved</b>			
<b>Declaring party</b>	<b>Direct shareholder</b>	<b>% shareholding of total no. of ordinary shares (*)</b>	<b>% shareholding of share capital expressed in no. of voting rights (**)</b>
Fabrizio DI AMATO	GLV CAPITAL S.p.A. (***)	<b>54.877%</b>	<b>70.865%</b>
Yousif Mohamed Ali Nasser AL NOWAIS	Arab Development Establishment (ARDECO)	<b>5.091%</b>	<b>3.287%</b>

(\*) Total no. of ordinary shares: 305,527,500

(\*\*) Share capital expressed no. of voting rights pursuant to article 120, paragraph 1 of Legislative Decree 24 February 1998, no. 58 (CFA) and as provided by article 6 bis of the Articles of Association: 473,192,634

(\*\*\*) Shareholder that since 7 April 2017, has achieved the voting right increase.

<b>Share capital structure as of the date of the registration of the certification pursuant to art. 2444 of the civil code, filed on 15 March 2018 with the Companies Register of Rome<sup>10</sup></b>			
<b>Declaring party</b>	<b>Direct shareholder</b>	<b>% shareholding of total no. of ordinary shares (*)</b>	<b>% shareholding of share capital expressed in no. of voting rights (**)</b>
Fabrizio DI AMATO	GLV CAPITAL S.p.A. (***)	<b>51.018%</b>	<b>67.565%</b>
Yousif Mohamed Ali Nasser AL NOWAIS	Arab Development Establishment (ARDECO)	<b>4.733%</b>	<b>3.134%</b>

(\*) Total no. of ordinary shares: 328,640,432

(\*\*) Share capital expressed no. of voting rights pursuant to article 120, paragraph 1 of Legislative Decree 24 February 1998, no. 58 (CFA) and as provided by article 6 bis of the Articles of Association: 496,305,566

(\*\*\*) Shareholder that since 7 April 2017, has achieved the voting right increase.

<sup>10</sup> The certification pursuant to art. 2444 of the civil code was registered at the Companies Register on 3 April 2018.

**Table 2: Structure of the Board of Directors and Committees**

Board of Directors													CRC		RC	
Office	Members	Year of birth	Date of first appointment *	In office from	In office to	Slate (M/m) **	Exec	Non Exec	Indep. from Code	Indep. from TUF	Attendance***	No. other offices****	** ** *	** ** *	** ** *	** ** *
Chairman	Di Amato Fabrizio	1963	10.09.2007	30.04.2013	Approv. Statement 31.12.2018	M	X		NA		12/12	4				
CEO • ( )	Folgiero Pierroberto	1972	31.10.2012	30.04.2013	Approv. Statement 31.12.2018	M	X		NA		12/12	2				
Director	Alfieri Luigi	1952	30.04.2013	30.04.2013	Approv. Statement 31.12.2018	M		X			12/12	3			(M)	5/5
Director □	Chersicla Gabriella	1962	30.04.2013	30.04.2013	Approv. Statement 31.12.2018	M		X	X	X	10/12	7	(C)	7/7		
Director	Fiorini Stefano	1962	10.09.2007	30.04.2013	Approv. Statement 31.12.2018	M		X			12/12	-	(M)	7/7		
Director	Giustiniani Vittoria	1964	30.04.2013	30.04.2013	Approv. Statement 31.12.2018	M		X	X	X	8/12	-			(M)	4/5
Director	Pellegrini Andrea	1964	11.06.2014	11.06.2014	Approv. Statement 31.12.2018	M		X	X	X	12/12	5	(M)	7/7	(C)	5/5
Director	Riva Patrizia	1970	30.04.2013	30.04.2013	Approv. Statement 31.12.2018	M		X	X	X	9/12	5				
Director	Squinzi Maurizia	1950	27.04.2016	27.04.2016	Approv. Statement 31.12.2018	m		X	X	X	11/12	2				
<b>Directors withdrawn/removed during the financial year</b>																
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Quorum required for presentation of slates during final nomination: 1,0%</b>																
<b>No. of meetings held during Financial Year:</b>				<b>BoD: 12</b>				<b>CRC: 7</b>				<b>RC: 5</b>				

(\*) By date of first appointment of each director is the date in which the Director has been appointed for the first time (ever) on the Board of Directors of the Company.

(\*\*) The initial "M" indicates the Director has been elected from the majority slate. The initial "m" indicates the Director has been elected from the minority slate

(\*\*\*) The columns marked with this symbol indicate Directors' attendance at Board, Control and Risk Committee, and Remuneration Committee meetings, respectively (number of meetings attended compared to the total number of meetings where they could participate).

(\*\*\*\*) Number of offices as Director and Statutory Auditor held by the Board members in other companies listed on regulated markets, including foreign markets, financial institutions, banks, insurance companies or large businesses. The list of such companies, with reference to each Board member, is attached hereto as Annex A.1.

(\*\*\*\*\*) In the column marked with this symbol it is indicated that the Board member is a Committee member and the office: (C) Chairman; (M) Member.

**CRC** Control and Risk Committee

**RC** Remuneration Committee

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

( ) This symbol indicates the principal officer of the Company (Chief Executive Officer or CEO).

□ This symbol indicates the Lead Independent Director (LID).



**Table 3: Structure of the Board of Statutory Auditors**

Office	Members	Year of birth	Date of first appointment *	In office from	In office to	Slate (M/m) **	Indep. from Code	Attendance ***	No. other offices ****
Chairman	Fallacara Francesco	1964	30.04.2013	30.04.2013	Approv. Statement 31.12.2018	m	X	13/13	3
Standing Statutory Auditor	Loli Giorgio	1939	10.09.2007	30.04.2013	Approv. Statement 31.12.2018	M	X	11/13	15
Standing Statutory Auditor	Di Bella Antonia	1965	30.04.2013 (*****)	27.04.2016	Approv. Statement 31.12.2018	M	X	13/13	2
Alternate Statutory Auditor	Leoni Massimiliano	1963	10.09.2007	30.04.2013	Approv. Statement 31.12.2018	M	X	-	24
Alternate Statutory Auditor	Provasi Roberta (*****)	1967	19.02.2014	19.02.2014	Approv. Statement 31.12.2018	M	X	-	4
Alternate Statutory Auditor	Lorenzatti Andrea	1975	27.04.2016	27.04.2016	Approv. Statement 31.12.2018	m	X	-	4
<b>Statutory Auditors withdrawn/removed during the Financial Year</b>									
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Quorum required for presentation of slates during final nomination: 1,0%</b>									
<b>No. of meetings held during financial year: 13</b>									

(\*) By date of first appointment of each Statutory Auditor is the date in which the director has been appointed for the first time (ever) on the Board of Statutory Auditors of the Company.

(\*\*) The initial "M" indicates the Statutory Auditor has been elected from the majority slate. The initial "m" indicates the Statutory Auditor has been elected from the minority slate.

(\*\*\*) The column marked with this symbol indicates statutory auditors' attendance at the Board of Statutory Auditors' meetings (number of meetings attended compared to the total number of meetings where they could participate).

(\*\*\*\*) Number of director or auditor offices held by the Statutory Auditors, that are relevant pursuant to art. 148-bis of the Consolidated Finance Act and its implementing provisions contained in the Consob Issuers' Regulation. Pursuant to art. 144-quinquiesdecies of the Consob Issuers' Regulation, the complete list of offices is published by Consob on its website.

(\*\*\*\*\*) Antonia Di Bella resigned his position as Standing Statutory Auditor on 11 June 2014. The shareholders' meeting on 27 April 2016 appointed Antonia Di Bella as Standing Statutory Auditor. (\*\*\*\*\*) Roberta Provasi: in office until 27 April 2016 as Standing Statutory Auditor and appointed on the same date by the ordinary shareholders' meeting as Alternate Statutory Auditor.

**ANNEX A**

***CURRICULA VITAE OF MAIRE TECNIMONT S.P.A. BOARD MEMBERS***



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## **FABRIZIO DI AMATO**

Born 1963. A graduated in Political Sciences from La Sapienza University of Rome, he is the Chairman of Maire Tecnimont Group, one of the main engineering contractors in oil & gas and petrochemicals in the world.

He began his career as an entrepreneur at the age of 19 by setting up his first company with three employees. He built up the Maire Tecnimont Group over three decades through a process of internal growth and acquisitions. In the first 20 years he laid the basis for the development of a mid-size civil engineering group mainly operating in the Italian market.

In 2004, he acquired Fiat Engineering from Fiat Group. In this way the Group switched to general contracting, with a specific focus on power generation and transportation infrastructure, and reinforced its international footprint. At the end of 2005, by completing a second major acquisition, that of Tecnimont from Edison, Mr Di Amato expanded the Group's activities to the oil, gas and petrochemicals business, with a network of subsidiaries and branch offices operating worldwide.

The acquisition of Tecnimont was ranked as the second most important transaction of merging and acquisition in Italy, receiving the Award KPMG M & A in 2006.

In 2007, Maire Tecnimont has completed the IPO for the listing in the Milan Stock Exchange; in the same year the acquisition of 100% of the Indian subsidiary Tecnimont Private Limited (formerly TICB) has been completed. Today, in Mumbai, Tecnimont India has over 2,000 employees and is the second engineering hub of the group, together with Milan. This is a unique example of integration and complementarity of technical excellences coming from two different countries and cultures.

In 2009 and 2010 other two important acquisitions have increased the technological content of the Group: the Dutch Stamicarbon - global leader in urea technology - and the Italian KT-Kinetics Technology - main process engineering contractor in the oil&gas sector.

Today, Maire Tecnimont Group is one of the major European players in the engineering & contracting, active on the global energy markets. The Group is able to apply a flexible business model that provides advanced skills in licensing, engineering services, engineering and procurement and in EPC (Engineering, Procurement, Construction).

The Group operates through 50 companies in 40 countries and has a turnover of 2.5 billion euro. The Group owns more than 1,000 individual patents, having 30% market share in terms of installed capacity of polyolefin plants licensed from third parties (with peaks of 40% in the LDPE segment). The Group is also market leader (54%) in the licensing of urea technology and has recognized competences in technologies for the production of hydrogen, sulfur recovery and Tail Gas. As references, Maire Tecnimont has realized the largest gas treatment plant in Abu Dhabi and recently has been awarded the most important contract on its history (3.9 billion euros) for a gas treatment plant in the Amur district in the Far East region of the Russian Federation, close to the border with China. The Group delivered more than 250 plants for the

production of urea and 140 polypropylene and polyethylene plants in the world. Maire Tecnimont has over 8,000 professionals all over the world.

Fabrizio Di Amato plays an active role in the Italian engineering industry: from 2009 to 2011 he was President of Animp (Italian Association of Industrial Plant Engineering). In 2008 he promoted the concept of a unique representative body for the whole engineering and contracting industry through Federprogetti (the Federation of Italian plant industries), of which he was founder and served as President until May 2015.

He is member of the Executive Committee of the Association of Joint Stock Companies incorporated in Italy (Assonime) and last 12 June 2017 has been appointed Vice President with reference to Energy, Clusters, Supply Chains and Research Studies of Assolombarda, entrepreneurial Association of Milan Province.

In May 2016, he was awarded the decoration of "Cavaliere del Lavoro" by the Italian President of the Republic, Sergio Mattarella.

### **PIERROBERTO FOLGIERO**

Born in 1972 in Rome, he graduated from L.U.I.S.S University in 1995, majoring in Economics Studies. Registered Chartered Accountant since 1996, in 2003 he attended the Executive Education Program in General Management at INSEAD, in Fontainebleau, Paris. He started his career at Agip Petroli (Administration Finance & Control area) and Ernst &Young as Experienced Assistant, later working for PricewaterhouseCoopers as Corporate Finance Manager. In 2000 he joined Wind Telecomunicazioni S.p.A., covering positions in Administration Finance and Control area and in 2006 serving as Corporate Development Director. In June 2008 he joined Tirrenia di Navigazione S.p.A. as Chief Financial Officer and General Manager contributing to the privatization process of the State owned company. He joined Maire Tecnimont Group in September 2010 as Chief Financial Officer of KT S.p.A. In June 2011 he took up his current position of Managing Director of KT S.p.A.. In May 2012 he was appointed as Chief Operating Officer of Maire Tecnimont as well as Managing Director of Tecnimont S.p.A. On 31 October 2012 he was appointed member of the Board of Directors of Maire Tecnimont S.p.A.. Since May 2013 he is CEO of the Company.

### **LUIGI ALFIERI**

Born in 1952. A graduate in Law from University of Salerno. He began his career in 1972 at Banca Commerciale Italiana, covering different positions and working in different Italian cities. In 1987 he was appointed Manager and later Bank Manager. From 2001 he continued to work for Intesa BCI Bank, first as Area Manager for Central and Southern Italy (Large Corporate Division) and then as South Area Director (Corporate Division). In 2002 he was appointed Rome



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Bank Director (Retail Division) of Banca Intesa. From 2005 to 2012 he was Southern Italy Area Director of Intesa Sanpaolo (Mid Corporate Direction, Corporate & Investment Banking Division). From February 2013 he works as consultant.

### **GABRIELLA CHERSICLA**

Born in Trieste on May 2<sup>nd</sup>, 1962, she graduated in Business Economics. She is Chartered Accountant and Certified Auditor and a Member of the Corporate Governance Committee established by the Milan Association of Chartered Accountant.

She carried out her career in KPMG network, initially in the audit practice and subsequently in the Forensic practice of which she's been in charge as national leader from 2003 to 2011. Presently, she practices in Milan as an independent professional and covers the position of Chairman of Parmalat S.p.A., Director of Castello SGR S.p.A., member of the Statutory Audit Committee of RCS MediaGroup S.p.A., ePrice S.p.A., Snam Rete Gas S.p.A. and TIM S.p.A..

### **STEFANO FIORINI**

Born in Rome on 31 October 1962. He obtained a high school diploma in accountancy and business and then later an ordinary degree in legal studies from the University of Camerino. An employment consultant since 1988, in 1994 he entered the roll of chartered accountants in 1995, he also entered the roll of institutional accounts auditors at the Ministry of Justice. Since 2000 he has been on the role of business technical consultants at the Civil and Penal Court of Rome. He is specialized in corporate restructuring and in the mergers and acquisitions sector. He gained significant experience in tax litigation, court expert appraisals and in bankruptcy proceedings and has administered several companies operating in the property, airport and mineral water extraction and marketing sectors. He has held the position of statutory auditor in numerous companies.

He was awarded the diploma for participation in the Master in International Accounting Principles (IAS/IFRS).

### **VITTORIA GIUSTINIANI**

Born in 1964, she graduated in Law in 1989 at Milan Università Statale and started her career at Mario Casella Law Firm in Milan, where she gained significant experience in corporate litigation. In 1994 she joined Cera Cappelletti Bianchi Law Firm, then Erede & Associati and finally, in 1999, Bonelli Erede Pappalardo, of which she is partner since January 1st, 2000. She focuses on the day-to-day consulting activities for a number of listed companies, with particular emphasis on corporate governance, compliance with legislation and public companies' best

practice, as well as financial restructurings, issuance of financial instruments, IPOs and public tenders and exchange offers. Repeatedly reported among the most competent and qualified professional women in the Italian public and private sectors.

### **ANDREA PELLEGRINI**

Born in Milan in 1964. He is a graduate in Business Administration at Bocconi University and has a Master in Science of Management (MBA) from the Sloan School of Management of the Massachusetts Institute of Technology - MIT.

He has spent his entire career in investment banking working for Barclays Bank, Lehman Brothers, Merrill Lynch and Nomura in New York, London and Italy. At Merrill Lynch he was Chairman of Public Sector, for Europe, Middle East & Africa & Head of Investment Banking for Italy. At Nomura, he covered the role of Country Manager and Head of Investment Banking for Italy. Over the course of his career, he has worked on many landmark equity, debt and advisory transactions for American, European and, above all, Italian companies.

Currently, he is senior advisor to Long Term Partners, an Italian management consulting firm, founding partner of Thalia Advisors, his advisory boutique, and senior advisor to Italiacamp, an open innovation and social impact initiative. He is also Vice Chairman of the Board of Italian Hospitality Collection S.p.A.; independent Board Member of IDeA Capital Funds SGR S.p.A. and Member of the Remuneration Committee; independent Board Member, Chairman of the Remuneration Committee, Member of the Control Risk and Sustainability Committee and Member of the Related Party Committee of Maire Tecnimont S.p.A.; independent Board Member, Chairman of the Control Risk and Sustainability Committee and Chairman of the Related Party Committee of SIAS - Società Iniziative Autostradali e Servizi S.p.A..

### **PATRIZIA RIVA**

Born in Milan, 10 July 1970. Degree in Business Studies Università Commerciale Luigi Bocconi 1993. PhD in "Business, Economics & Management" Università Commerciale Luigi Bocconi 2000. Registered since 1994 as Chartered Public Accountants and Auditor; Senior Partner & Founder of the accounting & auditing firm "Studio Patrizia Riva, Dottori Commercialisti e Avvocati Associati". Certified Court Appraiser and Trustee appointed by the Court. Mediator certified by the Government Justice Department. Member of InsolEurope, AIDC Milano, Interprofessionale Monza. President of the statutory auditor of G.M.E. and statutory auditor in Piquadro S.p.A..

She became research professor in 2006 with teaching appointment as aggregated professor at DiSEI Piemonte Orientale University. Since 1999 up to 2017 she has been in charge as Chief Executive of the "High School of Milan Institute of Certified Public Accountants" for Continuing professional development (S.A.F. Scuola di Alta Formazione dell'Ordine dei Dottori



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Commercialisti e degli Esperti Contabili di Milano. She has several publications to her name dealing with economic and corporate issues.

### **MAURIZIA SQUINZI**

Self-employed professional specialized in finance and financial services. She plays and played the roles of consultant and executive manager in the area of general management, CFO (finance, administration and control) and business planning in complex companies operating in industrial, service and insurance industries.

At present she acts as a non-executive and independent Director of Maire Tecnimont S.p.A. and as an Independent Director of SPAXS, a company listed in AIM Italy. Previously, she acted as a member of Board of Directors, Chairman of Risk Committee and member of Remuneration Committee of Banca Carige S.p.A. until June 2017. She also held the position of General Manager of Mittel Group until January 2015, and member of the Executive Committee of Sorin S.p.A. until April 2015.

She participated in the financial restructuring process of the San Raffaele Hospital in Milan serving as Head of Financial & Human Resources; and as CFO responsible for the organizational restructuring and the recovery plan of Poste Italiane Group.

As Planning and Control Group Director, she worked on the financial and organizational recovery of Montedison Group.

After graduating with top marks in Economics and Business Studies from Bocconi University, she joined McKinsey & Co. Milan, working in the area of finance and financial products for about eight years.

**ANNEX A.1**

**LIST OF OFFICES HELD BY MAIRE TECNIMONT S.P.A. BOARD MEMBERS**



<b>Name</b>	<b>Company</b>	<b>Office</b>
<b>DI AMATO Fabrizio</b>	GLV Capital S.p.A.	Chairman of the Board of Directors
	Maire Investments S.p.A.	Chairman of the Board of Directors
	Armonia Holding S.r.l.	Director
	Armonia SGR S.p.A.	Director
	Castello SGR S.p.A. (**)	Director
<b>FOLGIERO Pierroberto</b>	Tecnimont S.p.A. (*)	Managing Director
	KT - Kinetics Technology S.p.A. (*)	Managing Director
<b>ALFIERI Luigi</b>	BiOlevano S.r.l. (*)	Director
	Maire Investments S.p.A.	Director
	Castello SGR S.p.A.	Director
<b>CHERSICLA Gabriella</b>	Parmalat S.p.A.	Chairman of the Board of Directors
	RCS MediaGroup S.p.A.	Standing Statutory Auditor
	ePRICE S.p.A. (già Banzai S.p.A.)	Standing Statutory Auditor
	Castello SGR S.p.A.	Director
	Snam Rete Gas S.p.A.	Standing Statutory Auditor
	Fondazione Snam	Member of the Board of Chartered Public Accountants
	Tim S.p.A.	Standing Statutory Auditor
<b>FIORINI Stefano</b>	-	-
<b>GIUSTINIANI Vittoria</b>	Alerion Clean Power S.p.A	Director
<b>PELLEGRINI Andrea</b>	Italian Hospitality Collection S.p.A.	Vice Chairman of the Board of Directors
	IDEa Capital Funds SGR S.p.A.	Director
	SIAS - Società Iniziative Autostradali e Servizi S.p.A.	Director
	DUE.DI S.r.l.	Director
	Thalia Advisors S.r.l.	Director
<b>RIVA Patrizia</b>	Piquadro S.p.A.	Standing Statutory Auditor
	Artestampa S.p.A.	Alternate Statutory Auditor
	CSA S.r.l.	Alternate Statutory Auditor
	G.M.E. S.p.A. - Gestore Mercati Energetici	Chairman of the Board of Statutory Auditors
	R.S.E. S.p.A. - Ricerca Sistema Energetico	Alternate Statutory Auditor
<b>SQUINZI Maurizia</b>	Banca Carige S.p.A.	Director

	Spaxs S.p.A.	Director
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(\*) Company belonging to the Group headed by Maire Tecnimont S.p.A.

(\*\*) Resignation from the office of Director dated 18 December 2017.



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**ANNEX B**

***CURRICULA VITAE* OF MAIRE TECNIMONT S.P.A. STATUTORY AUDITORS**

### **FRANCESCO FALLACARA**

Degree in Economy at LUISS (110/110 con laude). Legal Auditor and chartered accountant in Rome.

Professional activities for own consulting office: Tax and company consulting on a continual basis with medium sized companies and company groups. President and effective auditor of auditing committees of S.p.A. and S.r.l. Registered in the list of receivers, technical consultant and appraiser at the civil and penal Tribunal of Rome.

Teaching activities: Teacher at SAF school of ODCEC of Rome, teacher at the "Scuola Superiore dell'Economia e delle Finanze" previously Scuola "Ezio Vanoni" of the Ministry of Finance and at the "Scuola di Polizia Tributaria della Guardia di Finanza" (Police School for Excise and Taxes) in courses for officers and subofficers.

### **GIORGIO LOLI**

Born in Livorno on 23 August 1939. He graduated in economics and business studies from the University of Bologna in 1963. He has been a chartered accountant since 1968 and is a registered legal accounts auditor. He was in professional practice from 1964 to 1972 at Peat, Marwick, Mitchell & Co. (now KPMG S.p.A.), auditors and corporate consultants, at the Milan office and at the Newark, NJ, USA office for a year, where he became partner in 1972. He left the partnership on 30 September 1998 and established his own firm where, on 1 October 1998, he opened as a chartered accountant, providing support to businesses and families of entrepreneurs, in governance, administration and control. He has provided consultancy and Italian business acquisition support for foreign groups and foreign companies on behalf of Italian groups, in addition to support for businesses and groups preparing for stock exchange listing. He has held important positions in numerous companies: among the various roles, he is chairman of the board of statutory auditors at Coesia S.p.A. and GD S.p.A., he has been chairman of the External Audit Committee at the International Monetary Fund and of the board of statutory auditors at Unicredit S.p.A.. He has also been a contract professor of business economics at Bocconi University in Milan and among others has taken part in the Aletti Commission for commercial business reform in 1980, the Consob Commission for the definition of Accounting Principles for State-Owned Businesses in 1981 and various Commissions on behalf of the National Council of Chartered Accountants.

### **ANTONIA DI BELLA**

Antonia Di Bella was born in Drapia (Vibo Valentia). She graduated in Business Economics and Social Sciences and Master in Accounting and financial control. She is a Chartered Accountant and a Certified Auditor. She is a member of the Insurance Technical Commission at the OIC,



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the Italian accounting standard setter, and a member of the Corporate Governance Committee and the Integrated Report Committee established by the Milan Association of Chartered Accountants. She is also a member of the Steering Committee at MIRM, Master in Insurance Risk Management in Trieste.

She is Lecturer of Accounting and management in Insurance at Università Cattolica of Milan. She first pursued her career within the KPGM network till 2006 and then from 2008 to July 2015 she was in charge of the insurance sector in Mazars S.p.A. as national leader. She led several consultancy team assisting Insurance group into IAS/IFRS first time adoption process and assisted investors in accounting, tax and business due diligence for insurance target. Currently she practices in Milan as an independent professional and is of counsel at NCTM Studio Legale.

Expert in auditing the Financial Statements of companies and insurance groups, she has been a member of Statutory Auditor Boards in insurance companies and listed companies. Currently, she is member of Board of Statutory Auditors of Maire Tecnimont S.p.A., Assicurazioni Generali S.p.A (both listed at Milan Stock Exchange) and independent director at Interpump Group S.p.A..

### **MASSIMILIANO LEONI**

Chartered Accountant & Business Consultant qualified to the profession since April 14/04/1992 at number AA 003801, Certified Auditor member of the special Roll of the Ministry of Justice established by Ministerial Decree of 21/04/1995 at n. 32033 G.U 31 Bis. From 1990 he provides advisory and assistance in administrative – corporate and tax compliance services in favor of companies, institutions and entrepreneurial groups. In this field he provided advisory in the area of corporate refurbishments operations, transfers and reallocation of business complex. He acquired an important experience in the field of defense and fiscal representation during contentious for companies and institutions. From 1992 he is also member of Board of Statutory Auditors in Companies and Institutions. From 1998 he is partner of the Company Studio Associato Leoni-Luvisotti, providing advisory to companies in fiscal and administrative issues. From 2017 he is associated professional of the tax and corporate consulting firm Studio Ferri Minnetti & Associati s.r.l. in Rome. He accrued significant experiences in the financial/actuarial field concerning social security, pension funds and actuarial evaluations of the employee benefits through the accounting system IAS 19. He carries out also activities of technical advisory for the qualification Soa of Companies in case of transfer or rent of corporate branch. He owns professional experiences in the field of expert evaluation procedures of companies and company branches during the process of acquisition and transfer.

**ROBERTA PROVASI**

Born in 1967, graduated in Economics and Commerce at the Catholic University of Milan in 1991, Phd in Business Administration at University of Pavia. Member of the Order of Chartered Accountants of Milan since 1994 and one of Statutory Auditors of Accounts no. 130995 GU 14/11/2003 n. 89.

Member of Legal Control of Accounts Committee and Corporate Governance Committee to the Order of Chartered Accountants of Milan of Italian Academy of Business Economics and NedCommunity. Associate Professor of Accounting and Auditing at the University of Milano-Bicocca of Auditing, Director of Master in Management Control and Auditing.

She is author of numerous publications including monographs and articles in national and international journals related to accounting and auditing subjects.

**ANDREA LORENZATTI**

Qualified chartered accountant, member of the Italian Association of Accountants since June 25th, 2007 (registration number AA 009119), and qualified auditor entered in the Italian Register of Auditors in February 12th, 2008.

Since June 2005 he has been providing corporate, fiscal and administrative advice, focusing mainly on fiscal matters of construction companies, negotiations and property management.

He also has strong skills in extraordinary corporate transactions, in particular in the preparation of value assessments in relation to proportional partial spin-offs and contributions of business.

His professional experience also covers corporate groups, in particular he is in charge of the management and external advice of companies under the National Tax Consolidation.

For several years he has been the territory manager of fiscal assistance of the Centre of Italy for CAF IMPRESE UNICA CIDEDEC SRL.

Currently he is a supervisory body member of several companies (as President and member of the Board of Statutory Auditors).



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**ANNEX B.1**

**LIST OF OFFICES HELD BY MAIRE TECNIMONT S.P.A. STATUTORY AUDITORS**

Name	Company	Office
<b>FALLACARA Francesco</b>	Pirelli & C. S.p.A.	Chairman of the Board of Statutory Auditors
	Ro.Co. Edil Romana Costruzioni Edilizie	Standing Statutory Auditor
	Hirafilm S.r.l.	Chartered Auditor
<b>LOLI Giorgio</b>	Coesia S.p.A.	Chairman of the Board of Statutory Auditors
	Coesia Finance S.p.A.	Chairman of the Board of Statutory Auditors
	Decal S.p.A.	Chairman of the Board of Statutory Auditors
	Emmeci S.p.A.	Chairman of the Board of Statutory Auditors
	Flexlink System S.p.A.	Chairman of the Board of Statutory Auditors
	G. D. S.p.A.	Chairman of the Board of Statutory Auditors
	Genova High Tech S.p.A.	Chairman of the Board of Directors
	G. F. S.p.A.	Chairman of the Board of Statutory Auditors
	IPI S.p.A.	Chairman of the Board of Statutory Auditors
	Isoil Impianti S.p.A.	Chairman of the Board of Statutory Auditors
	Isoil Industria S.p.A.	Standing Statutory Auditor
	Marina Genova Aeroporto S.r.l.	Chairman of the Board of Directors
	Praesidium S.p.A. SGR	Vice Chairman of the Board of Directors
	Prelios S.p.A.	Chairman of the Board of Statutory Auditors
	Sasib S.p.A.	Chairman of the Board of Statutory Auditors
<b>DI BELLA Antonia</b>	Assicurazioni Generali S.p.A.	Standing Statutory Auditor
	Interpump Group S.p.A.	Director
<b>LEONI Massimiliano</b>	Pimelab S.r.l.	Sole Director
	MGR Verduno 2005 S.p.A. (*)	Standing Statutory Auditor
	Met Gas Processing Technologies S.p.A. (*)	Standing Statutory Auditor
	Tecnimont S.p.A. (*)	Standing Statutory Auditor
	KT - Kinetics Technology S.p.A. (*)	Standing Statutory Auditor
	GLV Capital S.p.A.	Chairman of the Board of Statutory Auditors
	Maire Investments S.p.A.	Chairman of the Board of Statutory Auditors



	Gesal S.p.A.	Chairman of the Board of Statutory Auditors
	Grande Hotel Fagiano S.r.l.	Alternate Statutory Auditor
	BiOlevano S.r.l. (*)	Alternate Statutory Auditor
	Sistema Aeroportuale Campano	Alternate Statutory Auditor
	Transfima S.p.A. (*)	Alternate Statutory Auditor
	F2i Rete Idrica Italiana S.p.A.	Alternate Statutory Auditor
	CO.FI.P. S.r.l.	Alternate Statutory Auditor
	Idi Farmaceutici S.r.l.	Alternate Statutory Auditor
	Nuova Formia S.p.A.	Alternate Statutory Auditor
	Progetto Alfiere S.p.A. in liquidazione	Alternate Statutory Auditor
	Bio - P S.r.l.	Sole Statutory Auditor / Chartered Auditor
	Neosia S.p.A. (*)	Standing Statutory Auditor
	Cefalù 20 S.c. a r.l. (*)	Chairman of the Board of Statutory Auditors
	Met Development S.p.A. (*)	Standing Statutory Auditor
	Il Ninfeo S.r.l.	Alternate Statutory Auditor
	Eurobet International S.p.A.	Standing Statutory Auditor
	Esperia Aviation Services S.p.A.	Alternate Statutory Auditor
<b>PROVASI Roberta</b>	Artestampa S.p.A.	Chairman of the Board of Statutory Auditors
	Softec S.p.A.	Standing Statutory Auditor
	Fondazione GaragErasmus	Sole Chartered Auditor
	Manifatture Cattaneo S.p.A.	Standing Statutory Auditor
<b>LORENZATTI Andrea</b>	Angelini Professional S.r.l.	Chairman of the Board of Statutory Auditors
	Angelini Holding S.r.l.	Standing Statutory Auditor
	Astaldi S.p.A.	Alternate Statutory Auditor
	Ligestra Tre S.r.l.	Alternate Statutory Auditor

(\*) Company belonging to the Group headed by Maire Tecnimont S.p.A.