



# Ansaldo STS

Una Società Finmeccanica

**REPORT OF THE  
BOARD OF DIRECTORS  
ON THE CORPORATE GOVERNANCE SYSTEM  
AND ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE  
FOR LISTED COMPANIES  
FOR THE FINANCIAL YEAR 2014**

**(PREPARED PURSUANT TO ARTICLE 123-BIS OF THE CONSOLIDATION ACT ON FINANCE [TUF])**

**[WWW.ANSALDO-STS.COM](http://WWW.ANSALDO-STS.COM)**

**Approved by the Board of Directors of Ansaldo STS S.p.A.  
on 6 March 2015**

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## GLOSSARY

<b>Ansaldo STS</b>	Ansaldo STS S.p.A.
<b>Code or Corporate Governance Code</b>	The Corporate Governance Code of listed companies approved in July 2014 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
<b>Board</b>	The Board of Directors of Ansaldo STS
<b>Financial Year</b>	The financial year 2014
<b>Group</b>	Ansaldo STS and its subsidiaries pursuant to Article 93 of the TUF (TUF)
<b>Rules of the Market Instructions</b>	The Instructions for the Regulation of Markets organised and managed by Borsa Italiana S.p.A.
<b>Rules of the Market</b>	The Rules of the Market organised and managed by Borsa Italiana S.p.A.
<b>Issuers Regulation</b>	The Regulation issued by Consob by Resolution no. 11971 of 14 May 1999 relating to issuers, as subsequently amended and integrated
<b>Markets Regulation</b>	The Regulation issued by Consob by Resolution no. 16191 of 29 October 2007 relating to markets, as subsequently amended and integrated
<b>Related-Party Regulation</b>	The Regulation issued by Consob by Resolution no. 17221 of 12 March 2010 regarding related-party transactions, as subsequently amended and supplemented
<b>Report</b>	This corporate governance and ownership structure report prepared pursuant to Article 123- <i>bis</i> of the TUF
<b>Company</b>	Ansaldo STS S.p.A.
<b>TUF</b>	The Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented

## 1. ISSUER'S PROFILE

The organisation of Ansaldo STS, founded on the traditional corporate model, conforms to the provisions on listed issuers and is structured as follows.

### 1.1 COMPANY ORGANISATION

- **GENERAL MEETING OF SHAREHOLDERS.** Has the authority to resolve, in ordinary and extraordinary sessions, on the matters reserved to it by the law or by the Company's Articles of Association.
- **BOARD OF DIRECTORS.** Is vested with full powers for the management of the Company, with the authority to take all appropriate actions to achieve the corporate purposes, excluding any actions which are reserved - by the law or by the Articles of Association - to the General Meeting.
- **BOARD OF STATUTORY AUDITORS.** It has the task of supervising:
  - compliance with the law and with the Articles of Association;
  - compliance with the principles of sound management;
  - the adequacy of the corporate organisational structure for matters under its responsibility, of the internal control system and of the administrative and accounting system, ensuring that the latter system accurately represents the operating management;
  - the methods used to implement the corporate governance rules as prescribed by codes of conduct prepared by companies that manage regulated markets or by trade associations, with which the Company declares compliance in the information it discloses to the public;
  - the adequacy of the Company instructions to its subsidiaries pursuant to Article 114, paragraph 2 of the TUF;
  - the financial reporting process;
  - the effectiveness of the internal control, internal audit and risk management systems;
  - the statutory audit of the annual accounts and consolidated accounts;
  - the independence of the statutory auditor or the statutory auditing firm, particularly as concerns the provision of non-auditing services to the Company;
  - compliance of the Company's procedures for related-party transactions with the principles indicated in the Related-Party Regulation, as well as their implementation and reports to the General Meeting pursuant to Article 153 of the TUF.
- **INDEPENDENT STATUTORY AUDITING FIRM.** The accounts are legally audited by a specialised company entered in the register of statutory auditors, appointed for this purpose by the General Meeting, on a justified proposal submitted by the Board of Statutory Auditors. The company entrusted with the statutory audit of the Ansaldo STS is appointed through a similar procedure in almost all of Ansaldo STS' subsidiaries.

### 1.2 COMPANY OBJECTIVES AND MISSION

Ansaldo STS intends to maintain and reinforce its position as a primary international competitor in the industry of railway and underground transport systems. In particular, the Company deals (i) in the sector of design, manufacture, distribution, management and maintenance of systems, subsystems and components for the signalling and supervision of railway and underground traffic ("Signalling"), aimed at increasing the safety and efficiency of railway and underground transport systems, and (ii) in the sector of design, implementation, integration and maintenance of "turnkey" Transport Systems, of which the signalling systems are an essential part.

Ansaldo STS pursues its mission strictly to further its objective of creating value for its Shareholders.

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE AT 6 MARCH 2015

### 2.1 STRUCTURE OF THE COMPANY'S SHARE CAPITAL

Amount in Euro of the share capital subscribed and paid in:

- Euro 100,000,000.00 fully paid in

Classes of shares that comprise the Company's share capital:

- 200,000,000 ordinary shares for a value of Euro 0.50 each.

	No. of Shares	% of the share capital	Listed (specify the markets) / not listed	Rights and obligations
Ordinary shares	200,000,000	100	Listed MTA Star	Right to vote at ordinary and extraordinary general meetings, right to dividends and capital refund in case of liquidation
Multiple-vote shares	–	–	–	–
Limited-voting shares	–	–	–	–
Non-voting shares	–	–	–	–
Other	–	–	–	–

Ansaldo STS has not issued any other classes of shares or financial instruments convertible into or exchangeable with shares.

For the sake of completeness, we point out that, on 23 April 2010, the Extraordinary General Meeting resolved to increase the Company's share capital without consideration, pursuant to Article 2442 of the Italian Civil Code, for a total of Euro 50,000,000.00 (fifty million) and, therefore, from the current Euro 50,000,000.00 (fifty million) to Euro 100,000,000.00 (one hundred million), through allocation of available reserves to capital. Of the increase in question, all five annual *tranches* were paid, respectively, on 5 July 2010, 4 July 2011, 9 July 2012, 15 July 2013 and, finally, on 14 July 2014. Each of these tranches involved a capital increase of Euro 10,000,000.00 (ten million) through the issue of 20,000,000 ordinary shares of the Company, with a nominal value of Euro 0.50 each.

Finally, please note that the incentivisation plans adopted by the Company do not result in share capital increases.

### 2.2 RESTRICTIONS ON TRANSFER OF SECURITIES

No restrictions of any kind apply to the transfer of Ansaldo STS securities at the date of this Report.

### 2.3 SIGNIFICANT INVESTMENTS IN THE CAPITAL

Based on the records in the Shareholders' Register and taking into account the notices received in accordance with Article 120 of the TUF and other information obtained, at the date of the Report, the following shareholders directly or indirectly own Company shares amounting to more than 2% of the Company's share capital:

Declarant	Direct shareholder	% share on ordinary capital	% share on voting capital
Finmeccanica S.p.A.	Finmeccanica S.p.A.	40.066%	40.066%
NORGES BANK	NORGES BANK	2.048%	2.048%

#### 2.4 SECURITIES THAT GRANT SPECIAL RIGHTS

The Company has not issued any securities that grant special control rights.

#### 2.5 EMPLOYEE SHARE OWNERSHIP: PROCEDURE FOR EXERCISING VOTING RIGHTS

The incentive plans adopted by the Company do not permit voting rights attached to the shares to be exercised by persons other than the plan beneficiaries. For further information on these plans, see the reports drafted pursuant to Article 84-bis of the Issuers Regulation, published on the Company's website <http://www.ansaldo-sts.com/en/governance/governance-documents>.

#### 2.6 RESTRICTIONS ON THE RIGHT TO VOTE

At the date of the Report, there are no restrictions or mandatory terms for exercising the right to vote. Nor are there any financial rights associated with securities, which are separate from the possession thereof.

#### 2.7 SHAREHOLDERS' AGREEMENTS

On 24 February 2015, Hitachi Ltd. and Finmeccanica S.p.A. announced that they have entered into binding agreements concerning the purchase by Hitachi of the entire shareholding held by Finmeccanica in Ansaldo STS S.p.A, equal to approximately 40% of its share capital and of the current AnsaldoBreda S.p.A.'s business, except for certain revamping activities and residual agreements.

The closing of the above transaction is expected to take place during this year and is subject to customary conditions for this type of transactions, such as regulatory and antitrust authorisations.

On 28 February 2015, pursuant to Article 122 of Legislative Decree 58/1998 ("TUF") and to the implementation provisions of the regulations adopted by Consob resolution no. 11971/1999 ("Issuers Regulations") it has been announced, for all intents and purposes, that on 24 February 2015, Hitachi Ltd. and Finmeccanica S.p.A entered into an agreement for the purchase of shareholdings (the "Agreement"), which contains certain provisions, that are instrumental to the performance of the transaction, that may theoretically be construed as shareholders' agreements and that, for prudential reasons, have been subject to the relevant publicity notices. These provisions of the Agreement concern all of the Ansaldo STS S.p.A.'s shares currently held by Finmeccanica S.p.A, which represent in aggregate approximately 40% of the Company's share capital with voting rights.

The provisions of the Agreement may be theoretically construed as clauses concerning the exercise of voting rights in a listed company and in clauses restricting the transfer of shares, pursuant to Article 122, paragraph 1 and paragraph 5, subparagraph b) TUF.

An extract of the agreement published pursuant to law and the key information on the relevant clauses of the Agreement, in compliance with the applicable regulations, are available on the Company's website at the address: <http://www.ansaldo-sts.com/en/governance/shareholders-agreement>.

#### 2.8 CHANGE OF CONTROL CLAUSES AND PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO IPO (INITIAL PUBLIC OFFERING)

Ansaldo STS and Finmeccanica Società per Azioni signed a licence agreement for use of the "Ansaldo" trademark and a licence agreement for use of the "Globo" trademark, which is the distinctive trademark of Gruppo Finmeccanica in its entirety (jointly "Trademarks") on 27 December 2005 and 6 July 2007, respectively.

Both licence agreements grant Finmeccanica S.p.A. a right of withdrawal in the event of a change in the shareholding structure of Ansaldo STS that would lead to Finmeccanica S.p.A. losing control, pursuant to Article 2359 of the Civil Code.

Ansaldo STS has, in turn, sub-licensed the Trademarks to its own subsidiaries, reserving the right, in the same way as the provisions in the master licence agreement, to withdraw from the agreement if it loses control, pursuant to Article 2359 of the Civil Code.

Moreover, following the merger by incorporation of Ansaldo Trasporti - Sistemi Ferroviari S.p.A. and Ansaldo Segnalamento Ferroviario S.p.A. into Ansaldo STS, the Company took over all rights and obligations of the merged companies. In particular, Ansaldo STS took over the Concession Agreement for the realisation of Line 6 of the Naples Underground, according to which, in case of merger of the Licensee with other Companies outside the Group, the Licensor shall immediately terminate the concession.

The Articles of Association of Ansaldo STS have no provision derogating from the passivity rule under Article 104, paragraphs 1 and 1-*bis*, of the TUF, nor do they have provisions applying the neutralisation rules under Article 104-*bis*, paragraphs 2 and 3, of the TUF.

## **2.9 DELEGATIONS OF AUTHORITY TO INCREASE THE COMPANY'S SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE OWN SHARES**

The Extraordinary General Meeting held on 23 April 2010 entrusted the Board of Directors of Ansaldo STS, pursuant to Article 2443 of the Italian Civil Code, with the authority - to be exercised by 20 April 2015 - to increase the share capital, on one or several occasions, for consideration and separately, by up to and no more than Euro 50,000,000.00, through the issue of ordinary shares, to be offered under an option right to the eligible shareholders (see Article 5.4 of the Company's Articles of Association). As a result, to the Board of Directors was delegated the authority to define all terms, procedures and conditions for each capital increase, including the number of shares to be issued and, accordingly, the amount of the capital increase as well as, in accordance with applicable laws, the offer procedures.

In exercising this delegation, the Board of Directors may decide to increase the share capital excluding the pre-emption right under Article 2441, paragraph 4, of the Italian Civil Code, by up to no more than 10% of the existing share capital, on condition that the issuing price corresponds to the market value and that this is confirmed by a specific report prepared by the company entrusted with the statutory audit of the accounts.

The capital increase excluding the pre-emption right under Article 2441, paragraph 4 of the Italian Civil Code may be offered to institutional investors as well as to industrial and/or financial partners who are considered strategic for the Company's business, due to their activity and the size of their enterprise (requirements to be certified by the Board of Directors).

In relation to the purchase and disposal of own shares, please note that on 15 April 2014, the Ordinary General Meeting of Ansaldo STS revoked the resolution authorising the purchase and disposal of own shares adopted by the Ordinary General Meeting on 6 May 2013, insofar as not already used, and authorised the Board of Directors: (i) to purchase, on one or several occasions, own shares up to the limit set out by the law; (ii) to dispose of such own shares, on one or several occasions, in the manner deemed most appropriate in the interest of the Company and in compliance with the applicable provisions. The authorisation to purchase was granted for a duration of 18 months following the meeting resolution, i.e. until 15 October 2015, whereas the authorisation to dispose of own shares was granted without any time limit.

Furthermore, the Board of Directors resolved to submit to the Ordinary General Meeting convened to approve the financial statements for 2014, a new proposal to authorise the Board of Directors to purchase and dispose of own shares, following the revocation of the resolution authorising the purchase and disposal of own shares adopted by the Ordinary General Meeting on 15 April 2014, insofar as not already used.

At the date of this Report, Ansaldo STS S.p.A. owns 1,405 ordinary shares of the Company.

## **2.10 MANAGEMENT AND COORDINATION ACTIVITIES**

Ansaldo STS is subject to the management and coordination by Finmeccanica S.p.A., pursuant to Article 2497 of the Civil Code.

## **2.11 INDEMNITY OF DIRECTORS IN THE EVENT OF RESIGNATION, DISMISSAL OR TERMINATION OF THE RELATIONSHIP FOLLOWING A TAKEOVER BID**

For further information on the indemnities for directors, as well as on the effects of termination provided for by the incentive plans adopted by the Company, see the Report on Remuneration, prepared in accordance with article 123-ter of the TUF and 84-quater of the Issuers Regulation, made available to the public on the Company website (<http://www.ansaldo-sts.com/en/shareholders-meeting-2015>) as well as with the other methods provided for by law.

## **2.12 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

For detailed information on the appointment and replacement of directors, see Part 4, paragraph 4.1.1 of the Report ("*Information on the implementation of the Corporate Governance Code provisions. Board of Directors. Appointment*").

The clauses of the Articles of Associations regulating the amendments to the Articles of Association do not contain any different provisions from the ones set out by the applicable laws.

Furthermore, in accordance with the provisions of Article 2365 of the Italian Civil Code, the Company's Articles of Association entrust the Company Board of Directors with adopting resolutions to ensure their compliance with any legal provisions.

# **3. GOVERNANCE STRUCTURE OF ANSALDO STS**

## **3.1 INTRODUCTION**

By resolution of the Board of Directors meeting held on 19 December 2006, Ansaldo STS endorsed the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A. in March 2006.

Subsequently, on 18 December 2012, the Board of Directors of Ansaldo STS resolved to conform to the principles included in the new Corporate Governance Code approved by the Corporate Governance Committee in December 2011, and to conform its Governance system.

Please note that, in July 2014, the Corporate Governance Committee of Borsa Italiana S.p.A. adopted a new version of the Corporate Governance Code, and the Corporate Governance system of Ansaldo STS is already substantially in compliance with it.

The Code is available on the Borsa Italiana website at the following address: <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014cleaneng.en.pdf>

The primary purpose of the corporate governance system adopted by the Company is the creation of shareholder value, as the Company is aware of the importance of transparency for the decisions made by the Company and for their formation, and of the necessity to prepare an effective internal control and risk management system. In compliance with the applicable laws, the Report illustrates the "Corporate Governance" system of Ansaldo STS and indicates the procedures for the actual implementation of the Code provisions by the Company.

Neither the Company nor its subsidiaries with strategic importance are subject to foreign laws which may have an impact on the corporate governance structure of Ansaldo STS.

### **3.2 MAIN GOVERNANCE INSTRUMENTS**

Here below are the main governance instruments that the Company has adopted, also in compliance with the most recent laws and regulations, with the Code provisions and with national and international best practices:

- Article of Association
- Code of Ethics
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01
- General Meeting Rules
- Board of Directors Rules
- Control and Risk Committee Rules
- Nomination and Remuneration Committee Rules
- Related-party transactions - Procedure adopted pursuant to Article 4 of Consob Regulation no. 17221 dated 12 March, 2010
- Procedure for storage and updating of the Register of the person with access to reserved information.
- Procedure for the management and communication of reserved information.
- Internal Dealing Code

These documents are available to the public on the Company's website at <http://www.ansaldo-sts.com/en/governance/governance-system>

## **4. INFORMATION ON IMPLEMENTATION OF THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE**

### **4.1 BOARD OF DIRECTORS**

#### **4.1.1 APPOINTMENT AND SUBSTITUTION**

The Company is managed by a Board of Directors consisting of no less than seven and no more than thirteen members. On each occasion, before electing the members, the General Meeting shall define the number of Board members within the aforesaid limits.

Directors are appointed for no more than three financial years and may be re-elected pursuant to Article 2383 of the Italian Civil Code.

The current Company Articles of Association - updated with changes implemented by the Extraordinary General Meeting of 6 of May, 2013 - in line with the amendments to the TUF made by Law no. 120 of 12 July 2011, set out mechanisms to ensure gender balance within the Company's management and control bodies, which will be applied for the first three renewals of office of the Board of Directors after one year from the date of entry into force of said Law (i.e. after 12 August 2012).

The directors are appointed by the Ordinary General Meeting on the basis of list voting. Lists may be submitted by shareholders who, either alone or together with other shareholders, own the shareholding identified in compliance with the provisions of the Consob regulation (both for the financial year 2014 and for the financial year 2015, equal to 1% of the Ansaldo STS share capital).

Without prejudice to the other publication obligations under the Issuers Regulation, the lists submitted by the shareholders must be deposited at the Company's registered office and made

available to the public in accordance with the terms and procedures set out by the applicable provisions.

In order to prove ownership of the number of shares required to submit the lists, the shareholders shall deposit at the Company's registered office the specific certificate proving ownership of the number of shares represented, by a statement issued by an intermediary authorised pursuant to applicable law, within the deadlines indicated by the applicable provisions.

Each list shall include two candidates, endowed with the independence requirements set out by the law, indicated separately and one of whom shall appear at the top of the actual list.

In addition, the lists that have a number of candidates equal to or greater than three must include candidates of different gender, as provided for in the notice of call of the Meeting, so as to ensure that the new Board of Directors is composed of members of the less well-represented gender, in accordance with applicable regulations. In case of a fraction, the number shall be rounded up to the higher unit.

Subject to the above provisions, the notice of call for the Ordinary General Meeting convened to approve the financial statements for the financial year 2013 - where one of the items on the agenda is the appointment of the Board of Directors – should provided that, in the lists for the appointment of the members of the Board of Directors, at least one of the candidates belonging to the less well-represented gender be placed in the first two places in the list.

If the aforesaid requirements are not fulfilled, the list shall be considered as not submitted.

In order to ensure the actual participation of minorities in the Company management, as well as the transparency of the process of selection and appointment of directors, the Company Articles of Association expressly provide that each shareholder is entitled to submit or concur to submit one list only, that each candidate can be presented in one list only. Failure to comply with these requirements shall result in the candidate being declared ineligible. Furthermore, each eligible voter can vote for one list only. Statements shall be filed together with each list, within the terms indicated by the applicable laws, whereby the single candidates accept their nomination and certify, under their own responsibility, that no reasons for ineligibility and incompatibility exist, and that they meet the requirements set out by the applicable laws and the Company's Articles of Association for their respective offices.

According to the Company's Articles of Association, in addition to the integrity requirements set forth under the applicable laws and regulations (or any similar requirements according to equivalent provisions of other rules and regulations), to be appointed as directors, candidates must also possess certain professional skills indicated in the Articles of Association.

In particular, candidates cannot be appointed to the office of director of the Company and, if appointed, shall cease from office if they have less than a total of three years' experience in:

- management or control activities or executive duties in corporations endowed with a share capital of no less than two million Euro; or
- professional activities or teaching in universities as a tenured professor of legal, economic, financial and technical-scientific subjects strictly connected with the Company business; or
- managerial duties in public authorities or public administrations operating in the credit, financial and insurance sectors or, in any case, in sectors strictly connected with the company business.

This experience may be assessed on the basis of the curriculum vitae containing exhaustive information on the personal and professional characteristics of each candidate, to be made available to the public together with each list, pursuant to Article 144-octies, paragraph 1, of the Issuers Regulation. The Board of Directors shall make sure each of its members is in possession of the aforesaid requirements.

The directors shall be appointed as follows: (i) two thirds of the directors to be appointed shall be taken from the list that has obtained the majority of votes expressed by eligible voters (any fraction being rounded-down to the nearest whole number), in the progressive order in which they appear on the same list; (ii) the remaining directors shall be taken from the other lists in accordance with the criteria and procedures indicated in the Articles of Association (see Article 16.3, letter b) of the Articles of Association); (iii) if, following the procedure described above, the minimum number of independent directors required by law has not been appointed, then the criteria and procedures specified in the Articles of Association must be followed (see Article 16.3, letter c) of the Articles of Association); (iv) if the application of the above procedure does not permit compliance with the rules in force relating to gender balance, then the criteria and procedures specified in the Articles of Association must be followed (see Article 16.3, letter *c-bis*) of the Articles of Association).

In the event that only one list or no list is submitted, the Meeting shall adopt a resolution with the majorities required under law, and in any event so as to ensure the presence of the minimum number of independent directors required by applicable rules and to ensure compliance with the rules in force relating to gender balance.

If one or more Directors cease from office during the financial year, and on condition that the majority is always formed of Directors appointed by the Meeting, the provisions of Article 2386 of the Italian Civil Code shall apply, in compliance with the replacement criteria indicated in the Company's Articles of Association (see Articles 16.5, 16.6 and 16.7 of the Company's Articles of Association), and so as to ensure compliance on the regulations in force concerning gender balance.

If the majority of directors appointed by the Meeting cease from office, the entire board shall be considered outgoing and the Directors who are still in office shall convene a General Meeting without delay in order to re-form the Board.

The Meeting shall elect the Chairperson of the Board of Directors from the Board members; if the Meeting fails to do so, the Chairperson shall be elected by the Board itself. The Board may also elect a Deputy Chairperson, who shall replace the Chairperson in cases of absence or impediment.

Please note that Article 37, paragraph 1, letter d) of the Markets Regulation, provides stricter criteria for the composition of the Board of Directors of subsidiaries subject to the direction and coordination of another company, either Italian or foreign, with shares listed on regulated markets. In particular, pursuant to that provision (i) the majority of the Board of Directors must consist of independent directors and (ii) the internal committees of the Board of Directors established in compliance with the Corporate Governance Code - in the case of this Company, the Control and Risk Committee and the Nomination and Remuneration Committee - must consist of independent directors only.

#### **SUCCESSION PLANS**

After the mandate received from the Board of Directors, the Nomination and Remuneration Committee, on 27 January 2014, closed the preliminary investigations in relation to the Succession Plan for executive Directors of Ansaldo STS. The investigations were conducted by the Committee, during the financial year 2013, with the help of the competent company offices and a specifically appointed external consultant.

The Board of Directors, at its meeting of 25 March 2014, acknowledged the work carried out by the Committee in accordance with the provisions of Article 5.C.2 of the Corporate Governance Code, in view of the imminent expiry of the term of the Board and the consequent renewal of both the Board and the internal Committees, including the Nomination and Remuneration Committee, resolved to postpone the approval of the Succession Plan to a later date after the renewal of the corporate bodies so as to enable the new Nomination and Remuneration Committee and the new Board to make their independent assessments of the Plan.

As of today, the Board of Directors has not yet addressed this matter.

#### **4.1.2 CURRENT COMPOSITION**

The current Board of Directors of the Company was appointed by the Ordinary General Meeting of 15 April 2014. In particular, the General Meeting, after determining the number of directors at nine, elected the Board of Directors of the Company for the financial years 2014 to 2016, confirming the exiting Directors of the Company to be Messrs Sergio De Luca, Luigi Calabria, Stefano Siragusa, Giovanni Cavallini and Bruno Pavesi and appointing four new directors, Giulio Gallazzi, Alessandra Genco, Paola Pierri and Barbara Poggiali; at the same time, it confirmed Sergio De Luca as the Chairman of the Board of Directors.

Also on 15 April 2014, the Board of Directors confirmed Luigi Calabria as Deputy Chairman of the Board of Directors and Stefano Siragusa as Chief Executive Officer. It should be noted that from 1 January 2014, Stefano Siragusa is also the General Manager of the Company.

On 31 July 2014, the Deputy Chairman Luigi Calabria tendered his resignation as Director, as from the Board of Directors meeting that co-opted the new Director (which was held on 1 October 2014), due to another position accepted in another company outside the Finmeccanica Group. Mr Luigi Calabria was replaced by Mr Domenico Braccialarghe as non-executive Director, by virtue of the co-optation by the Board of Directors on 1 October 2014. The Board also appointed Mr Domenico Braccialarghe as the new Deputy Chairman of the Board of Directors of the Company. The new Director will be in office until the next General Meeting of the Company called to approve the Financial Statements for the year 2014.

As provided under paragraph 4.1.1., the majority of the current Board of Directors is formed of independent directors. Similarly, the committees established by the Board of Directors pursuant to the Corporate Governance Code are only formed of independent directors.

As regards the independence requirements, during its first meeting on 15 April 2014 and then on 16 December 2014, the Board of Directors verified that the Directors, Barbara Poggiali, Bruno Pavesi, Giovanni Cavallini, Paola Pierri and Giulio Gallazzi complied with the independence requirements pursuant to Article 148, paragraph 3, of the TUF (which applies to directors as per Article 147-ter, paragraph 4, of the TUF), the Code as well as to Article 37, paragraph 1, letter d) of the Markets Regulation. The Board of Statutory Auditors, in turn, verified the correct application of the criteria adopted by the Board of Directors to assess the independence of the directors.

Below are tables showing the variations in the composition of the Board of Directors during the year 2014.

***Composition of the Board of Directors from 15 April 2014  
(for the financial years 2014 – 2016)***

Name	Office
Sergio De Luca	Chairman
Domenico Braccialarghe *	Deputy Chairman
Stefano Siragusa	Chief Executive Officer and General Manager
Giovanni Cavallini	Independent
Giulio Gallazzi	Independent
Alessandra Genco	Not independent
Bruno Pavesi	Independent
Barbara Poggiali	Independent
Paola Pierri	Independent

\* Appointed by the co-option of the Board of Directors, pursuant to Article 2386 of the Italian Civil Code, on 1 October 2014 to replace Luigi Calabria, who was a Director and the Deputy Chairman from 1 January 2014 until 1 October 2014.

Of these Directors, 2 are executive Directors as defined in the Code, 7 are non-executive directors and 5 are independent directors.

***Composition of the Board of Directors from 1 January 2014 until 15 April 2014***

<b>Name</b>	<b>Office</b>
Sergio De Luca	Chairman
Luigi Calabria	Deputy Chairman
Stefano Siragusa	Chief Executive Officer and General Manager
Giovanni Cavallini	Independent
Maurizio Cereda	Independent
Paola Girdinio	Independent
Bruno Pavesi	Independent
Tatiana Rizzante	Independent
Attilio Salvetti	Independent

Of these Directors, 2 are executive directors as defined in the Code, 7 are non-executive directors and 6 are independent directors.

\* \* \*

Two lists were submitted to the General Meeting of 15 April 2014 for the appointment of directors.

The Directors Barbara Poggiali, Sergio De Luca, Luigi Calabria, Stefano Siragusa, Bruno Pavesi and Alessandra Genco were taken from the majority list submitted by Finmeccanica S.p.A., which held a shareholding equal to 40.066% of the Company's share capital and whose winning votes amounted to 70.99% of the voting capital.

The directors Giovanni Cavallini, Paola Pierri, Giulio Gallazzi were taken from the list jointly presented by the minority shareholders AcomeA SGR manager of the funds: AcomeA Italia, AcomeAEuropa and AcomeA Globale; Anima SGR S.p.A., manager of the funds: Anima Geo Italia and Anima Italia; Arca SGR S.p.A., manager of the funds Arca Azioni Italia and Arca BB; Eurizon Capital SGR S.p.A. manager of the funds: Eurizon Azioni Internazionali, Eurizon Azioni Area Euro, Eurizon Azionario Internazionale Etico, Eurizon Azioni Europa, Eurizon Azioni Italia, Eurizon Azioni PMI Europa and Malatesta Azionario Europa; Eurizon Capital SA manager of the funds: EEF – Equity Europe, EEF – Equity Italy, EEF – Equity Italy LTE and EEF – Equity Small Cap Europe; Fideuram Investimenti SGR S.p.A., manager of the fund Fideuram Italia; Fideuram Gestions SA, manager of the funds: Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav, manager of the fund Interfund Equity Italy; Pioneer Asset Management SA, manager of the fund Pioneer Funds – ItalianEquity and Pioneer Investment Management SGR S.p.A., manager of the fund Pioneer Italia Azionario Crescita, which, altogether, held a shareholding equal to 1.45% of the company's share capital and whose winning votes amounted to 26.79% of the voting capital.

Information about the personal and professional characteristics of each member of the Board of Directors is reported here below.

**SERGIO DE LUCA – CHAIRMAN**

Born in Zungoli (Avellino) on 3 September 1950. Graduated in Electrotechnical Engineering at the Politecnico di Torino (Polytechnic University of Turin), joined the Finmeccanica group in 1975 at Ansaldo - Società Generale Elettromeccanica. In 1981, he started working with Ansaldo Trasporti, and in

particular in the Signalling Department. In 1996, after Ansaldo Trasport was converted into a three-Division company (Vehicles, Systems, Signalling), he joined Ansaldo Segnalamento Ferroviario, of which he became the Chief Executive Officer in 1998; from 2006 to the end of 2008 (date of incorporation into Ansaldo STS) he was also the Chief Executive Officer of Ansaldo Trasporti Sistemi Ferroviari. From 2007 to 2013 Mr De Luca was the Chief Executive Officer of Ansaldo STS S.p.A.

Currently Mr De Luca is the Chairman of the Board of Directors of Ansaldo STS, Deputy Chairman of the Board of Directors of Ansaldo Energia S.p.A. and General Manager of Operations of Finmeccanica S.p.A.

#### **DOMENICO BRACCIALARGHE – DEPUTY CHAIRMAN**

Born in Genoa on 24 December 1954. Graduated in Political Science from the University of Genoa.

In 1976 he joined Azienda Autonoma Ferrovie dello Stato, where he was appointed, in 1998, as the Head of Personnel and Organisation for the Infrastructure Division.

Subsequently, from 2001 to 2003 he held the position of Director of the “Personnel and Organisation” department of RFI S.p.A.

In 2003, he joined Trenitalia S.p.A., where he had, from 2003 to 2007, the role of Regional Director of Liguria within the Passenger Division and undertook, from 2007 to 2008, the duties of Human Resources and Organisation Manager.

From 2008 to 2014, he served as Central Manager for Human Resources and Organisation of Ferrovie dello Stato S.p.A.

In June 2014, he joined Finmeccanica S.p.A. with the role of Executive Vice President Human Resources and Organisation.

#### **STEFANO SIRAGUSA – CHIEF EXECUTIVE OFFICER**

Born in Feltre (BL) on 29 January 1976. He graduated with honours in electrical engineering from the Politecnico di Milano (Polytechnic University of Milan). He completed his professional training following an MBA with honours at MIP and an Executive master at Harvard Business School - HBS.

In 2002, he began his career in The Boston Consulting Group - BCG.

In 2005 he was selected for BCG’s talent program and was transferred to the Chicago office.

After returning to Italy, in 2011, he was chosen as Partner & Managing Director of BCG and was responsible for coordinating the “Industrial Goods Practice” in the Italian system, including, in addition to Italy, also Greece and Turkey.

In 2012 he was also given the responsibility for coordinating BCG’s “Aerospace and Defense” division at European level and in the Middle East.

In 2013, has was chosen as a member of BCB’s Global Operations Leadership Team and was also given the responsibility of directing, worldwide for BCG, the development of the contents and commercial activities in relation to *Lean, Procurement e Supply Chain* matters.

During his career in BCG, Mr Siragusa has developed value creation strategies and has also been involved in their subsequent operational and organisational implementation for main industrial players in the Railway, Automotive and Aereospace & Defence sectors.

From 1 January 2014, Mr. Siragusa has acted as Chief Executive Officer and General Manager of Ansaldo StS S.p.A.

#### **GIOVANNI CAVALLINI**

Born in Milan on 28 December 1950. Having graduated in Civil Engineering at the Politecnico di Milano (Polytechnic University of Milan), in 1978 he obtained an MBA from Harvard Business School in Boston.

He worked with “the Boston Consulting Group” from 1978 to 1987, where he was Deputy Chairman and Partner for three years.

Founder and Chief Executive Officer of S.I.C. (“Societa Iniziative Commerciali”), as well as Co-founder and Member of the Board of Directors of S.S.C. (“Societa Sviluppo Commerciale”) until 1994, he was also Chairman of OBI Italia for two years.

From 1996 to 2005 he was Chief Executive Officer of Interpump Group S.p.A., where he acted as the Chairman between 2005 and April 2013. He has been the Independent Director of Brembo S.p.A. since 2005. Since 2009 until now, he has also been a member of the Board of Directors of Migros Turk TSA, a company listed on the Istanbul Stock Exchange. In June 2012, he was appointed to the Order of Merit for Labour (*Cavaliere del Lavoro*).

Since April 2013 he has been acting as the Chairman of Industrial Stars of Italy, a company listed on the Aim market.

#### **GIULIO GALLAZZI**

Born in Bologna on 8 January 1964. Graduated in Economics and Business from the University of Bologna.

He completed his education by completing an MBA from SDA Bocconi in Milan with a “Recognition of High Merit” and working for a year as Visiting Scholar ISP at Harvard Business School in Boston.

From 1991 to 1994, he worked, as a manager, at ODI Int. Inc., a multinational company based in the United States operating in the Management Consulting sector on organisational issues.

Between 1994 and 2002 he was a Partner at VV & A (Valdani, Vicari & Associati), acting from 1999 to 2002 also as Managing Director of E. Capital Partners S.p.A., a company whose co-founder and operating in Corporate Finance and Asset Management Advisory in the sustainable finance segment.

Currently, he is serving as President and Chief Executive Officer of SRI Global Holding Group as well as of the operating companies SRI Capital Advisers Ltd. and NPV Europe Ltd., companies operating in the Real Estate and Corporate Finance Advisory sector, in Management Consulting and in public affairs.

He is also the President of NPV China Co., a company engaged in the promotion, support and assisting in the development of undertakings in Europe and China.

He is also teaching at some of the most prestigious Italian and European Business Schools on the subject of sustainable development of enterprises and corporate renewal & restructuring. He is currently a Visiting Professor at Pontificio Istituto Giovanni Paolo II on the subject of social finance and sustainable development.

#### **ALESSANDRA GENCO**

Born in Rome on 4 August 1973. Graduated in Economics and Business from the LUISS University in Rome. She completed her studies by obtaining an MBA from Stanford University in California.

She has worked for three years in Central Management at the Banca di Roma as Risk Manager, where she was leading the “Value-at-Risk” project.

Subsequently, she acted for five years as Vice President in the Investment Banking Division of Goldman Sachs & Co. at their offices in New York, USA, participating in numerous M&A transactions, divestments, IPOs and recapitalisations at the Mergers and Strategic Advisory and Industrial, Energy & Power Departments.

In 2006, she joined Finmeccanica, acting as the Vice President of New Initiatives and Portfolio Evaluation in the Finance Department of Finmeccanica Group, responsible for assessing the Group's investments and the risk-return profile of the business plans of the companies belonging to the Group.

**PAOLA PIERRI**

Born in Turin on 25 March 1960. Graduated in Economics and Business from the "La Sapienza" University in Rome.

In 1987, she joined the Department of Studies of Istituto Mobiliare Italiano (IMI).

From 1987 to 1989, she was part of Euramerica Finanziaria Internazionale (Banco di Sicilia Group), in trading, foreign exchange and derivatives.

Subsequently, from 1989 to 1994, she worked for the IRI Group, first, with the Treasury and Foreign Exchange Trading CofiriSim and then at the Cofiri Risk Management, in privatisation of Ilva and Iritecna and the development of international activities.

From 1995 to 1998, she acted as the Head of Treasury and Finance of Mediocredito Centrale.

In 1998, she joined the Unicredit Group, acting as Team Manager for the creation and launch of the investment bank of the Group.

Since January 1999, she has been acting as the Head of Planning, Control and Risk Management of UBM-Unicredit Banca Mobiliare, and was appointed in September 2000 as Deputy General Manager and subsequently as General Manager, a position she had from March 2002 to April 2006.

She was the Executive Chairman of Unidea - Unicredit Foundation, a non-profit foundation of Unicredit, engaging in the organisation of voluntary activities and involvement of staff of the Unicredit Group and organising health projects in sub-Saharan Africa, development activities of social entrepreneurship in Italy and Eastern Europe, as well as social inclusion projects and support to migrants.

Since February 2010, she has been the Executive Chairman of Pierri Philanthropy Advisory Srl, a company specialising in consulting and training on issues of philanthropy, non-profit, social enterprise, social finance and international cooperation.

**BARBARA POGGIALI**

Born in Milan on 4 March 1963. She has a Bachelor of Science Degree, a Master of Science Degree and the title of Doctor of Philosophy (PhD) from the Massachusetts Institute of Technology (MIT), Cambridge (USA).

From 1987 to 1989, she worked at the Milan office of McKinsey & Co., and then until 1995, she worked at Bain & Co.

In 1995, she joined Vodafone/Omnitel, where she holds the position of Director of the North-West Area, Manager of the Consumer Division and Manager of Strategy and Development.

She has also been the Chief Operating Officer of E. Biscom S.p.A., a member of the Staff of the President of Telecom Italia S.p.A. and the Group Director of the British company Cable and Wireless Plc. in London. In 2004, she became Chief Development Officer at RCS Mediagroup, in 2009 Chief Executive Officer and General Manager of Dada S.p.A. and, thereafter, Partner at Earlybird Ventures and Executive Vice President and Director at LUISS University in Rome.

She is currently a Strategic Marketing Manager of Poste Italiane S.p.A.

She is an independent Director of several listed companies, including: Falck Renewables S.p.A., ASTM S.p.A. and Snai S.p.A. From November, she is a member of the Board of Directors of Bocconi University.

**BRUNO PAVESI**

Born in Milan on 5 May 1941. Graduated with honours in Economics and Business at the Bocconi Business University, Milan. From 1985 to 1989 he held the office of Chief Executive Officer and General Manager of "Honeywell Information Systems Italia – Milan" operating in the Information Technology sector.

From 1989 to 1997 he was Chief Executive Officer and General Manager of the Bull S.p.A. Group. From 1998 to 2006 he was Chief Executive Officer and General Manager of BTICINO S.p.A., Chairman of LEGRAND S.p.A. and Chairman of the Zucchini Group and EDM.

He is currently the Managing Director of Bocconi Business University, Chairman of MISB - Bocconi Mumbai International School of Business, director in the Board of Fondazione Accademia Teatro alla Scala e Prodiviri di Confindustria .

He has held positions offices such as the Chairman of Assinform, Chairman of Fiera Milano Tech, Member of the ANIE Committee, Member of the Committee of the Industrial Union of Varese and Director of the French Chamber of Commerce.

#### **4.1.3 ROLES AND DUTIES**

The Board of Directors has exclusive responsibility for the Company's management and takes all necessary actions to achieve the corporate purpose.

The Board of Directors Regulation, initially approved on 29 January 2007 and subsequently amended in order to implement the changes deriving from the adoption of the new Procedure for Related-Party transactions, and the modifications as a result of the Corporate Governance Code updated in December 2011, defines the tasks and roles of the administrative body. For purposes of precise compliance with the provisions of the aforesaid Regulation, and in line with applicable laws and regulations, the Board of Directors, specifically:

- examines and approves the strategic, industrial and financial plans of the Company and of the Group it directs, and periodically monitors its implementation; it defines the Company's corporate governance system and the Group's structure;
- defines the nature and level of risk which is compatible with the Company's strategic objectives;
- assesses, on an annual basis, the adequacy of the general organisational, administrative and accounting structure of the Company, of the Group and of the strategically relevant subsidiaries; evaluates the general company performance, taking into particular consideration the information received by the delegated bodies and periodically comparing the results achieved with the planned results;
- defines the internal control and risk management system guidelines, in order to correctly identify and measure the main risks affecting the Company and its controlled companies and to determine the extent to which these risks are compatible with managing the company consistently with its strategic objectives;
- on at least an annual basis evaluates whether the internal control and risk management system is adequate considering the company's features, the risk profile it has chosen, and its effectiveness;
- identifies within its members one or more Directors in charge of setting up and maintaining an effective internal control and risk management system (the Director in Charge of the Internal Control and Risk Management System);
- appoints Risks and Control Committee composed of at least three Directors possessing the independence requirements mandated by the Code;
- on a proposal of the Director responsible for the internal control and risk management system, and favourable opinion of the Risks and Control Committee and after having consulted the Board of Statutory Auditors, the Board of Directors shall: (i) appoint and revoke the Head of Internal Audit; (ii) ensure that he/she has the necessary resources to perform its duties; (iii) define his/her remuneration consistently with the company's policies;
- approves, on at least an annual basis, the work plan drafted by the Head of Internal Audit, after having consulted the Board of Statutory Auditors and the Director in Charge of the Internal Control and Risk Management System;

- evaluates, after consulting with the Board of Statutory Auditors, the results presented by the independent statutory auditor in any letter of suggestions and in the report detailing key issues arising from the statutory audit;
- ensures that the Director in charge of drafting the company's accounting documents has adequate means and powers to perform his/her duties and that all administrative and accounting procedures are complied with;
- adopts the Organisation, Management and Control Model drafted in accordance with Legislative Decree 231/2001 and approve any further amendments or updates;
- appoints and revokes the members of the surveillance body in compliance with the Organisation, Management and Control model pursuant to Legislative Decree no. 231/2001;
- without prejudice to the matters reserved to the Board of Directors pursuant to Article 2381 of the Civil Code, and to the provisions of the Articles of Association, delegate and revoke powers to the Chief Executive Officer, determining his limits and modes of exercise;
- after having examined the proposals of the Nomination and Remuneration Committee and, having consulted the Board of Statutory Auditors pursuant to Article 2389, third paragraph of the Civil Code, determines the remuneration and regulations applicable to the Chief Executive Officer. If the Shareholders' Meeting fails to do so, determines the allocation of the global remuneration due to the members of the Board;
- approves the transactions of the Company and of its subsidiaries whenever these transactions are strategically, economically or financially relevant for the Company. For this purpose, it determines the general criteria for identifying significantly relevant transactions;
- performs, on at least an annual basis, an assessment on the performance of the Board and of its committees as well as on their dimension and composition, taking into account elements such as the professional skills and experience (including managerial experience) of its members and their seniority in the office;
- provides information in the corporate governance report: (i) on its composition, stating whether each member is executive, non executive or independent as well as his/her role within the Board, his/her main professional characteristics and the seniority from his/her first appointment; (ii) on the implementation of Article 1 C.1. of the Corporate Governance Code and, in particular, on the number and average duration of the board meetings held during the financial year as well as on the attendance figures of each director; (iii) on the modes of performance of the above evaluation procedure.
- describes, in the report on corporate governance, the main features of the internal control and risk management system, giving an evaluation of its adequacy;
- to ensure the correct management of corporate information, upon the proposal of the Chief Executive Officer or of the Chairman of the Board of Directors, adopts a procedure for the internal management and external communication of documents and information concerning the Company, with specific reference to privileged information.

Without prejudice to the provisions of law and of the Articles of Association, the Board of Directors at its meeting of 15 April 2014, reserved the following matters to its own exclusive competence:

- defining the strategic and organisational directions, including the approval of plans, programs and budgets;
- approving investments, whether on tangible or intangible assets, unless (i) such investments are mandatory and (ii) provided that their value is higher than Euro 500,000;
- approving Relevant Transactions as identified in the Related Party Transactions Procedure approved by the Company pursuant to Consob Regulation adopted by resolution no. 17221 of 12 March 2010;

- acquiring and selling shareholdings and interests in other companies whether existing or to be incorporated, also by exercising or waiving option rights, contributions, usufruct, pledges and any other act of disposal even within the framework of joint ventures or of transactions establishing encumbrances on such interests;
- transferring, contributing, leasing, granting usufruct on and any other act of disposal or transaction establishing encumbrances to other company's assets or part thereof;
- capital transactions, setting up, transforming, listing in the stock market, merger, demerger, winding-up, entering into shareholders' agreements concerning companies directly controlled by the Company;
- appointing Directors and Auditors in directly controlled companies, except for non executive directors within the Group;
- medium to long term active and passive financial transactions, except for those operations aimed at hedging exchange risks concerning certain orders;
- granting guarantees, including bonds and mortgages (without prejudice to the power of the Chief Executive Officer to grant bonds and counter-guarantees in favour of banks or insurance companies for custom transactions, to participate in tenders, for works to be performed, for the correct performance of supplies by the Company and its controlled companies in Italy or abroad, within the limits set for those transactions where such guarantees are collateral; issue guarantees and bonds in the interest of controlled companies up to a value of Euro 150,000,000 (one hundred and fifty million);
- purchasing, exchanging and selling real estate, as well as any contract concerning real estate with a term longer than nine years;
- submission offers and entering into supply contracts where the value is higher than Euro 150,000,000 (one hundred and fifty million) or that otherwise imply serious commitments or risks;
- entering into permanent consulting agreements lasting for more than one year or amounting to more than Euro 150,000 (one hundred and fifty thousand);
- hiring, promoting and dismissing Managers who report to the Chairman of the Board of Directors, to the Chief Executive Officer or the General Manager directly;
- granting prior authorisation to the controlled companies to perform transactions that are strategically, economically and financially relevant for the company; these transactions include the presentation of offers and signing of supply contracts by the controlled company; (i) with a value higher than Euro 150,000,000 (one hundred fifty million), or (ii) which imply serious commitments or risks;

During the Financial year 2014, the Board of Directors has, *inter alia*:

- approved the 2014-2018 Budget -Plan on 29 January 2014;
- also on 29 January 2014, after consultation with the Control and Risk Committee - (i) acknowledged the updated mapping of risks relating to the Company and its subsidiaries and the measures adopted to manage and/or mitigate such risks, considering these risks to have been properly identified, measured, managed and monitored and to be consistent with a business management that is in line with its strategic objectives; (ii) considered that the Ansaldo STS internal control and risk management system was adequate to the meet the nature and characteristics of the Company and the risk profile thereof; (iii) positively assessed the governance structure adopted by the Company, considering the organisational, administrative and accounting structure of Ansaldo STS and its subsidiaries to be satisfactory, with particular reference to the internal control and risk management system; (iv) approved - subject to the opinion of the Control and Risk Committee and having consulted with the Board of Statutory Auditors and the Director responsible for the internal control and risk management system - the audit plan prepared by the Head of the Internal Audit for the three years 2014-2015-2016;
- certified, on 7 March 2014, that the Company satisfies the conditions as set forth in Articles 36 and 37 of the Markets Regulation, with reference to the year 2013. On 6 March 2015, this attestation was made with reference to the year 2014;

- verified, on 16 December 2014 - based on the documentation submitted by the individual independent directors and the information available to the Company - that they satisfy the independence requirements laid down by applicable laws and regulations and pursuant to Article 3 of the Code and the Stock Markets Regulation Instructions (this verification occurred after the appointment of the directors in office for 2014-2016, which occurred on 15 April 2014);
- verified compliance with the administrative and accounting procedures under Law 262/2005;
- verified (on 16 December 2014) compliance by the Board members with the Board of Directors Internal Regulation aimed at regulating the limits to the number of offices that may be held by the directors of the Company;
- evaluated the general company performance by comparing the achieved and the planned results when the quarterly and half-yearly reports and the financial statements were approved;
- approved in advance all transactions of subsidiaries with significant strategic, economic, asset and/or financial value.

Furthermore, the Board of Directors:

- approved the *2015-2019 Budget -Plan* on 16 January 2015;
- on 11 February 2015, after consultation with the Control and Risk Committee - (i) acknowledged the updated mapping of risks relating to the Company and its subsidiaries and the measures adopted to manage and/or mitigate such risks, considering these risks to have been properly identified, measured, managed and monitored and to be consistent with a business management that is in line with its strategic objectives; (ii) considered that the Ansaldo STS internal control and risk management system was adequate to the nature and characteristics of the Company and the risk profile thereof; (iii) positively assessed the governance structure adopted by the Company, considering the organisational, administrative and accounting structure of Ansaldo STS and its subsidiaries to be satisfactory, with particular reference to the internal control and risk management system; (iv) approved - subject to the opinion of the Control and Risk Committee and having consulted with the Board of Statutory Auditors and the Director responsible for the internal control and risk management system - the audit plan prepared by the Head of the Internal Audit for the years 2015, 2016 and 2017.

For more information about the actions of the Board of Directors relating to the internal control and risk management system, see Part 4, paragraph 4.3 ("*Information on the implementation of the provisions of the Corporate Governance Code. Board of Directors. Internal control and risk management system*").

#### Induction Programme

During the reference financial year, in order to make sure the Directors were kept adequately informed of the Ansaldo STS business sector, the corporate dynamics and their developments, and the applicable regulatory framework, the Chairman of the Board of Directors made sure the Directors:

- received all the updates and information necessary as regards the items on the agenda of the meetings, thanks to the participation of Company management in the board meetings;
- were involved in specific meetings organised by the management - also with the support in certain cases of external experts - for the detailed examination of certain issues.

Specifically, during 2014 the following sessions were organised:

1. On 10 April 2014, a session dedicated both to out-going Directors and Statutory Auditors, and to Director and Statutory Auditor candidates in view of the appointments by the General Meeting of 15 April.  
In particular, also with the support of the Company's management, the following matters were dealt with:
  - Company profile;
  - financial statements as of 31 December 2013;

- visit to the Company laboratories;
  - presentation of the Company's *Corporate Governance* system;
2. On 15 April 2014, after the General Meeting that appointed the company bodies, a session dedicated to newly appointed Directors and Statutory Auditors, during which the following matters were dealt with:
    - presentation of the strategic plan of the Company;
    - presentation of the technical portfolio of the Group;
    - 2014 budget with a focus on delivery and commercial initiatives;
    - human resources and incentive plans organisational Structure.
  3. On 6 May 2014, after the Board of Directors meeting held on that date, an inspection to the Milan Underground Railway Line 5's construction site was organised, with the support of the Company's head of HSE & Facility Management unit who, *inter alia*, is responsible for the safety on construction sites.
  4. On 1 October 2014, in the context of the relevant Board of Directors meeting, the satellite technology developed by the Company was presented to the Directors and Statutory Auditors.

#### **4.1.4 EXECUTIVE DIRECTORS: CHAIRPERSON AND CHIEF EXECUTIVE OFFICER**

The Board of Directors may delegate some of its tasks to an executive committee or to the Chairperson and/or to other members of the board, appointing one or more Chief Executive Officers. As part of the tasks entrusted to them, the delegated bodies may in turn delegate single acts or categories of acts to employees of the Company and to third parties, with the authority to sub-delegate.

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

##### **Chairperson of the Board of Directors**

Except for the case of impediment, the Chairperson of the Board of Directors shall call the Board meetings, coordinate the relative activities and chair these meetings, ensuring that the Board Members are suitably and promptly informed, to give the Board adequate knowledge to act on the matters submitted to it.

It should be noted that Mr. Sergio De Luca, in his capacity as Chairman of the Board of Directors (from 1 January 2014 and confirmed by the General Meeting of 15 April 2014) did not receive any special delegation from the Board and therefore does not perform an executive role within the Company in that capacity. However, he is deemed to have an executive role pursuant to the provisions of the Corporate Governance Code, in that, with effect from 1 January 2014, he has been acting as Director General of Operations of Finmeccanica S.p.A., a company to whose direction and coordination Ansaldo STS is subject;

##### **Deputy-Chairperson of the Board of Directors**

The Deputy Chairman in office, Mr. Domenico Braccialarghe, did not receive any particular delegation from the Board and therefore has no executive role within the Company.

Mr. Luigi Calabria, holding the office of Deputy Chairman until 1 October 2014, had not received any particular delegation from the Board and therefore had no executive role within the Company.

Chief Executive Officer Along with the power of legal representation of the Company before all courts of law and administrative authorities and before third parties, the Board of Directors of 15 April 2014 vested the Chief Executive Officer and General Manager Mr. Stefano Siragusa with the following powers to be exercised with single signature:

- to direct and manage the corporate business in accordance with the guidelines and directives of the Board of Directors;

- to perform all actions that fall within the Company's ordinary management;
- to implement the resolutions of the Board of Directors, performing all actions of ordinary and extraordinary management decided by the same Board.

The above powers include, *inter alia*, the authority to delegate appropriate signatory powers to managers, to be exercised in the name and on behalf of the company for the performance of the assignments and tasks entrusted to them, and to issue special mandates to Company employees and also to third parties, authorising them to perform certain operations, or categories of operations, on behalf of the company, with the use of the corporate signature.

The above does not prejudice the exclusive competence reserved to the Board of Directors for Significant Transactions, as identified in the Procedure for Related-party transactions approved by the Company pursuant to the Related-Party Regulation.

Pursuant to the Articles of Association, the Chief Executive Officer reports to the Board of Directors and to the Board of Statutory Auditors at least on a quarterly basis and in any case during meetings of that board. This Report covers the activities carried out, the general company performance and the business outlook, as well as significant economic, financial and equity transactions, or in any case, transactions carried out by the Company and/or by its subsidiaries that are particularly important due to their entity or characteristics; in particular, the Chief Executive Officer shall report on the transactions in which she/he may have an interest, either on his/her own behalf or on behalf of third parties, as well as on any Significant or Less Significant Related-party transactions (as defined in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party regulation). As a rule, information shall be given when the Board of Directors approves the periodical accounting situations (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations). This communication may be made during board meetings or in writing.

In 2014, this information was actually given by the Chief Executive Officer to the Board of Directors and to the Board of Statutory Auditors on a quarterly basis and, as a rule, when the Board of Directors approved the periodical accounting statements (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations).

Furthermore, at the date of this Report, the Company's Chief Executive Officer, Mr. Stefano Siragusa, being as such the figure principally responsible for the management of the Company, does not hold any office as director of another issuer not belonging to the same group of which a director of Ansaldo STS S.p.A. is the Chief Executive Officer.

#### **4.1.5 NON-EXECUTIVE DIRECTORS**

The Board consists, for the most part, of non-executive members (without operational and/or management delegations within the company) whose number and authority shall ensure that their opinion carries significant weight in the adoption of board decisions.

Non-executive Directors bring their specific expertise to the board discussions, so as to encourage an examination of the issues to be dealt with from different points of view, and a consequent adoption of well-thought out, rational decisions in line with the interests of the company.

At the date of this Report, for the reasons set out above, the Chief Executive Officer and the Chairman are qualified as executive directors, under the application criteria of 2.C.1. of the Code, while the other members of the Board are all non-executive.

#### **4.1.6 INDEPENDENT DIRECTORS**

The Board of Directors in office includes 5 independent directors, namely, Giovanni Cavallini, Giulio Gallazzi, Bruno Pavesi, Paola Pierri and Barbara Poggiali.

When the lists are submitted, in declaring that they satisfy the requirements of independence, these directors are required to promptly inform the Board of Directors of any changes to such declaration.

In compliance with the Code provisions, after the directors were appointed on 15 April 2014 and in light of the statements provided by each person concerned, or in any case available to the Company, the Board assessed the existence of any relations that might be or appear to affect the independent judgement of the independent directors. The results of this assessment were made known to the market through a press release issued on 15 April 2014.

Subsequently, on 16 December 2014, on the basis of the documentation submitted by each independent director, the Board formed the opinion that those directors were still in possession of the requirements of independence under the laws and regulations in force for the time being, as well as in compliance with Article 3 of the Code. In making the aforesaid assessments, the Board followed all criteria required by the Code.

Concurrently with the Board's assessments, based on the statements made by the Directors and taking into account the opinion formed by the Board of Directors, the Board of Statutory Auditors certified that the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its own members had been correctly applied.

During the 2014 financial year, the independent directors met, without the presence of the other directors, on 16 December 2014.

The key topics of the meeting were the examination of the relationship between Ansaldo STS and the shareholder Finmeccanica S.p.A. – which exercises the management and coordination of Ansaldo STS – in light of the divestment procedure started by the latter in the transport sector, as well as the impact on the business and the impact/risk on the stock price of the company in relation to the procedure.

It should be noted that the conditions which, pursuant to the Code, require the establishment of the role of lead independent director are absent, given that the Chairman of the Board of Directors does not act as the figure principally responsible for the management of the Company (Chief Executive Officer) and does not have a controlling interest in the Company.

#### **4.1.7 OTHER OFFICES OF DIRECTOR OR AUDITOR HELD BY THE DIRECTORS OF ANSALDO STS**

On 14 February 2007, the Company's Board of Directors approved an Internal Regulation (*"Guidelines of the Board of Directors on the maximum number of offices that may be held by the directors of Ansaldo STS S.P.A."*) aimed at setting out limits to the number of director or Auditor positions that Ansaldo STS board members could hold.

On 16 December 2013 the Board of Directors, after receiving the favourable opinion of the Nomination and Remuneration Committee, resolved to make the necessary changes to said Internal Regulation in order to align it with the provisions of application criterion 1.C.3 of the Corporate Governance Code.

In particular, the changes introduced will ensure that, in calculating the "weight" of the offices held by the non-executive directors of Ansaldo STS in other companies, account is also taken of increased commitment associated with the possible participation of the aforementioned directors in committees within the Board of Directors of Ansaldo STS.

Moreover, given the rationale of the rules relating to the accumulation of offices, and the various commitments normally expected of directors who are also members of committees established within the administrative bodies of other Listed and/or Non-Listed Companies (as defined below), it has been clarified that in calculating the total "weight" of the offices held by the Directors of Ansaldo STS in other companies, account should be taken also of any possible participation in those committees.

Therefore, pursuant to Internal Regulations in force, Ansaldo STS directors shall accept the office only when they consider themselves able to devote the necessary time to diligent fulfilment of their duties, also taking into account the number of positions held in management and control bodies in (i) Italian and foreign companies with shares listed on regulated markets ("**Listed Companies**"); (ii) Italian and foreign companies with shares not listed on regulated markets, which carry out financial, banking or insurance services or that have an annual revenue equal to or exceeding the revenue resulting from the consolidated accounts of Ansaldo STS ("**Non-Listed Companies**").

The positions held by each director of Ansaldo STS in the administrative and/or control bodies of other Listed Companies and/or Non-Listed Companies should have a total "weight" not exceeding 15, also taking into account the possible participation in committees established within the Board of Directors (and/or the administrative bodies of non-traditional systems) in other Listed and/or Non-Listed Companies.

This Internal Regulation to date requires - for the purpose of calculating the maximum number of positions as director or Auditor deemed to be compatible with effective fulfilment of the appointment as Company director – a different assessment of the offices of executive and non-executive director, to take account - for non-executive directors only - also of the offices held by the latter in one or more Committees established within the Board of Directors of Ansaldo STS.

In these calculations, no account is taken of positions held in Listed Companies or Non-Listed Companies that control or are controlled (either directly or indirectly) or invested in by Ansaldo STS.

The Board of Directors of Ansaldo STS has the authority to grant temporary and permanent exceptions, allowing the directors to hold offices in administrative and control bodies of other Listed Companies and Non-Listed Companies which, taken together, exceed the maximum weight of 15.

The Directors shall promptly inform Ansaldo STS of any change to the number of offices they hold in other Listed Companies and/or Non-Listed Companies, indicating the average monthly commitment these positions require.

As of 16 December 2014, the current composition of the Board of Directors of Ansaldo STS complies with the above general criteria.

The Internal Regulation "*Guidelines of the Board of Directors on the maximum number of offices that may be held by the directors of Ansaldo STS S.P.A.*" is accessible on the Company's web page [http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/policy\\_sul\\_cumulo\\_degli\\_incarichi.pdf](http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/policy_sul_cumulo_degli_incarichi.pdf).

At the date of approval of this Report, please note that 5 Directors held positions in other listed companies or in financial, banking or insurance companies or large companies, the latter being companies, other than those indicated above, with an annual revenue equal to or exceeding the revenue resulting from the consolidated accounts of Ansaldo STS. The table below indicates the offices held by each director in the aforementioned companies:

<b>Director</b>	<b>Office held</b>	<b>Company</b>
Sergio De Luca	Deputy Chairman	Ansaldo Energia S.p.A.
Giovanni Cavallini	Chairman	ISI - Industrial Stars of Italy S.p.A.
	Director	Migros Turk T.s.A
	Director – member of the "internal control Committee" and the "remuneration Committee"	Brembo S.p.a.
Alessandra Genco	Director	MBDA Treasury Company Limited
	Director	Meccanica Holdings USA Inc.
	Director	Bredamenarinibus
Paola Pierri	Director – member of the "remuneration Committee"	Fullsix S.p.A.

	Director	Permico S.p.A.
Barbara Poggiali	Director – member of the “Human Resources Committee” and the “Control and Risks Committee”	Falck Renewables S.p.A.
	Director	ASTM S.p.A.
	Director – member of the “Human Resources Committee”	Snai S.p.A.

#### 4.1.8 DOCUMENTATION AND REPORTING TO THE BOARD OF DIRECTORS

The Chairman of the Board of Directors makes sure that the Board Members are suitably and promptly informed, so the Board has the necessary knowledge of the matters submitted to it for examination. The Chairman makes sure that enough time is spent on the items on the agenda for constructive debate and encourages the directors to actively contribute during the meetings.

Pursuant to the Board of Directors Rules, the supporting documents for the Board meetings shall be sent to each director and each Auditor on the same date that meeting is called, if viable, and in any case within three days before the date fixed for the meeting, except for urgent cases, when the documents shall be made available as soon as possible. Please note that during the 2014 financial year, that deadline was generally respected and the pre-board meeting information was always sent, on average, about three full working days before the meeting.

If the Chairman deems it appropriate in relation to the contents of the item under discussion and of the relative resolution, the informative documents may be directly provided at the meeting, notifying the directors and auditors thereof; however, if they wish, the directors and auditors may access the information available at the company registered office in the days immediately preceding the meeting. This circumstance never arose during the 2014 financial year.

#### 4.1.9 BOARD MEETINGS – FREQUENCY OF THE BOARD OF DIRECTORS MEETINGS

During the 2014 financial year, the Board of Directors held 12 meetings. Each absence was duly justified.

The table below shows the number of Board of Directors meetings held in 2014, as well as the attendance rate for each director:

##### *Board of Directors in office*

Members	Attendances / No. of Meetings	% of Meetings attended
Sergio De Luca	12/12	100%
Domenico Braccialarghe *	2/2	100%
Stefano Siragusa	12/12	100%
Giovanni Cavallini	12/12	100%
Giulio Gallazzi**	8/8	100%
Alessandra Genco **	7/8	87.5%
Paola Pierri **	7/8	87.5%
Barbara Poggiali **	8/8	100%
Bruno Pavesi**	8/8	100%

\* Coopted on 1 October 2014 to replace Luigi Calabria, who was the Director and Deputy Chairman from 1 January 2014 until 1 October 2014. Luigi Calabria attended 8 meetings out of 10 held until 1 October 2014 (with an attendance percentage of 80.00%).

\*\* In office from 15 April 2014.

#### ***Directors in office from 1 January 2014 until 15 April 2014***

	<b>Attendances/No. of Meetings</b>	<b>% of Meetings attended</b>
Maurizio Cereda	4/4	100%
Paola Girdinio	4/4	100%
Tatiana Rizzante	2/4	50%
Attilio Salvetti	4/4	100%

11 meetings have already been scheduled for 2015. Since the beginning of 2015, the Board of Directors has met on 19 January 2015, 11 February 2015 and 6 March 2015.

In 2014, the Company's Board of Directors meetings lasted on average about two hours and 15 minutes.

The Chief Financial Officer, the Chief Operating Officer of the Company, the Internal Audit Manager participated in the Board of Director business, together with other Company Managers, as requested by the Chairman of the Board, to provide appropriate details relating to the items on the agenda.

Please note that during 2014, the lawyer Ms. Grazia Guazzi participated in all the Company's Board of Directors meetings as Secretary of the Board and Manager of the *Corporate Affairs&Group Insurances* department.

Pursuant to the Articles of Association, the Board of Directors meets whenever the Chairperson or his/her substitute deems it necessary, or on written request of the majority of its members.

Any of the Auditors may also call a Board of Directors meeting.

#### **4.1.10 ASSESSMENT OF THE OPERATION OF THE BOARD OF DIRECTORS**

The Board of Directors evaluates the size, composition and operation of the Board itself and of its Committees at least once a year and if necessary, it expresses guidelines on the kind of professional experts it deems would be appropriate to include on the Board.

In order to promote the best practice for the Board of Directors to perform its duties as efficiently and effectively as possible, starting from the year 2008 until 2013, the Board resolved to evaluate the Board itself and its Committees, based not only on the opinion expressed by the Board members, but also on the opinion of a consulting company specialising in the field (so-called "Board Performance Evaluation").

Based on the opinions expressed by the Directors and on the comparative analysis conducted, the consulting companies appointed as from that financial year have always expressed a favourable opinion regarding compliance of the Board of Directors of Ansaldo STS S.p.A. with the provisions of the Corporate Governance Code and with the best corporate governance practices at the international level.

In view of the renewal of the Board of Ansaldo STS, which occurred during the meeting of 15 April 2014, the Directors whose term was about to expire decided to resort to the provision, recently introduced in the Corporate Governance Code, to put forward their suggestions to the Shareholders of the Company in relation to the composition and the appropriate mix of experience and expertise that would be appropriate in the new Board of Directors to be elected. The Directors of Ansaldo STS considered that, in planning the composition of the new management body of the Company, mainly professionals should be considered who had experience in Industry carrying out their activity for orders/projects and had drivers of development and management aspects similar to those of Ansaldo STS.

Continuing their considerations in relation to professionals who could bring the most value to the new Board of Directors, the Directors substantially agreed in suggesting a wide prevalence of managers (whether CEO in office or not) that could contribute, in particular, their management experience and business judgment skills, result orientation as well as strategy orientation.

Another skill which was deemed useful transversely to each professional role considered was internationality, also in terms of the possible diversity of nationalities.

On the basis of these considerations, a suggestion was made for the prevailing ideal basic profile to be used, also with numerical preference, in composing the Board of Directors of Ansaldo STS i.e. that of a Director with international experience, who would bring management skills, preferably acquired in Industry characterised by drivers similar to those of Ansaldo STS and by carrying out their activities for orders or projects, and who, in a pragmatic and result-oriented manner, would be able to contribute to the strategic and/or extraordinary choices with strategic orientation and business judgment.

Crisci & Partners, in the context of experience as facilitator of the self-assessment process of the Board of Directors of Ansaldo STS, which took place in 2014, agreed with the assessments and considerations made by the Directors on the operation of the Board and the Committees and on the definition of the ideal basic profile, to suggest to the Shareholders so that they would ensure preferably a majority presence in appointing Board.

For 2014, the Board of Directors of Ansaldo STS performed the first evaluation of the Board and of the Committees for this mandate, and the ninth since the Board evaluation process was adopted. The evaluation process was performed in compliance with the recommendations in Article 1, paragraph 1, letter g) of the Corporate Governance Code and in line with best international practices.

This year, the Board of Directors, also on based on the experience gained in previous years, has decided to not use external consultants. The self-assessment, which related to both the Board and the Committees of Ansaldo STS, was conducted with the support of the Secretary of the Board of Directors of the Company, attorney Ms Grazia Guazzi, on the basis of a specific questionnaire focusing on various aspects of Ansaldo relating to the size, composition and operations of the Board and of its Committees.

As for 2013, the main aspects concerned: (i) the adequacy of the number of Board members and of its current composition, taking into account the professional characteristics, experience, including management experience, gender and age diversity of the office, as well as executive, non-executive and independent members; (ii) the Board's strategic and operational monitoring role, its role as a resource, its responsibilities and the tasks entrusted to it, as perceived by the Directors and management of Ansaldo STS; (iii) the organisation, information flow and quality of meetings of the Board and the formation of its decisions; (iv) the use and frequency of the additional Board Induction meetings; (v) the Board's relations with Management; (vi) the support given to the Board and the Committees by the Board's Secretary, both individually and as a team; (vii) the role, competences and operations of the two internal Board Committees; (viii) the assessment by the Directors of the performance of the Board.

For 2014 too, the evaluation indicated that Board members gave an overall favourable opinion of the structure and operations of the Ansaldo STS Board of Directors and its Committees. The Directors also expressed their general satisfaction with the work carried out, with the results of Ansaldo STS and with the overall performance of the Board and of the Committees throughout the first year of their mandate. The Board also positively evaluates its size and composition, deeming that it made adequate provision for the key competences required for the governance of Ansaldo STS and to ensure an effective mix of professional and cultural qualities.

The Directors also positively evaluated the operation of the Board, supported moreover by an adequate level of information for its Directors. This assessment was confirmed by reference to the Board's role in monitoring the company management and the state of compliance with the operational rules and with the Corporate Governance Code, assisted here by an effective Secretary of the Board and associated team.

The activities of the two Committees and their Chairpersons are favourably evaluated, with the total support of company functions and full access to all information required.

The Board of Directors expressed a very positive opinion in presenting the issues and matters for discussion by the Chairperson and Chief Executive Officer and, in particular, in relation to the general management performance in relation to the more significant transactions carried out by Ansaldo STS S.p.A., as well as in relation to the Company's performance and sustainability, specifically of economic and financial nature. Further areas that received a particularly positive assessment are the following: the role of the Board in examining and approving plans, programmes and budgets; the timely and exhaustive documentation; the accurate and detailed minutes of the issues discussed in board meetings; the adequate and transparent information provided to the Board by the Management on the evolution of the company management and the operating and financial risks and the overall operation of the Control and Risk Committee.

The self-evaluation process highlighted the opportunity for the Board to carry out some further improvements, in particular regarding: i) the operation of the Board to maximise the potential and motivation of the management of the Company and to increase the attractiveness towards talent; ii) the valorisation of the phase of examination and in-depth analysis by the Board of the strategies of Ansaldo STS S.p.A.; iii) preparing, given the complexity of the business, all of the Directors in order to better understand the strategic priority objectives pursued by the Company.

It should be noted, finally, that the Board of Directors of Ansaldo STS, at its meeting of 6 March 2015, analysed and discussed the results of the activity carried out and confirmed its overall positive assessment.

#### **4.1.11 REMUNERATION OF DIRECTORS, OF GENERAL MANAGER AND OF MANAGERS WITH STRATEGIC RESPONSIBILITIES**

The information relative to remuneration of directors, of general manager and of managers with strategic responsibility is contained in the remuneration report drafted pursuant to articles 123-*ter* of the TUF and 84-*quater* of the Issuers Regulation, available to the public on the Company website <http://www.ansaldo-sts.com/en/shareholders-meeting-2015> and in other ways required by applicable laws.

On 20 February 2014, the Board of Directors of the Company, subject to the approval of the Nomination and Remuneration Committee, approved the Company's remunerations policy for the financial year 2014 and the Remuneration Report of Ansaldo STS, prepared pursuant to Article 123-*ter* of the TUF. The first section of this Report, containing a description of the remuneration policy adopted by the Company and of the procedures used to adopt and implement that policy, was then submitted - pursuant to paragraph 6 of said Article 123-*ter* - to the non-binding vote of the General Meeting held on 15 April 2014. The Meeting resolved in favour.

In compliance with the provisions of Article 123-*ter*, paragraph 6 of the TUF, the Ordinary General Meeting to be called to approve the 2014 financial statements will also be called to vote in favour of or against the resolution on the first section of the Remuneration Report, according to the provisions set forth in Article 123-*ter*, paragraph 3 of the TUF, approved by the Board of Directors, on the proposal of the Nomination and Remuneration Committee, explaining the remuneration policy applicable to members of administrative bodies, the general manager and the managers with strategic responsibilities for the financial year 2015, as well as the procedures utilised to adopt and implement that policy.

With regard to the remuneration of the directors of Ansaldo STS for the year 2014, see Section Two of the Remuneration Report, and available on the Company website at <http://www.ansaldo-sts.com/en/shareholders-meeting-2015>.

The incentive mechanisms for the Internal Audit Manager and the Manager in Charge of drafting the company's accounting documents are in line with their respective assignments.

## 4.2 COMMITTEES

The Control and Risk Committee and the Nomination and Remuneration Committee have been established within the Board of Directors, in compliance with the principles and criteria of the Corporate Governance Code to which the Company adheres, in order to make the conduct of the Board's business more efficient and effective.

Please note that as already mentioned, after the new Corporate Governance Code was approved in December 2011, the Company resolved to adopt the principles contained in such new edition of the Code, conforming its own governance system to the new self-discipline provisions.

In particular, on 18 December 2012 the Company resolved, *inter alia*, to: i) set up a nominations Committee, merging it with the already established Remuneration Committee and naming the new committee - vested with a dual function - "Nomination and Remuneration Committee", and approving its regulation; ii) amend and redefine the tasks and duties of the various individuals and subjects involved in the Company's internal control and risks management system, approving the regulation of the Control and Risk Committee.

The decision to bring together into a single committee the functions of the Nomination Committee and the Remuneration Committee, was made taking into account: i) the size of the Board of Directors, ii) its organisational needs also in a view of efficiency of its activities and its Committees, iii) the close correlation between the tasks already assigned to the Remuneration Committee of the Company and those identified by the Corporate Governance Code to the Nomination Committee. In making its assessment, the Board of Directors also took into account the appropriate composition of the Remuneration Committee both in terms of independence and the skills of its members. Please note that this choice nevertheless permits to achieve the goals set by the Code for each committee and that the Nomination and Remuneration Committee meets the requirements of both Committees.

### 4.2.1 CONTROL AND RISK COMMITTEE

The Control and Risk Committee in office consists of three directors, all of whom are non-executive and independent. Its members are the Directors Giovanni Cavallini (Chairman), Paola Pierri and Barbara Poggiali appointed by the Board of Directors on 15 April 2014. Pursuant to the Code, in appointing the Committee members, the Board of Directors examined the accounting and financial experience of the Committee Chairman and its members.

It should be noted that in the period from 1 January 2014 to 15 April 2014, the Control and Risk Committee comprised: Attilio Salvetti (Chairman), Maurizio Cereda and Paola Girdinio.

The Committee activities are governed by its own Rules, most recently amended by the Board meeting of 18 December 2012, in compliance with the provisions of the Corporate Governance Code as amended in December 2011.

The updated version of the Rules is available on the Company website at [http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/7\\_regolamento\\_comitato\\_controllo\\_e\\_rischi\\_en\\_1.pdf](http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/7_regolamento_comitato_controllo_e_rischi_en_1.pdf).

The Control and Risk Committee operates to assist the Board of Directors with advice, proposals and preliminary briefs in relation primarily to defining the guidelines of the Internal Control and Risk Management System ("SCIGR") and for the periodic assessment of the adequacy and actual operation of the organisational structure relevant to that system.

In particular, the Committee is in charge of verifying the levels of functionality and adequacy of the internal control and risk management system as well as actual compliance with the internal procedures and guidelines adopted, both to ensure sound and effective management and as far as possible, to identify, prevent and manage financial and operating risks and fraud having an impact on the Company.

The Control and Risk Committee shall carry out all duties assigned to it by the Corporate Governance

Code, and in particular it shall:

- support, with appropriate background preparation, the assessments and resolutions of the Board of Directors relative to:
  - the internal control and risk management system and
  - the approval of interim financial reports;
- express its opinion to the Board of Directors with regard to:
  - defining the guidelines of the internal control and risk management system, so that the main risks inherent in the Company and in its subsidiaries are correctly identified and suitably measured, handled and monitored, and in defining the extent to which such risks are compatible with a business management that is consistent with the set strategic goals;
  - assessing, at least on a yearly basis, the adequacy of the internal control and risk management system in relation to the business features and the risk profile undertaken, as well as to its effectiveness;
  - approving, at least on a yearly basis, the work plan prepared by the Internal Audit Manager;
  - describing, within the corporate governance report, of the main features of the internal control and risk management system, and providing an assessment of its adequacy;
  - assessing the results reported by the statutory auditor in its letter of suggestions, if any, and in the report on the fundamental issues that emerged during the statutory audit;
- express its opinion to the Board of Directors with regard to:
  - the appointment and revocation of the Internal Audit Manager;
  - whether this latter is endowed with suitable resources to carry out his duties;
  - whether the remuneration of the Internal Audit Manager is defined in keeping with corporate policy;
- evaluate, together with the Manager in charge of drafting the corporate accounting documents and after consulting the statutory auditor and the Board of Auditors, the correct use of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- express opinions on specific aspects relating to the identification of the main business risks;
- examine the interim reports concerning the assessment of the internal control and risk management system and the reports of major importance prepared by the Internal Audit function;
- examine, with the assistance of the Risk Manager, the trend of the main job orders and of the relevant risks, based on the summaries of such job orders, asking the Risk Manager for details about projects of major significance and critical points;
- monitor the independence, adequacy, effectiveness and efficiency of the Internal Audit Function;
- ask the Internal Audit Function, where it is deemed necessary or advisable, to carry out audits on specific operating areas, at the same time notifying the Chairman of the Board of Statutory Auditors;
- report to the Board of Directors on the activity carried out and on the adequacy of the internal control and risk management system at least every six months, upon approval of the half-yearly and the yearly financial report;
- evaluate the notices given by the Director in charge of the internal control and risk

management system, relating to problems and critical points of the Company's internal control and risk management system, and take appropriate actions;

- carry out any other duties that the Board of Directors may assign to it.

In addition, the Control and Risk Committee carries out the duties of the Related-Party Transaction Committee mentioned in the procedure for related party-transactions adopted pursuant to Article 4 of Consob Regulation 17221 of 12 March 2010 (as amended), and exercises the relevant powers.

In carrying out the duties entrusted to it, the Control and Risk Committee may examine and discuss the most significant findings, justifications given and any difficulties encountered during its activity with management and with the Internal Audit Manager; it may also avail itself of the assistance of both Company employees and of external consultants, as long as they are duly bound by the necessary confidentiality restrictions.

The Control and Risk Committee shall promptly share any relevant information for the performance of its tasks with the other Company bodies and functions that carry out significant tasks in connection with internal control and risk management.

As part of its activity, during 2014, the Committee:

- assessed the potential risk exposure of the company, identified by the Director in charge of the Risk Control and Management System and the measures taken by the management to prevent, monitor and control these risks;
- given a favourable assessment of the organisational, administrative and accounting structure of Ansaldo STS and of the companies with strategic importance that are its subsidiaries, with particular regard to the internal control and risk management system;
- examined the periodic report for the year 2013 and that of the first half of 2014 prepared by the Head of the Internal Audit, and giving a positive assessment of the adequacy, efficiency and actual operation of the internal control and risk management system of the Company in relation to its characteristics and to risk profile undertaken;
- examined the progress of the Group's audit plan for 2014, verifying the key results to the the first half in the year;
- examined the audit plan for 2014, 2015 and 2016, expressing its positive opinion thereon and submitting it to the approval of the Board of Directors;
- examined the performance of certain significant job orders;
- initiated verifications under its responsibility with regard to the preparation process of the 2013 Financial Statement, the Interim Management Reports and the Half-Yearly Financial Report, and also meeting with the auditing firm and informing the Board of the results of such verifications and of any recommendations, as well as of the any comments made in relation to the effectiveness of the internal control and risk management system;
- verified the adequacy and correctness of the accounting principles used and their consistency for the purposes of drafting the Consolidated Financial Statement 2013, the Interim Management Reports and the Half-Yearly Financial Report;
- examined the results of the activities carried out by the Company in order to verify the performance of the provisions of Law 262/2005;
- examined and approved the updating of the Organisational, Management and Control Model pursuant to Legislative Decree No. 231/01 of the Company, subsequently submitted for the approval of the Board of Directors.

During the first months of financial year 2015, the Committee has, *inter alia*:

- assessed the company's potential risk exposure, identified by the Director in charge of the internal control and risk management system, and the measures adopted by the management to prevent, monitor and control such risks;
- given a favourable assessment of the organisational, administrative and accounting structure of Ansaldo STS and of its strategic subsidiaries, with particular regard to the internal control and risk management system;
- assessed the interim report for 2014, prepared by the Internal Audit Manager, giving a favourable assessment of the adequacy, effectiveness and actual operation of the internal control and risk management system in relation to its characteristics and to the risk profile undertaken;
- examined the progress of the Group's audit plan for 2014, verifying the key results relevant to the last six months of that year;
- examined the audit plan for 2015, 2016 and 2017, expressing its favourable opinion on that plan and submitting it to the Board of Directors for approval;
- initiated the verifications under its responsibility relating to the process of preparing the 2014 Financial Statements, also meeting with the statutory auditing firm and informing the Board of the results of such verifications and of any recommendations, and of any surveys conducted relating to the effectiveness of the internal control and risk management system;
- verified the adequacy and the correctness of the accounting principles used and their consistency for the purposes of preparing the 2014 consolidated financial statements;
- examined the results of the activities undertaken by the Company in order to verify the fulfilment of the provisions of Law No. 262/2005;
- examined the progress of certain significant job orders.

During 2014, the Committee met on 29 January, 7 March, 6 May, 3 June, 28 July, 1 October, 30 October and 16 December.

As of today, 8 meetings have been scheduled for year 2015. Up to the date of approval of this Report, the Committee met on 11 February 2015 and on 6 March 2015.

The Committee meets at least every six months (in concurrence with Board of Directors approval of the Financial Statements and the Half-Yearly Financial Report). The Committee business is coordinated by its Chairman, Giovanni Cavallini.

In 2014, the Company's Control and Risk Committee meetings lasted for an average of one hour and 40 minutes.

The table below shows the number of meetings which the Control and Risk Committee held during 2014, as well as the attendance rate for each member:

***Control and Risk Committee in office as of 15 April 2014***

<b>Members</b>	<b>Meetings Attended/No. of Meetings</b>	<b>% of Meetings Attended</b>
Giovanni Cavallini (Chairman)	6/6	100%
Paola Pierri	4/6	66.66%
Barbara Poggiali	6/6	100%

***Control and Risk Committee in office as of 1 January 2014 until 15 April 2014***

<b>Members</b>	<b>Meetings Attended / No. of Meetings</b>	<b>% of Meetings Attended</b>
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Attilio Salvetti (Chairman)	2/2	100%
Maurizio Cereda	2/2	100%
Paola Girdino	2/2	100%

The Committee meetings were attended by the Board of Statutory Auditors, the Chief Executive Officer as well as the Director in charge of the internal control and risk management system and the Internal Audit Manager. The Company's Risk Manager and Chief Financial Officer also attended, and on invitation by the Chairman of the Committee, other Company Managers attended to provide whatever detailed information was required relevant to the items on the agenda.

Please note that during 2014, the Chairman of the Board of Directors, Sergio De Luca, and the Secretary of the Board of Directors, Ms. Grazia Guazzi, in her capacity as Secretary of the Committee, attended all the Committee meetings.

The table below shows the attendance rate of each member of the Board of Statutory Auditors with regard to the Committee meetings held during the 2014 financial year:

***Board of Statutory Auditors in office***

<b>Standing Auditors</b>	<b>Meetings Attended / No. of Meetings</b>	<b>% of Meetings Attended</b>
Giacinto Sarubbi (Chairman)	8/8	100%
Renato Righetti	7/8	87.50%
Maria Enrica Spinardi *	6/6	100%

\*In office from 15 April 2014

***Regular Auditors in office as of 1 January 2014 until 15 April 2014***

	<b>Meetings Attended / No. of Meetings</b>	<b>% Meetings Attended</b>
Massimo Scotton	0/2	0%

The Control and Risk Committee meetings were regularly recorded in minutes.

During the Financial Year, the Committee was given access to all corporate functions and information it required for the performance of its duties.

The Committee has its own budget that adequately covers the performance of the duties entrusted to it, set at Euro 30,000.00 for the financial year 2014; the budget was confirmed by the Board of Directors, at the proposal of the Control and Risk Committee also with reference to the financial year 2015. Moreover, pursuant to Article 4 of the Committee Regulation, the Committee may avail itself of the assistance of both internal employees and of external consultants, at the Company's expense, for the performance of its duties.

**4.2.2 NOMINATION AND REMUNERATION COMMITTEE**

Pursuant to the provisions of Article 37 of the Markets Regulation, the Nomination and Remuneration Committee is entirely composed of non-executive, independent directors, namely Bruno Pavesi (Chairman), Giovanni Cavallini and Giulio Gallazzi, appointed by the Board of Directors on 15 April 2014.

Please note that in the period from 1 January 2014 to 15 April 2014, the Nomination and Remuneration Committee was composed of: Maurizio Cereda (Chairman), Giovanni Cavallini and Bruno Pavesi.

Pursuant to Article 6, paragraph 3 of the Corporate Governance Code, in appointing the members of the Committee, the Board of Directors of the Company verified and certified that all of the Directors are in

possession of at least one of the necessary requirements (knowledge and experienced in accounting and financial matters).

The activities of the Committee are governed by Rules, in line with the Corporate Governance Code provisions, approved by the Board on 29 January 2007 and subsequently amended on 12 May 2008, on 5 March 2012 and, finally, on 18 December 2012.

These Rules are available on the Company website at [http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/5\\_regolamento\\_comitato\\_nomine\\_e\\_remunerazione\\_en.pdf](http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/5_regolamento_comitato_nomine_e_remunerazione_en.pdf).

In particular, as regards the Committee's role in terms of appointing Directors pursuant to Article 5 of the Corporate Governance Code, the Committee has the main task of performing the following functions:

- submitting opinions to the Board of Directors regarding the dimension and composition of the same Board and expressing recommendations regarding the professional positions that it may be deemed appropriate to bring onto the Board, as well as on the issues mentioned in Criteria 1, paragraph 3 (maximum number of positions as director and auditor) and 1, paragraph 4 (exceptions to the non-competition clause) of the Corporate Governance Code;
- submitting to the Board of Directors the names of candidates for the office of director in cases of co-option, where it is necessary to replace independent directors;
- on an assignment from the Board of Directors, carrying out the background preparation to prepare the succession plan for executive directors;

On the other hand, as the remuneration Committee, pursuant to Article 6 of the Corporate Governance Code, the Committee has the task of performing the following functions:

- submitting proposals to the Board of Directors on the remuneration policy for directors and for any managers with strategic responsibilities;
- making periodical assessments of the adequacy, overall consistency and actual implementation of the remuneration policy mentioned in the point above, availing itself - in relation to managers with strategic responsibilities - of the information provided by the Chief Executive Officer, and submitting proposals in this matter to the Board of Directors, where appropriate;
- submitting proposals or giving opinions to the Board of Directors on the remuneration of executive directors and of any other directors holding particular offices as well as on the performance targets linked to the variable part of such remuneration, monitoring the implementation of the decisions taken by the Board itself and verifying the actual achievement of the performance targets;
- evaluating the proposals of the Chief Executive Officer relevant to the general remuneration and incentive policy, as well as to the management development systems and plans, for the key resources of the Group and the directors vested with powers of the Group companies;
- assisting the Company top management in defining the best policy for handling the managerial resources of the Group;
- proposing share-based compensation plans in favour of Directors and Managers of the Company and of the other companies of the Group and the relevant implementing regulations, carrying out the tasks reserved to it for the management of the plans adopted by the Company case by case;
- reporting the way it exercises its tasks to the Company's shareholders.

The directors must refrain from attending committee meetings where proposals of the Board relating to their remuneration are made.

During the Financial Year, in performing its functions as remuneration committee, it exercised a role of support to the Board of Directors and the Human Resources & Organisation Department of Ansaldo STS

on certain priority issues in the examination of the Company's management systems and the relevant variable remuneration plans.

More specifically, the Committee:

- concluded the investigation on the succession plan for executive directors of Ansaldo STS, defining the final text to be submitted to the evaluation and approval of the Board of Directors;
- expressed a positive assessment on the proposal, subsequently submitted to the General Meeting of 15 April 2014 on reducing the remuneration of directors of Ansaldo STS S.p.A. pursuant to Paragraph 5- *quinquies* of Article 23-*bis* of Decree Law No 201/2011;
- defined and approved the Remuneration Policy of the Ansaldo STS Group for 2014 prepared by the competent corporate offices on the basis of the guidelines approved by the Committee;
- approved the Remuneration Report pursuant to Article 123-*ter* of the TUF, submitted to the Board of Directors and then to the General Meeting of 15 April 2014;
- defined a proposal on the identification of new Managers with Strategic Responsibilities of the Company in light of the new organisation, subsequently submitted for the approval of the Board of Directors;
- as part of the Group's medium/long term incentive system, having favourably evaluated and approved the proposal of the Company's Human Resources & Organisation Department regarding (i) the Long Term Incentive Plan for the 2014-2016 three-year period and (ii) the relevant Regulation;
- examined and favourably acknowledged the MBO Plan for 2014 for the management of the Group, expressly approved the 2014 MBO for the Company Managers with Strategic Responsibilities and drew up the proposal for the 2014 MBO Plan for the Chief Executive Officer and General Manager, subsequently submitted for the approval of the Board of Directors;
- examined and approved (i) the proposal of the Company's Human Resources & Organisation Department regarding 2014-2016 Stock Grant Plan for the Chief Executive Officer and General Manager, the Managers with Strategic Responsibilities and the other Company and Group's key managers; (ii) the informative document on the 2014-2016 Stock Grant Plan;
- examined the development and results of the 2012-2013 Stock Grant Plan for 2013, and assigned shares to beneficiaries implementing the Plan in relation to the abovementioned financial year;
- examined the development and the results, for 2013, of the Long Term Incentive Plans 2011-2013, 2012-2014, 2013-2015;
- examined the development and the results of the 2013 MBO Plan for the year of reference, establishing the amount to be paid to the Chief Executive Officer and to the Managers with Strategic Responsibilities;
- made some considerations and evaluations in connection with the remuneration of the Chief Executive Officer and General Manager, and defined a proposal to be submitted, after hearing the opinion of the Board of Statutory Auditors, to the evaluation and approval of the Board of Directors, in relation to remuneration payable to the Chief Executive Officer pursuant to Article 2389, Paragraph 3 of the Italian Civil Code;

During the early months of 2015, the Committee also:

- established guidelines for drawing up the Remunerations Policy of the Ansaldo STS Group and subsequently approved the Remunerations Policy of the Ansaldo STS Group for the financial year 2015;
- approved the Remuneration Report pursuant to Article 123-*ter* of the TUF, which will be submitted to the General Meeting called to approve the financial statements for 2014;

- examined the development and results of the Stock Grant Plan 2014-2016 for the year 2014;
- examined the development and the results, for 2014, of the Long Term Incentive Plans 2012-2014, 2013-2015, 2014-2016;
- examined the development and results of the 2014 MBO Plan for the reference year, determining the sum to be paid to the Chief Executive Officer and the Managers with Strategic Responsibilities as beneficiaries of the plan and in office during 2014;
- specifically allocated the economic benefit of these Plans to the Chief Executive Officer and to the Managers with Strategic Responsibilities as beneficiaries of the Plans who were in office during 2014;
- as part of the medium/long-term incentive system of the Group, expressed a positive assessment and approved the proposal of the Human Resources & Organisation Department of the Company in relation to (i) the Long-Term Incentive Plan for the three-year period from 2015 to 2017, and (ii) the relevant Regulation;
- examined and expressed a positive assessment of the 2015 MBO Plan of the Group's management, expressly approved the 2015 MBO for Managers with Strategic Responsibilities of the Company and defined a proposal for the 2015 MBO Plan for the Chief Executive Officer and General Manager, subsequently submitted for the approval of the Board of Directors.

In carrying out its duties, the Committee was able to access all the corporate functions and information necessary for the performance of their duties.

The Committee reports to the Board of Directors at least every six months and meets periodically in order to perform the functions and duties assigned to it.

During 2014, the Committee met on 27 January 2014, 17 February 2014, 5 March 2014, 28 July 2014, 8 October 2014, 4 November 2014 and 25 November 2014.

As of today, 3 meetings have been scheduled for year 2015. Up to the date of approval of this Report, the Committee met on 27 January 2015 and on 3 March 2015.

The Committee's work is coordinated by the Chairman of the Committee, Mr. Bruno Pavesi.

The following table indicates the number of meetings held by the Committee, as well as the attendance rate of the individual members:

***Nomination and Remuneration Committee in office as of 15 April 2014***

<b>Members</b>	<b>Meetings Attended/No. of Meetings</b>	<b>% of Meetings Attended</b>
Bruno Pavesi (Chairman)	4/4	100%
Giovanni Cavallini	4/4	100%
Giulio Gallazzi	4/4	100%

***Nomination and Remuneration Committee in office as of 1 January 2014 until 15 April 2014***

<b>Members</b>	<b>Meetings Attended/No. of Meetings</b>	<b>% of Meetings Attended</b>
Maurizio Cereda (Chairman)	3/3	100%
Giovanni Cavallini	3/3	100%
Bruno Pavesi	3/3	100%

The meetings of the Nomination and Remuneration Committee were also attended by the Chairman of the Board of Auditors and, on a number of occasions, by the Statutory Auditors and also - pursuant to

the provisions of Article 1.4 of the Committee rules - the Human Resources & Organization Manager, as well as the Organisation & Executive Compensation Manager.

Please note that during 2014, the Secretary of the Board of Directors, Ms. Grazia Guazzi, in her capacity as Secretary of the Committee, also attended all the Committee meeting as secretary.

The table below shows the attendance rate of each member of the Board of Statutory Auditors with regard to the Committee meetings:

***Board of Statutory Auditors in office***

<b>Standing Auditors</b>	<b>Meetings Attended/No. of Meetings</b>	<b>% of Meetings Attended</b>
Giacinto Sarubbi (Presidente)	7/7	100%
Renato Righetti	2/7	28.57%
Maria Enrica Spinardi *	2/4	50%

\*In office as of 15 April 2014

***Regular Statutory Auditors in office as of 1 January 2014 until 15 April 2014***

	<b>Meetings Attended/No. of Meetings</b>	<b>% of Meetings Attended</b>
Massimo Scotton	2/3	66.66%

The Committee meetings were regularly recorded in minutes.

The Committee has its own budget that adequately covers the performance of the duties entrusted to it and set this at Euro 30,000.00 (thirty thousand) for the financial year 2014; the budget was confirmed by the Board of Directors, at the proposal of the Nomination and Remuneration Committee also with reference to the financial year 2015. Moreover, pursuant to Article 4 of the Committee Regulation, the Committee may avail itself of the assistance of both internal employees and external consultants, at the Company's expense, for the performance of its duties.

### **4.3 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

#### **4.3.1 ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

With the assistance of the Control and Risk Committee and also through the activity of the Director in charge of the Internal Control and Management System, the Board of Directors defines the guidelines of that system, so that the main risks inherent in the Company and its subsidiaries are correctly identified, as well as suitably measured, handled and monitored, also defining how compatible such risks are with business management that is consistent with the set strategic goals. As part of the definition of the strategic, industrial and financial plans, the Board of Directors defined the nature and level of risk compatible with the Issuer's strategic goals.

In its meeting on 15 April 2014, the Board of Directors, with the assistance of the Control and Risk Committee confirmed the Chief Executive Officer, Mr Stefano Siragusa, as Director in charge of the internal control and risk management system functions; during the same meeting, on a proposal of the executive Director and after hearing the opinion of the Control and Risk Committee, the Board also confirmed Mr. Mauro Giganti as Internal Audit Manager.

The internal control and risk management system is the set of rules, procedures and organisational structures aimed at permitting the identification, measurement, management and monitoring of the principal risks. Such system is integrated into the more general corporate organisational and governance

structures adopted by the issuer and takes into account Italian and international models of reference and best practice. The internal control and risk management system helps the business to be run in keeping with the company goals defined by the Board of Directors, encouraging aware decision-making. It helps to guarantee protection of the corporate assets, the efficiency and effectiveness of the company processes in addition to the reliability of financial information and compliance with laws and regulations, as well as with the Company's Articles of Association and internal procedures.

The internal control and risk management system reduces - but cannot eliminate - the risk of incorrect decisions, human error, fraudulent breach of the control systems, unforeseeable occurrences as well as risk intrinsic to exercising the business activity. The internal control and risk management system therefore provides reasonable but not absolute assurance that there are no obstacles to the Company and its subsidiaries achieving their business targets or to the ordinary and legitimate performance of its activities, arising from circumstances that could be reasonably predicted.

The Company's internal control and risk management system, in line with international best practice, consists of the following elements:

a) Internal environment: this is a set of standards, processes and structures constituting the basis for the implementation of internal control and risk management system. In this regard it is pointed out that:

- Ansaldo STS has defined a set of rules for governance of the group through specific procedures;
- the Company has a Code of Ethics for the Group updated on the basis of developments in the organisational and business structure; as regards Ansaldo STS, specific standards of conduct have been put forward in the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001, according to the requirements set out by the provisions of the same;
- powers and responsibilities are defined in the corporate procedures in compliance with the principle of separating incompatible duties;
- human resources management conforms to principles of transparency, promotion of dignity, health, freedom and equality of workers and development of competences.

b) Risk management: this is a dynamic and interactive process for the identification and analysis of risks that may compromise the achievement of corporate objectives and which helps to determine how to manage these risks.

The Group has in place risk management processes with regard to offers and projects, financial risks, as well as to corporate processes; these processes are monitored and updated in relation to the business targets. The management process for business process risks refers to the Enterprise Risk Management methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO report).

c) Control activities: these comprise activities provided in company policies and procedures permitting the implementation of company directives for mitigating risks. In this regard, please note that:

- periodic "management reviews" are conducted on the offers and the progress of projects and of the overall corporate performance. Moreover, the company management verifies that the targets of the managed processes are implemented;
- computerised and non-computerised policies and procedures are used to define the control activities. Ansaldo STS has put into place procedures relating to sensitive areas such as consultants and business promoters, sponsorships, consultancy, free gifts, accommodation expenses and entertainment expenses.

d) Information and communication: the information that enables everyone to correctly perform their own duties to aid in reaching objectives and for the carrying out of control activities must be appropriately communicated. In this regard, please note that information:

- is managed through IT systems constantly monitored with regard to efficiency and effectiveness and updated according to business needs;
- is disseminated at various levels according to business goals and needs, including through specific IT tools.

e) Monitoring: the internal control and risk management system is to be monitored by assessing the operations and presence of the people who make it up over time. In this regard, note that:

- specific corporate functions carry out periodic monitoring of the internal control and risk management system, including the strategy, quality and process improvement function, and the Internal Audit function. The Manager in charge of preparing the accounting and corporate documents periodically monitors the processes providing the financial information;
- the improvement actions identified further to such monitoring are subject to management assessment and to specific monitoring.

Based on the representations made by the Chairman of the Control and Risk Committee during the meeting of the Board of Directors on 29 January 2014, the same Board, after hearing the opinion of the Board of Statutory Auditors, assessed the internal control and risk management system adopted by the Company to be adequate and effective in relation to the nature and characteristics of the enterprise, and its risk profile, as well as the organisational, administrative and accounting structure of Ansaldo STS and that of its subsidiaries with strategic importance.

Lastly, after consulting the Control and Risk Committee and the Board of Statutory Auditors, on 11 February 2015, the Board of Directors assessed the internal control and management system adopted by the Company to be adequate and effective in relation to the nature and characteristics of the enterprise and its risk profile, and gave a favourable opinion on the organisational, administrative and accounting structure of Ansaldo STS as well as that of its subsidiaries with strategic importance.

For the purposes of the above assessment, during the financial year, the Control and Risks Committee examined in particular:

- the outcome of the risk assessment activity;
- the outcome of the assessments carried out by the Risk Management function on the projects pursuant to a previously examined work plan;
- the outcome of the audit activities conducted by the Internal Audit function, pursuant to a previously examined audit plan;
- the outcome of the meetings with the independent auditing firm;
- the reports of the Surveillance Body on the Organisation, Management and Control Model regarding the aspects pursuant to Legislative Decree no. 231/2001.

During the meeting on 11 February 2015, the Chairman of the Control and Risk Committee also reported to the Board of Directors on the examination and assessment of the updated map of the risks inherent in the Company and its subsidiaries, prepared by the Director in charge of the internal control and risk management system, identifying the relevant risk reduction plans. At the same meeting, after the Board also examined the information above, it decided that the risks inherent in the Company and its subsidiaries are correctly identified, measured, managed and monitored and that they are compatible with Company management that is in line with its strategic goals.

#### **4.3.2 OUTLINE OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS**

The internal control and risk management system on financial reporting is defined as the set of activities aimed at identifying and evaluating the cases in which the fact that an action or event occurs, or does not occur, may hinder, either totally or in part, the achievement of the targets of credibility, accuracy,

reliability and timeliness of the financial reporting. It is a part of the overall internal control and risk management system.

Such system is aimed at verifying that the administrative/accounting procedures adopted and their implementation are suitable to ensure the reliability of the financial reporting and the capability of the process for drafting the financial statements to produce timely and reliable accounting and financial reporting, in accordance with the reference accounting standards.

The internal control and risk management system on financial reporting has been defined in keeping with the generally accepted frameworks issued by the Committee of Sponsoring Organizations of the Treadway Commission - COSO Report, integrated, as regards IT aspects, by the Control Objectives for Information Technology - COBIT.

This system includes a component for the risk management of fraud, defined on the basis of a fraud risk assessment that consists of a set of controls to offset the risk of fraud in the financial reporting process, subject to periodic monitoring.

The administrative and accounting procedures imply the analysis of the risk that errors, whether intentional or not, may occur in the processes leading to the development of the financial reporting. Therefore, to define such system, the risk areas where there is a possible occurrence of events that could endanger financial reporting reliability are identified and assessed.

On the basis of the identification and assessment of risk areas, the components of the internal control system in relation to the financial reporting have been analysed through:

- a brief overall analysis regarding the main companies of the Group, and particularly the control components relevant to financial reporting reliability;
- an analysis of each operating process, relevant to significant financial statement items for financial reporting purposes, through a correlated matrix between targets identified for the process activities and the controls associated therewith.

The system has been developed in the following macro-stages for key companies in the Group:

- identification and assessment of risks;
- assessment of the adequacy of controls;
- verification of the control system's operability;
- monitoring and evolution of the control system.

#### Identification and assessment of risks

Risk is identified in relation to the financial statements assertions (existence and materialisation, completeness, rights and obligations, evaluation and registration, presentation and reporting) and other control objectives such as compliance with the authorisation limits, separation of incompatible tasks, controls on physical safety and on the existence of assets, documentation and traceability of transactions. The identification of risk also includes risks of fraudulent activity, to be understood as intentional acts capable of generating a false economic/balance-sheet/financial representation in the financial statements or of diverting the Company's assets.

#### Assessment of adequacy of controls

Based on the risk assessment, specific risk-mitigation controls are identified which can be distinguished into the following two macro-categories:

- controls applicable to the entire corporate organisation (Group/Company) which, being common across the entire organisation to be evaluated, represent structural elements of the internal control system on financial reporting (so-called "Entity Level Control");
- specific process-level controls ("Process Level Control");

- checks relating to the operation and management of information systems ("IT General Control").

#### Verification of the control and risk management system operability

In order to verify and ensure the operability of the internal control system on financial reporting, specific monitoring activities are to be performed both by the persons in charge of the processes (so-called "process owners") and by independent third parties with respect to the operability of the processes (Internal Audit). The controls that are subject to monitoring include controls for the prevention of fraud risk.

#### Monitoring and evolution of the control system

In order to ensure that the system is adequately monitored, the "design" of its components is subject to systematic assessment and, at any rate, whenever significant events occur. Specific tests are carried out every six months to assess the operability of the controls indicated by the administrative and accounting system supervision procedures.

The process owners and the Manager in Charge of drafting the corporate accounting documents are notified of any deficiencies either in the design or in the operability of the controls so they can plan remedial action, with follow-up to make sure such actions have been implemented.

The Manager in Charge of drafting the corporate accounting documents, together with the Chief Executive Officer, provide the certification under Article 154-*bis*, paragraph 5 of the TUF.

#### **4.3.3 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The Director in charge of the internal control and risk management system, with effect from 1 January 2014, is Mr. Stefano Siragusa, as resolved by the Board of Directors at its meeting on 11 December 2013, and subsequently at the meeting of 15 April 2014.

The Director in charge of the internal control and risk management system identifies the main business risks, implements the guidelines defined by the Board of Directors and makes sure the internal control and risk management system is adapted accordingly, promptly reporting to the Control and Risk Committee and/or the Board any problems and critical issues that emerge in the performance of his actions or that in any case come to his notice.

The Director in charge of the internal control and risk management system may request the Internal Audit Department to perform checks on specific operational areas and on compliance with the rules and procedures in the performance of business transactions, by giving notice at the same time to the Chairman of the Board of Directors, to the Chairman of the Control and Risk Committee and to the Chairman of the Board of Statutory Auditors.

The Director in charge of the internal control and risk management system:

- identified the main business risks, taking into account the characteristics of the business conducted by the Company and its subsidiaries, periodically submitting them to the Board for examination;
- implemented the guidelines defined by the Board of Directors, supervising the planning, completion and management of the internal control and risk management system and constantly making sure it was adequate and effective;
- took actions to adapt such system to the dynamics of the operating conditions and of the legislative and regulatory scenario.

#### **4.3.4 HEAD OF INTERNAL AUDIT**

At its meeting on 15 April 2014, on a proposal of the Director in charge of the internal control and risk management system, after the favourable opinion of the Control and Risk Committee and after hearing the Board of Statutory Auditors, the Board of Directors appointed Mr. Mauro Giganti as Head of Internal Audit.

At the same meeting, the Board of Directors, upon a proposal of the Director responsible for the internal control and risk management system, after the favourable opinion of the Control and Risk Committee and after hearing the Board Statutory Auditors, determined the remuneration of the Internal audit Manager in accordance with company policies and assured that they are provided with adequate resources to carry out their responsibilities. Specifically, for the year 2014, the financial resources made available to the Internal Audit Department amounted to approximately Euro 400,000.00.

The Head of Internal Audit verifies the operability and suitability of the internal control and risk management system - both on an ongoing basis and in relation to specific needs - in compliance with international standards; this is done through an audit plan approved by the Board of Directors, after hearing the opinion of the Control and Risk Committee, based on a structured process of analysing and prioritising the main risks. At its meeting on 11 February 2015, the Board of Directors, based on a proposal submitted by the Control and Risk Committee, approved the 2015 work plan prepared by the Internal Audit Manager, after consulting the Board of Statutory Auditors and the Director in charge of the internal control and risk management system.

The Head of Internal Audit is not responsible for any operational area and is directly responsible to the Board of Directors. The Head of Internal Audit has also access to any information required to carry out the assignment.

During the financial year, the Head of Internal Audit:

- verified the operability and suitability of the internal control and risk management system and the reliability of the IT systems, including the accounts recording systems, as part of the 2014 audit plan examined by the Control and Risk Committee during its meeting on 29 January 2014;
- reported on his activity to the Director in charge of the internal control and risk management system, to the Control and Risk Committee and to the Board of Statutory Auditors;
- during the Control and Risk Committee meeting on 29 January 2014, on basis of the evaluation of the risk map and of the overall monitoring activity of the internal control and risk management system, expressed a favourable opinion on the suitability of the internal control and risk management system to reduce overall risk to an acceptable level.

The Head of Internal Audit also prepared his own periodic reports – both for the first half of 2014 and for the entire 2014 year - on his activities, on the procedures used to conduct risk management and on compliance with the risk reduction plans. These reports were examined by the Control and Risk Committee at its meetings on 28 July 2013 and 11 February 2014. These periodic reports contain an assessment of the suitability of the internal control and risk management system and were transmitted to the chairpersons of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors, as well as to the Director in charge of the internal control and risk management system.

#### **4.3.5 ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001**

Following the entry into force of Legislative Decree No. 231 of 8 June 2001, as amended, which introduced a specific corporate liability regime for certain classes of criminal offences, the Company has adopted measures, in accordance with the provisions of the same Decree, suitable to avoid the possibility of being charged with such liability, by establishing specific protocols and supervision systems aimed at preventing certain types of offences.

For such purpose, by resolution of the Board of Directors on 27 June 2006, the Company adopted the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01, which was then updated, following legislative and organisational changes, by Board resolutions of 11 November 2008, 6 March 2009, 6 July 2010, 28 June 2012, 26 June 2013 and, finally, 16 December 2014.

Following the last updates adopted on 16 December 2014, the model was most notably amended for the following purposes:

- i. With regard to "*False money, public credit instruments, stamp duties, and distinctive sign crimes*" provided for by Article 25-bis of Legislative Decree 231/2001, in order to specify in greater detail the risk areas and the control principles limited to the offence under Article 473 of the Criminal Code "*Counterfeiting, alteration or use of trademarks or distinguishing marks, or patents, models or drawings*";
- ii. With regard to the "*Crimes committed for purposes of terrorism or aimed at subverting democratic order*", provided for by Article 25-quater of Legislative Decree 231/2001, in order to specify in greater detail the risk areas and the control principles;
- iii. With regard to the "*Crimes against the Individual*", provided for by Article 25-quinquies of Legislative Decree 231/2001, in order to specify in greater detail the risk areas and the control principles limited to the offence under Article 600 of the Criminal Code "*Reduction to a state of slavery*", in the event of contributory liability/complicity;
- iv. In order to align Special Section "C" of the Model, concerning "*Reckless homicide, serious or very serious injury committed in breach of regulations regarding protection of hygiene and safety at work*" with the Organisation regulations concerning Workplace Health and Safety adopted by the new Company's Single Employer, which entered into force as of 1 November 2014;
- v. Update Special Section "G" of the Model concerning "*Crimes in breach of environmental regulations*" in order to provide a more accurate representation of the company's waste management system which complies with the Waste Traceability System ("SISTRI") required by the laws in force and to introduce, as a precaution, both in the General Section of the Model and in Special Section "G" a reference to the offence of unlawful combustion of waste under Article 256-bis of Legislative Decree No. 152/2006, introduced by Law No.6 of 8 February 2014. Although this offence is not explicitly referred to under Legislative Decree No. 231/2001, reference is made therein to the sanction imposed by Legislative Decree No. 231/2001.

Furthermore, in January 2015, Ansaldo STS began its risk assessment activities aimed at introducing within the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 of the Company a new predicate offence of "*Self-money laundering*" under Article 648 *ter*, paragraph 1, of the Italian Criminal Code pursuant to Article 25-octies of Legislative Decree No. 231/2001, as introduced by Law No. 186 of 15 December 2014, published in the Official Gazette of 17 December 2014. These activities and the consequent updating of the Model will end, presumably, by the first half of 2015.

The Company also adopted the Code of Ethics by resolution of the Board of Directors on 27 June 2006; the Code of Ethics was then amended by the resolutions of 11 November 2008, 6 July 2010 and 28 June 2012.

The Model is comprised of a general part and twelve special sections.

The general part essentially focuses on the Surveillance Body ("S.B.") and on the information flows to be transmitted to the same, as well as on the reporting, by the same S.B., to the corporate bodies; on personnel training, on the diffusion of the Model inside and outside the Company and on the disciplinary system for the case of non-compliance with the Model prescriptions.

The special sections, relevant to the various offences described in the decree, which might in theory apply to the Company, are as follows: (i) offences to the detriment of the Public Administration, (ii) offences committed with the purpose of terrorism or subversion of democratic order, (iii) corporate and market abuse offences, (iv) corruption between private parties, (v) negligent homicide and grievous bodily harm committed in violation of occupational health and safety rules, (vi) offences of employing third-country nationals whose stay is illegal, (vii) offences of receiving stolen goods, money laundering and using money, goods or other property of illicit origin, (viii) computer-related offences and unlawful processing of data as well as infringement of copyright, (ix) organised crime offences, (x) offences relating to breach of environmental regulations, (xi) crimes of obstruction of justice, (xii) crimes against industry and commerce, and false money, public credit instruments, stamp duties, and distinctive sign crimes. The special sections of the Model list the relevant risk areas for the type of offence, refer to the

specific decision-making protocols in force and the relevant rules of conduct for anyone operating in the aforesaid areas and define the related monitoring procedures.

Annexes and integral parts of Ansaldo STS's Organisation Model are:

- the Code of Ethics;
- the organisational structure of Ansaldo STS;
- the subdivision of powers and delegation system;
- Evidence file indicating relations with Public Administrations;
- Periodic statement relating to compliance with the Model and with the powers of attorney and the limits of signatory powers;
- list of significant parties under the "Internal Dealing Code";
- list of procedures referred to in the special parts of the Model.

The Organisation, Management and Control Model pursuant to the Legislative Decree No. 231/2001 and the Code of Ethics are available on the Company website at <http://www.ansaldo-sts.com/en/governance/governance-system>

In relation to the provisions of Article 6 of the above mentioned Decree, on 27 June 2006 the Board resolved to establish a multiple-member Surveillance Body (S.B.). The tasks, activities and operation of this body are governed by specific bylaws approved by the Board of Directors on 24 October 2006 and last amended on 6 May 2013. The S.B. also has an internal regulation, brought to the attention of the Board of Directors on 6 July 2010.

In particular, the Surveillance Body bylaws - most recently modified on 6 May 2013 - provide that its term of office is three years and that it must be comprised of three members, chosen as follows: (i) two members from outside the Company having the relevant expertise and experience necessary for the position, so as to further enhance the independence of the S.B., and (ii) an internal company figure identified as the current *pro tempore* Corporate Affairs Manager.

In this regard it is noted that at the Board of Directors meeting of 6 May 2013 - in order to align the composition of the S.B. to the new statutory provisions - appointed two new members of the S.B. to replace two members who resigned: their names were drawn from outside the Company and they are academics and professionals with proven expertise and experience in the legal, economic and financial fields, and it also confirmed the current *pro tempore* Corporate Affairs Manager of the Company as a member of the S.B..

In particular, this body - following the resolution passed by the said Board of Directors - is currently composed of the lawyer Ms. Nicoletta Garaventa, an external member entrusted with the office of Chairperson of the S.B. by Mr. Alberto Quagli, an external member and by the lawyer Ms. Grazia Guazzi, the *pro tempore* Corporate Affairs Manager of the Company.

The S.B. transmits to the Board of Directors, on a half-yearly basis, a written report relating to the implementation and actual operation of the Organisation, Management and Control Model.

The S.B. has its own budget which adequately covers the performance of the duties entrusted to it, set at Euro 40,000.00 (forty thousand) for the 2014 financial year. The budget was also confirmed with reference to the 2015 financial year .

The S.B. independently approves, on a yearly basis, its own supervision plan, which includes both actions to verify Model adequacy and actions of compliance with the same Model.

#### **4.3.6 INDEPENDENT AUDITING FIRM**

The accounts are legally audited by KPMG S.p.A., a specialised Company entered in the register of statutory auditors, appointed by the Ordinary General Meeting on 7 May 2012, on a justified proposal

submitted by the Board of Statutory Auditors. The appointment was made for the 2012-2020 financial years.

#### **4.3.7 MANAGER IN CHARGE OF DRAFTING THE CORPORATE ACCOUNTING DOCUMENTS**

In accordance with Article 154-*bis* of the TUF, Article 23.2 of the Company's Articles of Association states that the Board of Directors is to appoint a Manager in Charge of drafting the corporate accounting documents, after hearing the binding opinion of the Board of Statutory Auditors. The same provision in the Articles of Association also states that the Manager in Charge must have gained at least three years' experience in the exercise of:

- a) management or control activities or executive duties in corporations with a share capital of no less than two million Euro, or
- b) professional activities or university professorship with tenure in law, economics, finance or technical and scientific subjects strictly pertaining to the company's business and to the functions which the Manager in Charge is to carry out, or
- c) managerial duties in public organisations operating in the field of credit, finance and insurance or, in any case, in sectors strictly connected with the company's field of business.

After ensuring compliance with the aforementioned professional requirements, the Board of Directors of the Company confirmed the Chief Financial Officer of the Company, Mr Roberto Carassai, subject to the favourable opinion of the Board of Statutory Auditors, as the Manager in charge of drafting the corporate accounting documents in accordance with Article 154-*bis* of the TUF.

Mr Roberto Carassai was appointed, with effect from 5 November 2013 as the Chief Financial Officer of the Company and, subject to the favourable opinion of the Board of Statutory Auditors, as Manager in charge of drafting the corporate accounting documents pursuant to Article 154-*bis* of the TUF, replacing Mr. Christian Andi who was assigned to the new important role of Chief Operating Officer within Ansaldo STS.

In accordance with the provisions of the applicable laws, the Manager in Charge has set up proper administrative and accounting procedures for preparing the annual financial statements and the consolidated financial statements, as well as for any other financial disclosure.

The Manager in Charge together with the Chief Executive Officer also attested as follows - in a special report annexed to the financial statements, the consolidated financial statements and the half-yearly financial report: (i) the adequacy and actual implementation of the administrative and accounting procedures as indicated above for the period to which such accounting documents refer; (ii) the compliance of the contents of such documents with the international accounting standards that apply within the European Union pursuant to the (EC) Regulation no. 1606/2002 of the European Parliament and the Council, dated 19 July 2002; (iii) the consistency of the same documents with the data resulting from the accounting books and records and their suitability to provide an true and accurate representation of the equity, economic and financial position of the Company and of all the companies included in the consolidation; (iv) that the directors' report accompanying the annual financial statements and the consolidated financial statements contains a reliable analysis of the performance and of the operating results, as well as of the position of the Company and of all the companies included in the consolidation, together with a description of the main risks and uncertainties to which these latter are exposed; (v) that the interim director's report included in the half-yearly management report contains a reliable analysis of the information under paragraph 4 of Article 154-*ter* of the TUF.

#### **4.3.8 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

With different roles and as part of their competences, the Company's internal control and risk management system consists of the following subjects:

- the Board of Directors;

- one or more Directors in charge of setting up and maintaining an effective internal control and risk management system:
- the Control and Risk Committee;
- the Internal Audit Manager;
- the other company positions and functions with specific duties relating to internal control and risk management, including in particular, (i) the Risk Management function, (ii) the Manager in charge of drafting the corporate accounting documents and (iii) the Surveillance Body set up under Legislative Decree no. 231/2001 ("S.B.");
- the Board of Statutory Auditors, also in its role as the internal control and audit committee.

In order to ensure adequate coordination of the various parties involved in the internal control and risk management system, the Company has put in place an information flow system that guarantees timely sharing of information.

#### **4.3.9 REQUIREMENTS UNDER ARTICLES 36 AND 37 OF THE MARKETS REGULATION**

During the 2014 financial year, both the Board of Statutory Auditors and the Board of Directors of the Company verified compliance by Ansaldo STS with the rules set out by Consob in Articles 36 and 37 of the Markets Regulation in matters of (i) conditions for the listing of parent companies of companies established and operating under laws of non-member Countries of the European Union ("non-EU foreign subsidiaries") and of (ii) conditions preventing the listing of subsidiaries subject to direction and coordination by other listed companies.

In particular, with respect to the verifications carried out in the financial year, the following is confirmed:

- in application of the parameters of significance referred to in Article 36, paragraph 2, of the Markets Regulation, the identification of the following non-EU foreign subsidiaries: Ansaldo STS USA Inc., Ansaldo STS Australia Pty Ltd.;
- the Balance Sheet and the Income Statement for 2014 of all companies mentioned above will be made available to the public by the Company within the dates indicated by the law (in accordance with the provisions of Article 36, paragraph 1, subparagraph a) of the Markets Regulation);
- Ansaldo STS has obtained the Articles of Association, the composition and the powers of the corporate bodies of all companies mentioned above and the updated versions of these documents will be kept at the disposal of Consob, if it specifically requests them to be exhibited for supervision purposes (in accordance with the provisions of Article 36, paragraph 1, subparagraph b), of the Markets Regulation);
- all the companies indicated above: (i) provide the Company auditor with the information required by the latter to carry out the audit of the annual and interim accounts of Ansaldo STS (in accordance with the provisions of Article 36, paragraph 1, letter c), item (i), of the Markets Regulation); (ii) have an administrative and accounting system that can regularly transmit to Company management and auditor the necessary economic, equity and financial data to prepare the consolidated financial statements of Ansaldo STS (in accordance with the provisions of Article 36, paragraph 1, subparagraph c), item (ii) of the Markets Regulation);
- compliance with the publication requirements under Article 2497-*bis* of the Italian Civil Code (in accordance with the provisions of Article 37, paragraph 1, subparagraph a), of the Markets Regulation);
- the Company can independently negotiate with customers and suppliers (in accordance with the provisions of Article 37, paragraph 1, subparagraph b), of the Markets Regulation);
- the Company has no cash pooling relationship with Finmeccanica or other companies of the group it belongs to (in accordance with the provisions of Article 37, paragraph 1, letter c), of the Markets Regulation);

- the Control and Risk Committee and the Nomination and Remuneration Committee are composed only of Independent Directors (in accordance with the provisions of Article 37, paragraph 1, subparagraph d), of the Markets Regulation).
- the Board of Directors consists of a majority of Independent Directors (in accordance with the provisions of Article 37, paragraph 1, subparagraph d), of the Markets Regulation).

On basis of the above, the Board of Directors has certified compliance with the conditions under articles 36 and 37 of the Markets Regulation (pursuant to Article 2.6.2, paragraphs 10 and 11, of the Stock Markets Regulation).

#### **4.4 RELATED-PARTY TRANSACTIONS**

The Board of Directors of the Company unanimously approved the Procedure regarding related-party transactions (the "**Procedure**") on 26 November 2010, upon the favourable opinion unanimously expressed by the Procedures Committee, pursuant to Article 2391-*bis* of the Italian Civil Code and Article 4, paragraphs 1 and 3, of the Consob Regulation on related-party transactions. On the same date, the Company's Board of Statutory Auditors confirmed compliance of the aforesaid Procedure with the principles indicated in the Regulation.

Three years after the approval of the Procedure, the Board of Directors on 4 November 2013, in accordance with the recommendations of Consob in its communication no. DEM/10078683 of 24 September 2010 relating to related-party transactions in line with the provisions of Article 13.1 of the Procedure, assessed the adequacy of the Procedure. In particular the Board, after obtaining the approval of the Procedures Committee, assessed the Procedure to be adequate and considered that no substantial amendment thereof was required.

The Procedure, available on the Company website ([http://www.ansaldosts.com/sites/ansaldosts.message-asp.com/files/downloadspage/procedura\\_parti\\_correlate\\_eng\\_0.pdf](http://www.ansaldosts.com/sites/ansaldosts.message-asp.com/files/downloadspage/procedura_parti_correlate_eng_0.pdf)), is aimed at defining the rules, methods and principles to ensure the transparency and the substantial and procedural correctness of the related-party transactions conducted by the Company, either directly or through subsidiaries.

##### **4.4.1 SIGNIFICANT RELATED-PARTY TRANSACTIONS - BACKGROUND PREPARATION AND APPROVAL**

Pursuant to the provisions of Article 8 of the Regulation and Article 6.2 of the Procedure, except for Significant Related-Party Transactions for which the General Meeting is responsible, or that it must authorise, the Company Board of Directors is competent to authorise Significant Related-Party Transactions, subject to the binding and justified favourable opinion of the Committee for Related-Party Transactions (which, pursuant to the Procedure, coincides with the Control and Risk Committee, established in accordance with the Corporate Governance Code), subject to receipt of timely, complete and adequate information about the characteristics of the Transaction, which the Company intends to carry out.

Even if it is through one or more of its members delegated for such purpose, the Committee for Related-Party Transactions must be involved during negotiations and during the background preparation stage. The Committee, or its delegated member, is entitled to ask for information and to formulate observations to the delegated bodies and the persons in charge of carrying out the negotiations or the background preparation.

Once the background preparation is completed, after receiving the final data and information relevant to the Transaction, the Committee for Related-Party Transactions, will express - in time to allow the responsible body to reach a decision - a binding, justified opinion on the benefits to the Company of performing the Significant Transaction and on the advantage and substantial correctness of the relevant terms.

If the Committee for Related-Party Transactions deems it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue said opinion.

If the Related-Party Transactions Committee has expressed a prior justified opinion opposing a Significant Transaction, or if it has expressed a conditional opinion or recommendations, the Board of Directors of the Company may: (i) approve the Significant Transaction subject to adopting all the recommendations made by the Committee for Related-Party Transactions, or alternatively, (ii) approve the Significant Transaction despite the negative opinion of the Committee, or without otherwise taking into account its recommendations, on condition that the Transaction is authorised by the General Meeting or lastly, (iii) not approve the Significant Transaction and therefore not proceed with it.

In relation to Significant Transactions which are the responsibility of the General Meeting or which must be authorised thereby pursuant to Article 2364, paragraph 5, no. 1, Italian Civil Code, for the negotiation, background preparation and approval stage of the motion to be tabled before the Meeting, the terms set forth above shall apply *mutatis mutandis*.

If the Board of Directors intends to submit a Significant Transaction to the General Meeting despite the negative opinion or without otherwise taking into account the recommendations made by the Committee for Related-Party Transactions, the Transaction shall not be carried out if the majority of non-related voting shareholders vote against the Transaction, on condition, however, that the non-related shareholders present at the Meeting represent at least 10% of the voting share capital.

Without prejudice to the information required under articles 5 and 6 of the Regulation, the Chief Executive Officer shall provide the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Significant Transactions.

#### **4.4.2 LESS SIGNIFICANT RELATED-PARTY TRANSACTIONS - BACKGROUND PREPARATION AND APPROVAL**

Subject to the justified and non-binding opinion of the Committee for Related-Party Transactions and subject to receipt from Corporate Affairs and Group Insurances of timely, complete and adequate information about the characteristics of the Transaction, which the Company intends to carry out, the body responsible for decision-making shall approve Less Significant Transactions.

After receiving full and final data and information relevant to the Transaction the Company intends to carry out, the Committee for Related-Party Transactions will express - in time for the responsible body to reach a decision - a non-binding, justified opinion on the benefits to the Company of performing the Transaction, and on the advantage and substantial correctness of the relevant terms.

If the Committee for Related-Party Transactions deems it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue said non-binding opinion.

In relation to Less Significant Transactions which are the responsibility of the General Meeting or which must be authorised thereby pursuant to Article 2364, paragraph 1, no. 5, Italian Civil Code, for the background preparation and approval stage of the motion to be tabled before the Meeting, the terms set forth above shall apply *mutatis mutandis*.

Without prejudice to the information required under article 5, paragraph 8, and article 6 of the Regulation:

- (i) the Chief Executive Officer provides the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Less Significant Transactions;
- (ii) without prejudice to the provisions of Article 114, paragraph 1, of the TUF, within fifteen days of the end of each financial year quarter, the Company makes available to the public a document specifying the other party, the subject-matter and the amount associated with the Less Significant Transactions approved during that quarter despite the negative opinion of the Committee for Related-Party Transactions, in addition to the reasons why it decided to disregard that opinion.

#### **4.4.3 TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES**

Transactions carried out through subsidiaries must be submitted for the prior, non-binding opinion of the Committee for Related-Party Transactions, which shall issue its opinion in time to allow the responsible body to authorise, examine or assess the Transaction.

#### **4.4.4 EXEMPT TRANSACTIONS**

The terms of the Procedure do not apply to Transactions for Small Amounts (i.e. for no more than Euro 150,000.00 when the Related Party is a natural person or no more than Euro 1,000,000.00 when the Related Party is a legal person).

Without prejudice to the periodic financial reporting obligations under Article 5, paragraph 8 of the Regulation, the Procedure does not apply to the following Transactions, where applicable:

- (a) Transactions relevant to share-based compensation plans approved by the Meeting pursuant to Article 114-*bis* of the TUF, and all relevant implementing operations;
- (b) resolutions relating to the remuneration of directors vested with particular positions, other than those referred to in Article 13, paragraph 1 of the Regulation, as well as other managers with strategic responsibilities, on condition of compliance with the requirements under Article 13 of the Regulation;
- (c) Regular Transactions concluded under the same conditions as those normally adopted for non-related parties for transactions of a corresponding nature, size and risk, or based on regulatory tariffs or imposed prices, or adopted for persons with whom the Company is legally obliged to agree to a specific fixed amount, without prejudice to the obligation to comply with the information requirements as per Article 13 of the Regulation;
- (d) urgent Transactions which do not fall within the remit of the General Meeting or are not required to be authorised thereby, on condition of compliance with the requirements under Article 13 of the Regulation;
- (e) Transactions with or between companies individually or jointly controlled by the Company, as well as Transactions with associates of the Company, if other Related Parties of the Company have no Significant Interests in the subsidiaries or associates that are parties to such Transaction.

Such cases of exemption also apply, *mutatis mutandis*, to Transactions carried out through subsidiaries. With regard in particular to the exemption for Regular Transactions, the activity carried out by the subsidiary is used to assess the regular nature of the Transaction, except where such subsidiary is a special purpose vehicle established to perform the Transaction, in which case the regularity must be verified with regard to at least one of the activities carried out by the ASTS Group.

### **4.5 BOARD OF STATUTORY AUDITORS**

#### **4.5.1. APPOINTMENT**

The Ordinary General Meeting elects, through list voting, the Board of Statutory Auditors, comprising three standing auditors and also determines their compensation. The meeting also elects three deputy auditors.

The Articles of Association, in line with the modifications introduced by Law No. 120 of 12 July 2011, provides for mechanisms aimed at ensuring the gender balance within management and control bodies, which will which will be applied for the first three renewals of office of the Board of Auditors after one year from the date of entry into force of said Law (i.e. after 12 August, 2012).

As provided for the submissions of lists of candidates to the Board of Directors, if the lists of candidates for the office of Auditors are not submitted by the above terms, the lists shall be considered as not submitted.

Lists may only be submitted by Shareholders who, either alone or together with other shareholders,

own the shareholding identified in compliance with the provisions of the Consob regulation (both for the financial year 2014 and for financial year 2015, equal to 1% of the Ansaldo STS share capital). Each Shareholder may submit or contribute to submitting only one list and can vote for only one list. Shareholders belonging to the same group or being party to a shareholders' agreement concerning shares in the Company cannot submit or vote for more than one list, even through intermediaries or trust companies.

In order to prove ownership of the number of shares required to submit the lists, the shareholders shall deposit at the Company's registered office the specific certificate proving ownership of the number of shares represented, by a statement issued by an intermediary authorised pursuant to applicable law, within the deadlines indicated by the applicable provisions.

The lists must include the name of one or more candidates (provided that their number shall not be greater than the members to be elected). Each candidate can be only in one list. Failure to comply with this provision shall result in the candidate not being eligible.

The lists are divided in two sections: one for candidates as Regular Member and the other for candidates as Deputy Member. The first candidate of each section must be registered in the Register of Statutory Auditors and have performed statutory audits for no less than three years.

Furthermore the lists that, considering both sections, have three or more candidates must include, in the first two places of the Standing Auditors section and of the Deputy Auditors section, candidates of different gender.

Statements shall be filed together with each list, within the terms indicated by the applicable laws, whereby the single candidates accept their nomination and certify, under their own responsibility, that no reasons for ineligibility and incompatibility exist, and that they meet the requirements set out by the applicable laws and the Company's Articles of Association for their respective offices.

Auditors shall be elected as follows:

- Two Regular Auditors and two Deputy Auditors shall be taken from the list that has obtained the majority of votes expressed by eligible voters, based on the progressive order they are on the list;
- The remaining Regular Auditor and Deputy Auditors shall be taken from the other lists according to the same rules for the appointment of members of the Board of Directors under Article 16.3., subparagraph b), of the Articles of Association; for this purposes, the votes obtained by each section of the other lists are divided by one. The results so obtained are allocated to the candidates of each section of each list, according to the order provided therein. The quotients allocated to the candidates of each section of the lists are placed in a single decreasing ranking. Those who have obtained the highest quotient in each section are elected.

In the event that (i) only one list or (ii) no list is submitted or (iii) outside the cases of renewal of the entire Board of Directors, the Meeting shall adopt a resolution with the majorities required under law, and in any event so as to ensure that the composition of the Board of Auditors complies with the provisions pursuant to Article 1, paragraph 1 of Ministry of Justice Decree 30 March 2000, no. 162 and with the regulations in force relating to gender balance.

If more candidates have obtained the same quotient, the candidate in the list who has not elected any Auditor or has elected less Auditors shall be elected.

If none of these list has still elected any Auditor or all of them have elected the same number of Auditors, the candidate of the list that has obtained the highest number of votes shall be elected. In case of equal votes and quotient, a new voting shall be held, electing the candidate by simple majority.

In case of replacement of one of the Auditors taken from the list that has obtained the highest number of votes, the first Deputy Auditor, taken from the same list, shall be appointed; if such replacement does not allow for a composition of the Board of Auditors in compliance with the regulations in force on gender balance, the second Deputy Auditor, taken from the same list, shall be appointed. In case of

replacement of the Auditor taken from the other lists, the Deputy Auditor elected under Article 16.3., paragraph b), of the Articles of Association shall be appointed.

If this latter mechanisms does not ensure compliance with the regulations in force on gender balance, the General Meeting shall be convened without delay to ensure compliance with these regulations. In any case, the General Meeting under Article 2410, paragraph 1 of the Civil Code shall replace the Auditor based on the principle of necessary minority representation and in compliance with the regulations in force on gender balance.

The Chairperson of the Board of Auditors is appointed by the General Meeting and shall be the Regular Auditor elected by the minority, unless only one list was presented or no lists were presented; in this case, the Chairperson of the Board of Auditors shall be appointed by the General Meeting with the majority provided by the law.

#### **4.5.2 COMPOSITION**

The Company's current Board of Auditors was appointed by the Ordinary General meeting on 15 April 2014.

The following tables show the changes in the composition of the Board of Auditors during financial year 2014:

#### ***Composition of the Board of Statutory Auditors as of 15 April 2014 (for financial years 2014 – 2016)***

Members	Office
Giacinto Sarubbi	Chairman
Renato Righetti	Regular Auditor
Maria Enrica Spinardi	Regular Auditor
Giorgio Mosci	Deputy Auditor
Daniela Rosina	Deputy Auditor
Fabrizio Riccardo Di Giusto	Deputy Auditor

#### ***Composition of the Board of Statutory Auditors until 15 April 2014***

Members	Office
Giacinto Sarubbi	Chairman
Renato Righetti	Regular Auditor
Massimo Scotton	Regular Auditor
Bruno Borgia	Deputy Auditor
Pietro Cerasoli	Deputy Auditor

Two lists were submitted to the General Meeting of 15 April 2014 for the appointment of the members of the Board of Statutory Auditors.

The Regular Auditors Renato Righetti and Maria Enrica Spinardi, and the Deputy Auditors Giorgio Mosci and Daniela Rosina were taken from the majority list submitted by Finmeccanica Società per Azioni, which held a shareholding equal to 40.066% of the share capital, and obtained a number of votes equal to 77.22% of the voting capital.

The Chairman of the Board of Auditors Giacinto Sarubbi and the Deputy Auditor Fabrizio Riccardo Di Giusto were taken from the list jointly submitted by the minority shareholders AcomeA SGR manager of the funds: AcomeA Italia, AcomeA Europa and AcomeA Globale; Anima SGR S.p.A. manager of the funds:

Anima Geo Italia and Anima Italia; Arca SGR S.p.A. manager of the funds: Arca Azioni Italia and Arca BB; Eurizon Capital SGR S.p.A. manager of the funds: Eurizon Azioni Internazionali, Eurizon Azioni Area Euro, Eurizon Azionario Internazionale Etico, Eurizon Azioni Europa, Eurizon Azioni Italia, Eurizon Azioni PMI Europa and Malatesta Azionario Europa; Eurizon Capital SA, manager of the funds: EEF – Equity Europe, EEF – Equity Italy, EEF – Equity Italy LTE and EEF – Equity Small Cap Europe; Fideuram Investimenti SGR S.p.A., manager of the fund Fideuram Italia; Fideuram Gestions SA, manager of the funds: Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav, manager of the fund Interfund Equity Italy; Pioneer Asset Management SA, manager of the fund Pioneer Funds – Italian Equity and Pioneer Investment Management SGR S.p.A. manager of the fund Pioneer Italia Azionario Crescita which altogether, held a shareholding equal to 1.45% of the Company's share capital and whose winning votes amounted to 8.16%<sup>1</sup> of the voting capital. The shareholders who submitted the minority list certified that they have no connection with Finmeccanica Società per Azioni, as provided by Article 144-*quinquies* of the Issuers' Regulation.

The term of office of the members of the Board of Auditors will expire at the General meeting called to approve the Financial Statements as of 31 December 2016.

The Board of Auditors verified that the Auditors possess the independence requirements under the applicable law and Article 8, paragraph 1 of the Code, as already represented by the same Auditors upon their appointment. The independence requirements were verified again on 9 December 2014.

Moreover, no member of the Board of Auditors has notified the existence of any interests held, on his/her behalf or on that of third parties, in any of the Company's transactions.

Below you can read the personal and professional information about each member of the Board of Auditors.

#### **GIACINTO SARUBBI**

Born in Milan on 8 January 1963, he graduated in Economy and Business. He is qualified to exercise the profession as a Certified Auditor and Accounting Professional in the register of Milan and is enrolled in the Register of Auditors (Ministerial Decree of 12.04.95, published in the Official Journal no. 31 *bis* of 21.04.1995).

As the owner of his professional firm and as a partner and Chief Executive Officer of leading international companies dealing with the audit and business consulting fields, he has carried out activities relating to tax and corporate advice, business organization and industrial accounting for various corporations, also operating at international level.

In addition to the office held in Ansaldo STS, he is currently the Chairman of the Board of Auditors, Auditor and the Chairman of the Board of Directors Ansaldo in other companies.

#### **RENATO RIGHETTI**

Born in Rome on 4 December 1946, he graduated in Law at the University of Rome. He became a Registered Auditor under the Ministerial Decree of 12.04.1995 published under the Official Journal no. 31/*bis* of 21.04.1995. From 1990 to 1994, he was a Manager at the Italian Exchange Office and, until 2008, he was in charge of domestic and international anti-money laundering activities under the responsibility of the Central Bank. From 1995 to 1998 he was a member of the team of financial experts in the Committee for Coordination of Information Services and was the representative of the Central Bank; he was a representative for the Central Bank in the Greco Commission, set up at the Ministry of

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<sup>1</sup> On 18 April 2014, the Company received the following statement: *"With a communication received today - authenticated by the Notary – attorney Ms Paola Parodi, as a delegate to vote for a number of institutional investors states that the votes cast at the general meeting for shares representing 10.81% of the share capital - by filling out ballots - on the occasion of the resolution referred to in point 4.1 of the agenda relating to the Appointment of three Regular Auditors and three Deputy Auditors, are misaligned due to a clerical error with respect to instructions received and, in the absence thereof, while not changing the outcome of the vote, there would have been 28,333,160 votes in favour of list No. 2 "List Funds" corresponding to 26.0383% of the share capital participating in the vote and 89,665 against corresponding to 0.0824% of the share capital participating in the vote"*.

Justice for the recovery of legal costs, for two years. From 2001 to 2008 he took part of the Financial Security Committee set up at the Ministry of Economy and Finance to fight money laundering and terrorism financing. In 2009 and 2010 he was appointed by the Governor to coordinate consulting activities concerning financial crimes conducted by a team of experts from the Bank of Italy. Since 1995 he has been an anti-money laundering consultant for the Judiciary and Parliamentary Commissions.

#### **MARIA ENRICA SPINARDI**

Born in Turin on 14 July 1960, she graduated with honours in Economics and Business from the University of Turin. She has been registered in the registry of Registered Auditors since 1996.

From 1983 to 1985, she was an internal auditor in Olivetti S.p.A. In 1985, she became an auditor in a leading auditing firm. From 2001 to 2012, she was a Partner in leading auditing firm. She has been a member of the Board of Statutory Auditors of Unicredit S.p.A. and other industrial companies. She was appointed as liquidator of Webasto Product Italy S.p.A.

Currently she carries out consulting and auditing activities.

She is a member of the Scientific Committee of the Master in Auditing, Accounting & Control of Scuola di Amministrazione Aziendale (SAA) (the School of Business Administration) in Turin.

#### **GIORGIO MOSCI**

Born in Genoa on 17 May 1958, he graduated in Economics and Business from the University of Genoa. Since 1982, he has been registered with the Registry of Chartered Accountants of Genoa. He has also been registered with the Registry of Auditors since its establishment.

In 1987, he joined the Ernst & Young Group, where he became a Partner in 1993 until 2013, and subsequently started to work as a professional.

In the context of audit activities, he carries out business consultancy activities that strictly connected to auditing, for example, economic company evaluations, accounting assistance and organisation.

From 2003 to 2005, he was a Professor on contract at the Faculty of Economics of Genoa for the postgraduate specialization course in "Auditing".

#### **DANIELA ROSINA**

Born in Genoa on 10 May 1958, she has been registered with the Registry of Chartered Accountants and Accounting Experts of Genoa since 1983. She is a Statutory Auditor of Accounts (as she is in the Register of Auditors).

She carries out activities as a Court-appointed expert in relation to the assessment of business groups, as Official Receiver, Judicial Commissioner and liquidator in the context of voluntary liquidations.

She currently holds important positions such as Director, Statutory Auditor, Auditor and member of the Advisory Board in important industrial and corporate enterprises, including listed companies.

#### **FABRIZIO RICCARDO DI GIUSTO**

Born in Colvecchio (RI) on 20 June 1966, he graduated in Economics and Business from the "La Sapienza" University in Rome in 1994. Qualified as a Chartered Accountant in 1995, since 1999 he has also been registered with the Register of Auditors. In 1997, he obtained a Master in "Labour Law" at the "Tor Vergata" University of Rome.

From 1994 to 2002 he first carried out collaboration activities and then proceeded to undertake consulting activities at the "Palandri" Tax Law Firm in Rome.

From 2002 to 2007, a manager at the Local Health "ASL RM B".

Currently holds its own Studio Professional tax advice, administrative, commercial and financial in Rome.

#### 4.5.3 MEETINGS OF THE BOARD OF AUDITORS AND ATTENDANCE RATES AT THE BOARD OF DIRECTORS' MEETINGS

13 meetings were held during the Financial Year. Each absence was duly justified.

For the 2015 financial year, 10 meetings have already been scheduled. From the beginning of 2015 to the date of this Report, 3 meetings were held.

In 2014, the meetings of the Board of Auditors of Ansaldo STS lasted on average for about an hour and a half.

The table below reports the data concerning the attendance rates of each Auditor at the meetings of the Board of Auditors, as well as at the meetings of the Board of Directors held in 2014:

##### ***Board of Statutory Auditors in office***

Members	Board of Statutory Auditors		Board of Directors	
	Meetings Attended /No. of Meetings	% of Meetings Attended	Meetings Attended / No. of Meetings	% of Meetings Attended
Giacinto Sarubbi (Chairman)	13/13	100%	12/12	100%
Renato Righetti	13/13	100%	12/12	100%
Maria Enrica Spinardi *	8/8	100%	8/8	100%

\*In office as of 15 April 2014

##### ***Regular Auditors in office as of 1 January 2014 until 15 April 2014***

	Board of Statutory Auditors		Board of Directors	
	Meetings Attended /No. of Meetings	% of Meetings Attended	Meetings Attended and No. of Meetings	% of Meetings Attended
Massimo Scotton	4/5	80%	2/4	50%

#### 4.5.4 ROLE AND DUTIES

Pursuant to Legislative Decree No. 39 of 27 January 2010 (*"implementation of Council Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC"*), the Board of Auditors shall supervise, *inter alia*, the statutory audit of annual accounts and consolidated accounts and the independence of the audit firm, particularly with respect to the performance of services other than audit to the entity that is subject to the statutory audit of accounts.

In particular, in carrying out its activity, the Board: (i) supervised the independence of the auditing firm, verifying both compliance with the relevant legal provisions, as well as the nature and entity of the services, other than audits, provided to the same Company and its subsidiaries by the auditing firm and the entities belonging to its network; (ii) coordinated with the *Internal Audit* department and with the Control and Risk Committee for the performance of its activity through specific meetings; (iii) at the meetings held on 25 March 2014, 10 June 2014, 1 October 2014, 9 December 2014 and on 6 March 2015, adopted the reports on the quarterly audits carried out by the auditing firm pursuant to Article 19 of Legislative Decree No. 39/2010 and the CONSOB notice No. 23932 of 29 March 1999, aimed at ascertaining that the corporate accounts were regularly kept and the management events were duly entered in the accounting records.

Upon the appointment and, subsequently on 16 December 2014, on the basis of the statements made by the Directors and having taken into account the evaluations of the Board, the Board of Auditors

certified that the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its own members were correctly applied.

The results of the assessment carried out at the time of the appointment were disclosed to the market through a press release on 15 April 2014.

During the financial year, in order to make sure that Auditors were adequately informed of Ansaldo STS's business sector, the corporate dynamics and their developments as well as the applicable regulatory framework, the Chairman of the Board of Directors made sure that the Statutory Auditors:

- received all the updates and information necessary with respect to the items on the agenda of the Board of Auditors' meetings, thanks to the participation of the Company's management in the board meetings;
- were involved in specific meetings organised by the management for the detailed examination of certain issues, possibly also with the support of external experts.

For further details, please see Part 4, at the end of paragraph 4.1.3. of the Report, (*"Information on the implementation of the provisions of the Corporate Governance Code. Board of Directors. Roles and duties" Induction Programme*).

## **4.6 PROCESSING OF CONFIDENTIAL INFORMATION**

### **4.6.1 RESERVED INFORMATION PROCEDURES AND ESTABLISHMENT OF THE REGISTER**

The processing and communication of reserved information and the creation and updating of the Register of persons who have access to reserved information is regulated by two separate internal Procedures, approved by the Board of Directors of the Company on 11 February 2015. These procedures, implemented in order to ensure an increasingly more effective and efficient regulation of the management and processing of corporate information, including those of a privileged nature, have replaced the Internal Regulations previously adopted by the Board of Directors of the company on 24 March 2006 in relation to both the management and processing of privileged information and the creation of the Register of persons who have access thereto.

In particular, the Board of Directors, on the basis of the application experience gained to date, considered it appropriate to:

- better detail and simplify the rules concerning the creation and updating of the Register of people who have access to confidential information, as well as those relating to the management and disclosure of confidential information, also outside, including such rules in two separate procedures;
- better detail the roles and duties of the company functions involved both in creating and updating the Register and in its management.

In particular, the new Procedure for the management and disclosure of confidential information is aimed at ensuring Ansaldo STS' compliance with its obligations as a listed company, regulating:

- the information flow between the Group companies and Ansaldo STS, especially with respect to the events and circumstances that form, or might form privileged information under Article 181 of the TUF;
- the management and processing of privileged information as well as the relevant ways of disclosing it to the public.

The new Procedure for the creation and updating of the Register of persons who have access to confidential information is in turn aimed at ensuring compliance by the Company with its obligations as a listed company, regulating the procedures for keeping and regularly updating the "Register of persons who have access to privileged information" pursuant to Article 115-*bis* of the TUF.

As concerns Ansaldo STS and its subsidiaries, pursuant to the provisions of Article 152-*bis*, paragraph 4 of the Issuers' Regulation and in order to streamline the processes, a single register (so-called "Group Register") has been established, which is directly managed by Ansaldo STS, to fulfil the relevant obligation both for Ansaldo STS and for all its subsidiaries. The provisions of the Regulation regarding subsidiaries are therefore aimed at regulating the processing of privileged information as well as the requirements to be met by the companies in order to allow Ansaldo STS to correctly and timely acquire the necessary elements to ensure that the Group Register is correctly and duly kept. The Manager Responsible for Corporate Affairs of Ansaldo STS has been appointed as the person in charge of keeping the Group Register. The substitute person is an employee of the Corporate Affairs & Group Insurance department of the Company chosen by the Person in Charge.

The aforementioned Procedures are available on the Company website at the following address <http://www.ansaldo-sts.com/en/governance/governance-system> .

#### **4.6.2 INTERNAL DEALING CODE**

As part of the procedures for the management and transmission of information relating to the Company, on 24 March 2006, the Board of Directors adopted the Code of Conduct for Internal Dealing Matters ("*Internal Dealing Code*"), to regulate the information flow relevant to transactions identified by Consob concerning the shares issued by the Company or other connected financial instruments (known as relevant transactions) and conducted, also by proxy, by the "relevant persons" of the Company or by "persons closely associated" to the latter, as defined by Article 152-*sexies* of the Issuers' Regulation.

The *Internal Dealing Code* also contains so-called "*Blocking periods*" during which it is expressly forbidden for relevant persons to carry out relevant transactions.

Such "*Blocking Periods*" have been identified as:

- the 15-day period preceding approval by the Board of Directors of the draft Financial Statements, the half-yearly report and the quarterly reports, up to the moment that the press release concerning the resolutions adopted by the Board is disclosed to the market;
- any other periods in which the Board, or in case of urgency its Chairperson and/or the Chief Executive Officer, separately and/or jointly decide to prohibit or restrict the Relevant Transactions.

The Internal Dealing Code is available on the Company website at [http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/asts\\_Internal\\_Dealing\\_eng.pdf](http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/asts_Internal_Dealing_eng.pdf) .

#### **4.7 GENERAL MEETING**

In calling, planning and managing general meetings, particular attention is given to encouraging maximum attendance by the Shareholders, as well as to ensure that they receive as much information as possible in those circumstances, in compliance with the restrictions and disclosure procedures concerning price sensitive information.

General Meetings are called by a meeting notice published on the Company's website ([www.ansaldo-sts.com](http://www.ansaldo-sts.com)) as well as by means of a summarised version in at least one national daily newspaper.

The notice of call must be published at least 30 days before the date of such meeting, except for meetings called to (i) appoint members of the corporate bodies, for which a period of 40 days is required; (ii) resolve on defensive measures in case of an initial public offer, in which case the period is reduced to 15 days; and (iii) resolve on the reduction of the share capital and the appointment of the liquidator, in which case the term is of 21 days.

The ordinary General Meeting shall be called at least once a year to approve the financial statements, within 120 days from the end of the financial year, or within 180 days if the Company must prepare consolidated financial statements, or whenever particular needs relating to the Company structure and purpose so require. Ordinary and extraordinary meetings are normally held in a single call. However, if

the Board of Directors deems it appropriate and specifically indicates so in the meeting notice, it may decide to hold separate meetings.

The Meeting may be attended by those, in favour of whom the company has received notification from a qualified intermediary attesting the ownership of the shares based on the accounting records at the close of trading of the seventh market trading day prior to the date of first notice of the Meeting. Any debit and credit entries recorded after that date shall give no voting entitlements. An assignee who has purchased shares after such date but before the beginning of the Meeting shall be considered absent and therefore entitled, if the relevant conditions are met, both to file an action for annulment of the meeting resolution and to exercise the right of withdrawal.

Those entitled to participate and vote in the Meeting may appoint a representative by proxy conferred in writing or by electronic means pursuant to Article 21, subsection 2 of Legislative Decree no. 82 of 7 March 2005.

The proxy may be transmitted to the Company by electronic media, using the specific section in the Company website or by certified electronic mail, according to the procedures indicated, case by case, in the meeting notice. The Company keeps a proxy form for representation at each Meeting at the disposal of the persons entitled.

In order to make it easier to collect proxies from Shareholders who are employees of the Company or its subsidiaries and members of Shareholders' associations who comply with the requirements under the applicable laws, the By-laws state that premises may be made available to such associations, according to the terms and formalities arranged with their legal representatives on a case-by-case basis, to be used for providing information about the proxies and collecting them.

Moreover, pursuant to Article 135-*undecies* TUF, for each General Meeting, the Company appoints a party, the so-called "appointed representative", that persons entitled to vote may entrust with a proxy, at no cost to them, including voting instructions for all items on the agenda. In this regard, in order to further encourage attendance at Meetings, Ansaldo STS in fact decided not to exclude in the By-laws, under the same Article 135-*undecies* TUF, the appointment of the representative.

Pursuant to the new Article 127-*ter* TUF, the shareholders are entitled to ask questions on the items of the agenda even before the Meeting. Questions received before the Meeting shall be answered during the same at the latest. The notice of call includes the deadline by which the Company must receive the questions asked before the meeting. This deadline may not be earlier than three days before the date of the single or first meeting convened, or no earlier than five days if the meeting notice states that the Company must answer any questions it receives before the general meeting. In that case, answers shall be given at least two days before the meeting, also published in a specific section of the company's website. If the relevant information relating to a question is already available in the "FAQ" section of the Company's website or if the answer has been published on its website, the answer is considered to be given. The answers provided on paper at the disposal of all those entitled to vote at the start of the actual Meeting are considered as being given during the Meeting.

As to the regulations governing Meeting proceedings, at the Meeting of 12 December 2005 the Shareholders approved a Meeting Regulation, subsequently amended at the Ordinary General meeting on 5 April 2011 in order to align it with the provisions of the law and the By-laws regarding the right of shareholders that have been introduced by Legislative Decree 27/2010. Such Regulation defines the procedures allowing the orderly and functional proceedings of meetings, ensuring that each shareholder is able to speak on items on the agenda, and at the same time specifying certain aspects (maximum duration of the speeches; voting procedure and conduction of voting operations, etc.) aimed at making sure the meeting business is conducted correctly. In particular, it is specified that anyone who wishes to speak shall request permission from the Chairman or – if indicated by the Chairman – from the Secretary, by submitting a written request indicating which item the request refers to, after the items on the agenda have been read out. All shareholders receive a copy of the Regulations for General meetings at each meeting, and they are also available on the Company website at <http://www.ansaldo->

[sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/asts\\_regulations\\_shareholders\\_meetings\\_eng\\_0.pdf](http://www.ansaldosts.com/sites/ansaldosts.message-asp.com/files/downloadspage/asts_regulations_shareholders_meetings_eng_0.pdf)

The Board reports to the General meeting on the activity carried out and planned at least on occasion of the approval of the annual financial statements, and at any rate, whenever it so deems appropriate. In order to allow the shareholders to knowingly take the decisions for which the meeting is competent, the Board publishes detailed reports on each item on the agenda (for those items that are under its responsibility). Such reports are also available on the Company's website at <http://www.ansaldosts.com/en/governance/shareholder-meeting/documents-meeting> .

6 directors out of 9 attended the General Meeting of 15 April 2014.

During the 2014 financial year, there were no significant changes in the market capitalisation of the shares or in the composition of its shareholding structure.

#### **4.8 INVESTOR RELATIONS**

For the purposes of establishing an ongoing and professional relationship with most of the Shareholders and institutional investors, as recommended by the Code, the specific "*Investor Relations*" corporate department has been set up.

The department reports directly to the Chief Financial Officer and, since 1 June 2013, is headed by Mr. Roberto Corsanego.

Investor Relations has ongoing relations with the financial community in order to understand its needs for information and to support Top Management in their communication choices.

The primary goal is to keep up ongoing communications with the Italian and international financial community, providing prompt and transparent sensitive market information and guaranteeing a correct Company value, consistent with the business model, the strategies and the set goals.

Several surveys addressed to interlocutors have confirmed the overall positive impression of the work of the Investor Relations team, recognised as the primary point of reference between the Company and the financial community. The outstanding knowledge of the market, the business model and the strengths and weaknesses of the Company, shown by the Manager of Investor Relations during meetings, was also appreciated.

The office is recognised for its proactivity, availability and quality of the information material produced.

The financial analysts are considered the reference stakeholders of Ansaldo, which are necessary for the understanding of the company, the business and the strategic policy adopted by the *Ansaldo* Management.

The total number of securities hedging remained unchanged in 2014 to 13 investment banks.

Some provide periodic sectoral searches and analysis on competitors, which the Investor Relations department collects, studies and spreads internally, along with the official notices from the market.

On at least a quarterly basis, before the financial results are disclosed, the IR office requires brokers covering the shares, update their forecasts on the trend of key financial/economic indicators of the Company and then calculate the average values.

The "*consensus request*" in aggregate form is then sent to the brokers that can then compare the feedback obtained with their own forecasts.

For the Company, this translates into an accurate update of the perception of analysts of "*sell side*", which will be discussed and considered by the Management.

In 2014, the Investor Relations office, while keeping the workforce and the quality of the activities inherent to the function unchanged, took on the task of monitoring and analysing the market and the competitive scenario designed to support the Management.

In addition to the usual daily attention on market "rumors" and the weekly spread of their collection, the office has the task of periodically distributing in-depth and updated analyses on the progress of competitors, markets and major sector studies.

Since year 2014, a "Market Report" has been prepared monthly for an update on the trend of the markets, peers and significant macroeconomic events in the period.

Notwithstanding specific instruments which the Company possesses in line with laws and regulations for the distribution, storage and filing of regulatory information, the website, which in 2014 did not record any specific changes for the IR section, remains the main tool for the dissemination of financial information to stakeholders.

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For the Board of Directors

The Chairman

(Sergio De Luca)

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE**

<b>STRUCTURE OF THE COMPANY'S SHARE CAPITAL</b>				
	No. Of shares	% with respect to the share cap..	Listed (indicate the markets)/not listed	Rights and obligations
Ordinary shares	200,000,000	100	Listed MTA Sta	Right to vote in ordinary and extraordinary meetings, right to dividend and to refund of capital in case of liquidation
Shares with multiple voting rights	–	–	–	–
Shares with limited voting rights	–	–	–	–
Shares without voting rights	–	–	–	–
Other	–	–	–	–
<b>OTHER FINANCIAL INSTRUMENTS (giving a right to subscribe newly-issued shares)</b>				
	Listed specify the markets) / unlisted	No. of financial instruments in circulation	Category of shares for conversion/exercise	No. of shares for conversion/exercise
Convertible bonds	–	–	–	–
Warrants	–	–	–	–
<b>SIGNIFICANT INVESTMENTS IN THE CAPITAL</b>				
DECLARANT	DIRECT SHAREHOLDER	% SHARE OF ORDINARY CAPITAL	% SHARE OF VOTING CAPITAL	
FinmeccanicaS.p.A	FinmeccanicaS.p.A.	40.066%	40.066%	
NORGES BANK	NORGES BANK	2.048%	2.048%	

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES DURING FINANCIAL YEAR 2014**

Board of Directors													Control and Risk Committee		Nomination and Remuneration Committee		Executive Committee (if any)		Other Committee (if any)		
Office	Members	Year of Birth	Date of first appointment *	In office since	In office until	List (M/m) **	Exec.	Non-exec.	Indep. from Code	Indep. from TUF	Number of other offices ***	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	
Chairman	SERGIO DE LUCA	1950	14 June 2007 <sup>(1)</sup>	15 April 2014	Meeting for financial statements 2016	M	X <sup>(10)</sup>	-	-	-	1	12/12	-	-	-	-	-	-	-	-	-
Deputy Chairman	DOMENICO BRACCIALARGHE	1954	1 October 2014 <sup>(2)</sup>	1 October 2014	Meeting for financial statements 2014	-( <sup>9</sup> )	-	X	-	-	-	2/2	-	-	-	-	-	-	-	-	-
MD • ◊	STEFANO SIRAGUSA	1976	1 January 2014 <sup>(3)</sup>	15 April 2014	Meeting for financial statements 2016	M	X	-	-	-	-	12/12	-	-	-	-	-	-	-	-	-
Director	GIOVANNI CAVALLINI	1950	5 April 2011 <sup>(4)</sup>	15 April 2014	Meeting for financial statements 2016	m	-	X	X	X	3	12/12	P	6/6	M	7/7	-	-	-	-	-
Director	BRUNO PAVESI	1941	30 March 2012 <sup>(5)</sup>	15 April 2014	Meeting for financial statements 2016	M	-	X	X	X	-	12/12	-	-	P	7/7	-	-	-	-	-
Director	GIULIO GALLAZZI	1964	15 April 2014	15 April 2014	General Meeting of financial statement 2016	m	-	X	X	X	-	8/8	-	-	M	4/4	-	-	-	-	-
Director	ALESSANDRA GENCO	1973	15 April 2014	15 April 2014	Meeting for financial statements 2016	M	-	X	-	-	3	7/8	-	-	-	-	-	-	-	-	-
Director	PAOLA PIERRI	1960	15 April 2014	15 April 2014	Meeting for financial statements 2016	m	-	X	X	X	2	7/8	M	4/6	-	-	-	-	-	-	-

Director	BARBARA POGGIALI	1963	15 April 2014	15 April 2014	Meeting for financial statements 2016	M	-	X	X	X	3	8/8	M	6/6	-	-	-	-	-	-
-----DIRECTORS WHO LEFT OFFICE DURING THE REFERENCE FINANCIAL YEAR -----																				
Deputy Chairman	LUIGI CALABRIA	1957	6 May 2013 <sup>(6)</sup>	15 April 2014	1 October 2014	M	-	X	-	-	1	8/10	-	-	-	-	-	-	-	-
Director	MAURIZIO CEREDA	1964	14 June 2006 <sup>(7)</sup>	5 April 2011	15 April 2014	m	-	X	X	X	2	4/4	M	2/2	P	3/3	-	-	-	-
Director	PAOLA GIRDINIO	1956	5 April 2011	5 April 2011	15 April 2014	M	-	X	X	X	-	4/4	M	2/2	-	-	-	-	-	-
Director	TATIANA RIZZANTE	1970	5 April 2011	5 April 2011	15 April 2014	m	-	X	X	X	2	2/4	-	-	-	-	-	-	-	-
Director	Attilio Salvetti	1939	24 March 2006 <sup>(8)</sup>	5 April 2011	15 April 2014	M	-	X	X	X	-	4/4	P	2/2	-	-	-	-	-	-
No. of meetings held during the reference financial year:				Board of Directors: 12					Control and Risk Committee: 8			Nomination and Remuneration Committee: 7			Executive Committee: N.A.			Other Committee: N.A.		
<b>Quorum required for the submission of lists by minority shareholders for the election of one or more members (pursuant to Article 147-ter TUF): The quorum required by Consob for the submission of lists to the meeting of 15 April 2014 was equal to %. This quorum was confirmed by Consob for 2015.</b>																				

## NOTES

The following symbols must be indicated in the column "Office":

- This symbol indicated the director appointed by the internal control and risk management system.
- ◊ This symbol indicates the main responsible for the management of the Issuer (Chief Executive Officer or CEO).
- \* Date of first appointment of each director means the date in which the director was appointed for the first time in the Board of Directors of the issuer.
- \*\* This column indicates the list from which each director was selected ("M": majority list, "m": minority list).
- \*\*\* This column indicates the number of offices as director or statutory auditor held by the relevant party in other companies that are listed in regulated markets, also foreign, in financial, banking or insurance companies or companies of significant dimensions. In the Report on the corporate governance, the offices are indicated in full. In relation to the Directors who left office during the financial year of reference, the offices are deemed to refer to the date on which they left.
- (\*) This column indicates the attendance of the directors in the meetings held by the Board of Auditors and the Committees, respectively, (number of meetings attended compared to the total number of meetings that they could have attended).
- (\*\*) This column indicates the capacity of the director in the Committee: "P": chairman; "M": member

(1) Co-opted by the Board of Directors pursuant to Article 2386 of the Italian Civil Code on 14 June 2007 and then appointed by the General meeting on 1 April 2008 and on 5 April 2011. . On 11 December 2013, Mr. De Luca has waived the office of Chief Executive Officer and was appointed Chairman of the Board of Directors effective from 1 January 2014.

(2) Co-opted by the Board of Directors pursuant to Article 2386 of the Italian Civil Code on 1 October 2014, in replacement of Luigi Calabria, who was Director and Deputy Chairman from 1 January 2014 to 1 October 2014.

(3) Co-opted by the Board of Directors pursuant to Article 2386 of the Italian Civil Code on 11 December 2013, effective from 1 January 2013, in replacement of Mr. Grasso. Mr. Siragusa was not on any of the slates submitted for appointment to the Board of Directors at the General meeting held on 5 April 2011.

(4) Appointed for the first time by the General meeting of 5 April 2011.

(5) Co-opted by the Board of Directors on 30 March 2012, to replace Filippo Milone, and then confirmed by the General meeting of 7 May 2012.

(5) Appointed for the first time on 24 March 2006 and then confirmed by the General meeting of 1 April 2008.

(6) Mr. Calabria was appointed by the General meeting on 6 May 2013 as the new member of the Board and Chairman of the Board of Directors replacing Mr. Pansa. On 11 December 2013 Mr. Calabria resigned as Chairman with effect from 1 January 2014. Mr Calabria was not on any of the lists submitted for appointment to the Board of Directors at the General meeting held on 5 April 2011.

(7) Appointed for the first time on 14 June 2006 and subsequently confirmed by the General meeting of 1 April 2008 and 5 April 2011.

(8) Appointed for the first time on 24 March 2006 and subsequently confirmed by the General meeting of 1 April 2008 and 5 April 2011 respectively.

(9) Mr Braccialarghe was not on any of the slates submitted for appointment to the Board of Directors at the General meeting held on 15 April 2014

(10) As Chairman of the Board of Directors with effect from 1 January 2014, Mr. De Luca has not received any operational powers. However, he is regarded as the executive pursuant to the provisions of the Code of Self-Discipline, since, with effect from 1 January 2014 he was appointed Chief Operations Officer of Finmeccanica S.p.A., a company which performs the direction and coordination of Ansaldo STS.

Ansaldo

**TABLE 3: STRUCTURE OF THE BOARD OF AUDITORS**

Board of Auditors									
Office	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independence from Code	Attendance at Board Meetings ***	No. of other offices ****
Chairman	GIACINTO SARUBBI	1963	1 April 2008	15 April 2014	Meeting for financial confirming the statements for 2016	m	X	13/13	5
Regular Auditor	RENATO RIGHETTI	1946	5 April 2011	15 April 2014	Meeting for financial confirming the statements for 2016	M	X	13/13	1
Regular Auditor	MARIA ENRICA SPINARDI	1960	15 April 2014	15 April 2014	Meeting for financial confirming the statements for 2016	M	X	8/13	4
Deputy Auditor	GIORGIO MOSCI	1958	15 April 2014	15 April 2014	Meeting for financial confirming the statements for 2016	M	X	N.A.	1
Deputy Auditor	DANIELA ROSINA	1958	15 April 2014	15 April 2014	Meeting for financial confirming the statements for 2016	M	X	N.A.	10
Deputy Auditor	FABRIZIO RICCARDO DI GIUSTO	1966	15 April 2014	15 April 2014	Meeting for financial confirming the statements for 2016	m	X	N.A.	2
----- AUDITORS WHO LEFT OFFICE DURING THE REFERENCE FINANCIAL YEAR -----									
Regular Auditor	MASSIMO SCOTTON	1956	1 April 2008	5 April 2011	15 April 2014	M	X	4/5	10
Deputy Auditor	PIETRO CERASOLI	1944	29 November 2005 <sup>(1)</sup>	5 April 2011	15 April 2014	M	X	N.A.	–
Deputy Auditor	BRUNO BORGIA	1944	1 April 2008	5 April 2011	15 April 2014	m	X	N.A.	–
<b>Quorum required for the submission of lists by minority shareholders for the election of one or more members (pursuant to Article 148 TUF): The quorum required by Consob for the submission of lists to the meeting of 15 April 2014 was equal to 1%. This quorum was confirmed by Consob for 2015.</b>									
<b>Number of meetings held during the reference financial year: 13</b>									

NOTES

\* “Date of first appointment” of each statutory auditor means the date in which the statutory auditor was appointed for the first time in the Board of Auditors of the issuer

\*\* This column indicates the list from which each statutory auditor was selected (“M”: majority list, “m”: minority list).

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\*\*\* This column indicates the attendance of the statutory auditors in the meetings held by the Board of Auditors (number of meetings attended compared to the total number of meetings which they could have attended).

\*\*\*\* This column indicates the number of offices of director or auditor held by the party concerned for the purposes of Article 148 bis TUF and the relevant implementing provisions contained in the Consob Issuers Regulations. The complete list of the offices is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers Regulations. For the auditors that left office during the financial year of reference, the offices are deemed to refer to the date of leaving office..

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(1) Appointed for the first time on 29 November 2005 and subsequently confirmed at the General meeting of 1 April 2008 and of 5 April 2011.