TREVI Group
Non Financial Statement

Consolidated non-financial statement 2018

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Guida alla lettura

The NFS of the Trevi Group

This document constitutes the "Consolidated non-financial statement" 2018 *(hereinafter also the "Declaration")* of the Trevi Group *(hereinafter also "the "Group")*, as required by Legislative Decree No. 254 of 30 December 2016 *(hereinafter the "Decree")* transposing the European Directive 2014/95/EU *(hereinafter the "Directive")*, and - upon decision of the Group - this declaration constitutes a separate report with respect to the 2018 Report on Operations and Ownership.

In continuity with what is stated in the 2017 Declaration, the Trevi Group reports its performance and policies in relation to a set of material issues, summarized in relation to the various areas of reference of the Decree. Moreover, the Decree requires the description of the main risks, generated and/or suffered, of the policies carried out by the company, of the related performance indicators and of the company management and organization model.

This Declaration is aimed at ensuring an understanding of the activities of the company, its performance, its results and the impact it produces with reference to the year 2018.

Compliance and anti-corruption

Promotion of compliance and commitment in the anti-corruption and bribery through policies, procedures and mechanisms for reporting potential irregularities or illegal behaviour.

Tabella 1: Ambiti del Decreto, tematiche e corrispondenza con gli standard GRI

The material themes of the Trevi Group

B Environmental features

Energy and climate change emissions

Commitment to contain energy consumption and emissions deriving from the various activities of the business.

Waste management

Attention to the correct management of the waste produced by the Group, at the registered, operational and construction sites *(if managed as a General Contractor).*

Water consumption management

Commitment to contain the Group's water consumption at the registered, operational and construction sites (if managed as a General Contractor).

Protection of biodiversity

Group's commitment to protect biodiversity and ecosystems near company operations.

C Aspects related to personnel management

Maintenance of employment levels

Personnel management according to a worker protection approach, regulatory compliance and dialogue with the social partners.

Training and development

Commitment to develop and train employees to improve their technical and managerial skills.

Diversity and equal opportunities

Group's commitment to guarantee the same opportunities for all workers, in terms of remuneration and contractual treatment, based purely on criteria such as meritocracy and skills.

Occupational health and safety

Health and safety promotion for all resources that take part, directly or indirectly, in the Group's activities with an approach aimed at continuously improving and risk mitigation.

D Social aspects

Impact on local communities

Commitment with local communities in managing the impact deriving from the Group's activities and promotion of development programs.

E Protection of Human Rights

Supply chain management

Group's control of its supply chain, ensuring product quality and respect for ethical principles.

Protection of Human Rights

Commitment to ensure suitable working practices and conditions aimed at guaranteeing the protection of human rights by the Group and its suppliers.

The Trevi Group today

The Trevi Group was founded in Cesena in 1957 and since then it has been one of the most successful and technologically advanced international companies in the foundation engineering sector.

Thanks to the many acquisitions that have taken place over the years, today the Group is formed by 85 subsidiary companies and is present in over 45 countries.

Over the years, the Trevi Group has contributed to the construction of many remarkable works worldwide: among these we mention the Ertan Dam in China, the consolidation of the Tower of Pisa, the construction of the new Library of Alexandria in Egypt, the foundations of Ponte Vasco da Gama on the Tagus River in Portugal, the foundation works of the new World Trade Center in New York, the consolidation of the New Orleans LPV-111 embankment destroyed by Hurricane Katrina, the recovery of the Costa Concordia and the safety works for the Mosul dam in Iraq.

After more than 60 years, we are currently facing more and more complex challenges, both from a technological and environmental point of view, challenges that Group tackles with the awareness and experience gained over time.
The know-how developed over the years is the result of constant technological research and dialogue between the companies of the Group and is the result of the determination of the people who are part of the company: a team spread all over the world but united by common principles, identities and passions.
We are the result of a long journey in which the objectives achieved are nothing but new starting points for continuing to innovate and grow, humanly and professionally.

This is the essence of our Group.

1957

Viene fondata l'Impresa Palificazioni Trevisani, Geom. Davide.

Davide Trevisani decides to set up the "Impresa Palificazioni TREVISANI Geom. DAVIDE" in Cesena, a point of reference in terms of technology in the world of underground engineering.

1962

First equipment for driven piles (Franki type).

1967

The first three-roll RT3 rotary is produced. Nigeria: the first great international work.

1969

Establishment of Soilmec.

1971

Bridges on the Paranà River in Argentina: for the first time a company executes piles in the water to a depth of 74 meters.

1976

The acquisition of the works for the new docks of the port of Bandar Abbas in Iran marks another major technological challenge for the Group.

1981

The extremely complex project for the construction of the Khao-Laem dam in Thailand represents another milestone in the history and growth of the Group.

2008 Wolf Creek dam rehabilitation works assigned by the US Army Corps of Engineers, United States.

2007 Foundations at Ground Zero for the new World Trade Center, NY city, United States.

2005 Trevi acquires the company Ing. Giovanni Rodio S.p.A.

2004 Drillmec is born.

2018 Chacao bridge, Chile
The Ministry of Public Works of Chile has approved the final project of what will be the longest suspension bridge in South America. Trevi will deal with poles in water 2500 mm in diameter at a depth of over 50 meters.

Frankfurt, Germany
Preparatory work begins for the construction of the “FOUR Frankfurt” yard in the center of Frankfurt.
Trevi Geotechnik (subsidiary of the Trevi Group) is involved in special foundation operations.

2017 Foundation for Meydan One Mall and in particular for the longest indoor ski slope in the world (Expo 2020) ..

2016 Securing the Mosul Dam, Iraq.

1995 The consolidation work begins on a masterpiece of Italian art famous throughout the world: the Tower of Pisa.

1997 Trevi acquires I.C.O.S. Boston, a historic company leader in the work of special foundations in the North American market.

1999 Constitution of Petreven.

The Trevi Group holding company, “TREVI-Finanziaria Industriale S.p.A.”, is listed on the Milan Stock Exchange.

Acquisition of SWISSBORING, a company operating in the Arabian Gulf area since 1973.

2010 Trevi at work to consolidate the embankments in New Orleans after Hurricane Katrina, an intervention that has made it possible to strengthen collaboration with the American Corps of Engineers.

2011 Trevi wins the works for the construction of the new Copenhagen Metro.

2012 Recovery project of the Costa Concordia.

The Trevi Group today

Operating divisions and business sectors

The Group operates through four Divisions under the strategic guidance and coordination of TREVI-Finanziaria Industriale S.p.A. (TreviFin), the holding company that has been listed on the Italian Stock Exchange since 1999, with registered office in Via Larga, 201, Cesena.
The four Divisions operate at different levels of the value chain and according to distinctive operating models that provide for an integration in terms of know-how between engineering services - developed by Trevi and Petreven - and the design and production of Soilmec and Drillmec rigs: a continuous exchange of knowledge in order to work in a coordinated and efficient manner.

The Trevi Group is active in the **Construction & Infrastructure sector**, through Trevi and Soilmec, and deals with specialized services in deep foundations and geotechnical works for civil and infrastructural works, as well as mechanical engineering activities for the design, production and assembly of machinery and equipment used for special foundation works and geotechnical works.

In the **Oil & Gas*** sector, through the Petreven and Drillmec Divisions, the Group manufactures and assembles machinery and equipment used for hydrocarbon research and drilling, conducts water research and offers drilling services for oil and gas extraction.

Trevi and Petreven mainly operate as sub-contractors on behalf of public and private clients, after having performed the feasibility assessment, the authorization process and having obtained the authorisations for the construction of works and infrastructures. In most cases, therefore, the two Divisions take on purely executive roles and actions such as the procurement of materials, the management of construction sites and their impacts, also with regard to aspects such as waste, the purchase of energy and the relations with local communities, since said activities are managed directly by the General Contractor, responsible for the execution of the work as a whole.

Drillmec and Soilmec share an operational model that starts with the design, continues with the procurement of materials, mainly finished products (such as

* On 4 December 2018, the Board of Directors of Company's resolved to accept the binding offer presented by Megha Engineering & Infrastructures Ltd. ("Meil Group") for the acquisition of the Group companies related to the Oil & Gas sector

engines, electronic parts, hydraulic systems, metal structures, semi-finished products, etc.) and culminates in the production, or a set of component assembly activities and small carpentry, which is characterized by a strong focus on quality and safety for the end user.

The design phase of the machinery and systems, carried out by a research and development team, works to respond in a targeted manner to the needs of the various customers - including Trevi and Petreven in particular - to facilitate the carrying out of the subsequent phases and to guarantee its correct progress.

Both Divisions deal with the distribution and sale of the devices through their commercial branches in Italy and abroad and, in addition, they offer rental services, scheduled and extraordinary maintenance and training on the use of the rigs.

In most cases the disposal of the equipment at the end of its life and fully amortized does not fall within the scope of responsibility of the Group companies; in fact, for such machinery there are lists of divestment, which provide for their sale to third parties.

Consolidations for the new line C of the Rome Metro - Italy

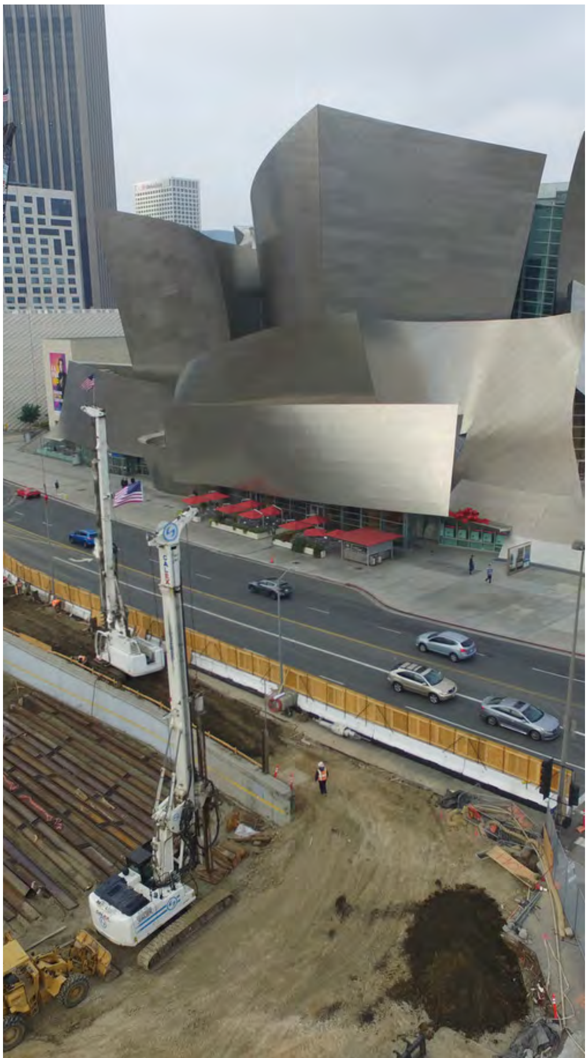
The Divisions active in the Construction & Infrastructure sector

TREVI

It carries out special foundation and soil consolidation works for major infrastructural interventions (metros, dams, ports and docks, bridges, railway lines and highways, industrial and civil buildings), secures polluted sites, builds and manages underground and automated car parks. Thanks to the innovation and quality of execution of its services, Trevi is acknowledged as a technological partner of reference in the field of foundation engineering works worldwide.

soilmec
Drilling and Foundation Equipment

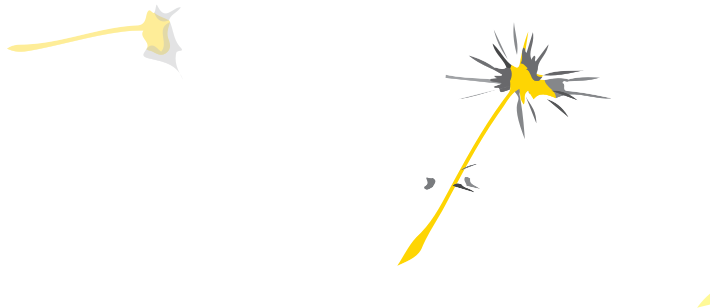
It is among the leaders in the design, production and marketing of equipment and services for special foundations works and land consolidation. Soilmec offers a wide and customizable range of systems and support equipment suitable to meet any operational and construction needs.



The Divisions active in the Oil & Gas sector

It deals with the design and production of drilling systems for the oil industry and the geothermal sector, managing the production of complete systems and relevant equipment.
Automated hydraulic systems ensure high levels of performance, safety and limited environmental impact. Drillmec rigs are used for both onshore and offshore drilling. The main benefit that Drillmec offers is the innovation that allows steady improvement of the quality, safety and sustainability of the services offered.

It specialises in drilling services for oil companies that work in the Oil & Gas sector. Thanks to the skills and know-how offered by its technicians and to the use of automated hydraulic systems (produced by Drillmec), Petreven is able to provide high performance even in complex drilling situations and to guarantee competitive results to its customers, in terms of environmental impact and safety.



The Trevi Group today

Corporate governance

The Holding TREVI - Finanziaria Industriale S.p.A. (TreviFin) is organized according to the traditional administration and control model referred to in Articles 2380-bis and following of the Italian Civil Code.

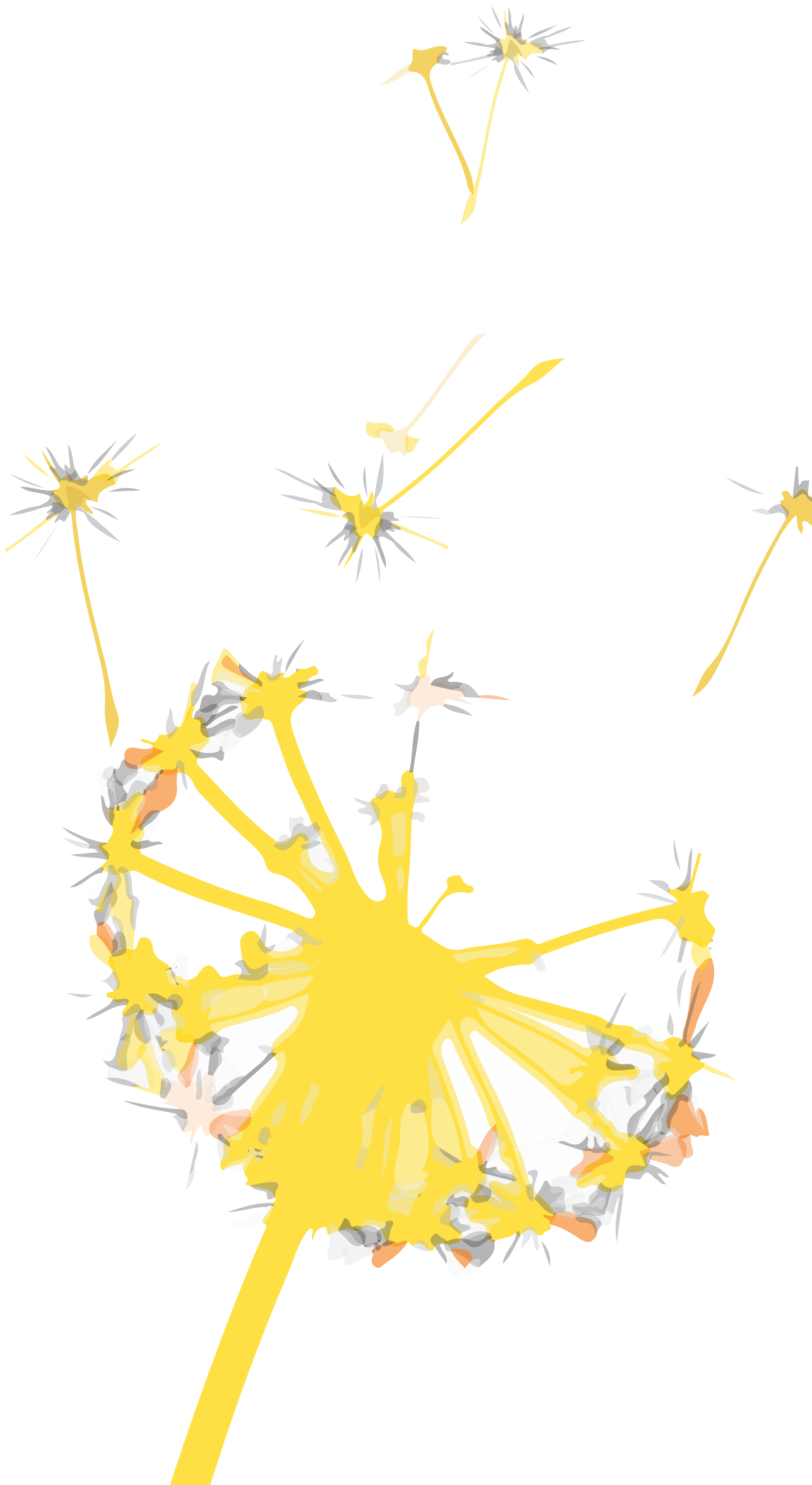
The governance system adopted is in line with the criteria and application principles formulated by the Borsa Italiana Corporate Governance Code for listed companies. The Board of Directors (BoD) plays a central role in guiding and managing the Group, making the most important economic and strategic decisions. On 31 December 2018, the Company set up an Appointment and Remuneration Committee, the Control and Risks Committee and, as of the 2010 financial year, following the approval of the first procedure related party transactions, the Company established a Related Parties Committee, not provided for in the Corporate Governance Code; each committee consists of Directors who are all non-executive and independent.

The Board of Statutory Auditors oversees compliance with the law, the bylaws and with the principles of proper administration, and, in particular, it monitors the adequacy of the organizational, administrative and accounting structure adopted by the company and its operation.

The statutory audit of the annual and consolidated financial statements is entrusted to the auditing company KPMG SpA, pursuant to the Italian Legislative Decree No. 39/2010 for the nine-year period 2017-2025.

The Shareholders' Meeting represents the universality of the Shareholders of TREVI - Finanziaria Industriale S.p.A., and its functioning is governed by the Italian legislation in force and by the Articles of Association.

At 31/12/2018, the Group's Board of Directors is composed of 11 members, including 4 independent directors.



Davide **Trevisani** Director and Chairman of the Board of Directors	Gianluigi **Trevisani** Director and Executive Vice President of the Board of Directors	Cesare **Trevisani** Director and Vice President of the Board of Directors	Stefano **Trevisani** Director and Managing Director
Simone **Trevisani** Executive Director	Sergio **Iasi** Director and Managing Director	Marta **Dassù** Non-executive and independent director	
Cristina **Finocchi Manhe** Non-executive and independent director	Guido **Rivolta** Non-executive Director	Umberto **Della Sala** Non-executive and independent director	Rita **Rolli** Non-executive and independent director

Table 1: Composition of the Board of Directors of TREVI - Finanziaria Industriale S.p.A.

The average age of the directors in office at the date of this Statement is 61 years, with 2 directors in the age group 30-50 years and 9 in the age group over 50 years. Women represented 33% of the members of the Board of Directors until the resignation of Ms. Monica Mondardini on 20 December 2018.

Activities are currently underway to determine the profile of the director who will replace Ms Mondardini. In the context of these activities, the regulatory prescriptions on the individual requirements of the directors of the listed companies will be taken into account, as well as those relating to the so-called gender quotas.

The Trevi Group today
Risk management

The Risk Management Function - set up by Trevi Finanziaria Industriale S.p.A. in the second half of 2016 - aims at guaranteeing an organic and effective management of the main business risks that may have an impact on the objectives of the Trevi Group. In recent years, in particular, this function has launched a project to define, structure and develop risk management activities, achieving some of the planned objectives in 2018.

The Risk Management Function operates on three different levels, depending on the specificities of the Divisions.

1. **Project**
The Project Risk Management intends to identify and manage risks with potential impact on the objectives of the specific project or contract.
The Project Risk Management (PRM) conceived for the application both in the Commercial phase of the definition of the opportunity and in the Phase of Execution of the projects, is composed - in compliance with the peculiarities of the business - of methodologies and instruments that are homogeneous among the Divisions.
The proposed approach consists of a bottom-up and qualitative-quantitative risk analysis, developed for the single Divisions on the basis of the project's operational objectives and on possible cross-cutting themes at the project portfolio level and also at the level of the single Legal Entity.
Activities will be continuous based on the commercial and operational timing of the projects/orders.

In 2018, the PRM (Project Risk Management) procedure of Trevi and Drillmec Divisions was issued with a radical adaptation of the approval thresholds and the consequent expansion of the scope of application. Furthermore, during the year, the Tagetik information system for the project risk management was defined and implemented at Corporate level, ensuring the necessary alignment with the structure of the Group Companies and with the trend of the multiple currencies used. The integration with the Treasury Functions - and, from next year, with that of the Consolidated Financial Statements - ensures the essential homogeneity of the data, the consistency of the instruments used, the strengthening of the processes and their wider diffusion in all the companies that make up the Group.

Foundation works for the Pedemontana - Italy motorway

2. **Process**
The Enterprise Risk Management intends to identify and manage transversal risks (Enterprise) with potential impact on Division and Group objectives and on guaranteeing products and services of value to Customers.
The proposed approach consists in a bottom-up and qualitative-quantitative risk analysis, developed for each Division, based on operational and strategic objectives. Activities take place once a year or based on the timing of the definition of the Business Plan. In 2018, the Enterprise Risk Analysis was updated for the Drillmec Division and set for the Trevi Division, involving the heads of the main Functions and the first reports of the CEO.

3. **Strategic Plan**
Finally, the Risk Management Function identifies and quantitatively evaluates the Top Risks with a potential impact on the EBIT envisaged by the Business Plan. With a top-down approach, that directly involves the Top Management of all four Group Divisions.

The activities take place once a year or based on the timing of the definition of the Business Plan. During the 2019 financial year, the Trevi Group aims at:

- defining and implementing the Project Risk Management process in the Soilmec Division, managing it within the Tagetik information system;
- carrying on the Management Risk process that has been recently implemented, according to an Enterprise approach that includes under a single responsibility the tasks aimed at planning, controlling and managing the risks of the Group. The Risk Manager will be actively involved in the business process (planning, selection and management of risks) in order to ensure a general consistency between the goals set and the results achieved.
- strengthening the Function to maximize the tools implemented and ensuring that the reporting supports both the strategic and operational decisions of the Trevi Group.

Finally, it should be noted that Trevi-Finanziaria Industriale Spa, as well as the main companies of the Group, have been in a situation of financial and equity tension for a long time, such as to involve significant uncertainties with regard to the company continuity. For more information, see page 44

The Trevi Group today

Innovation and quality for the customer

Technological innovation is a central element in the way all divisions operate which - through their own research centres and technical offices - are able to meet, and in some cases to anticipate, the specific needs of the customers.

Thanks to its know-how, over the years, the Group has in fact participated in some of the most ambitious and innovative projects in the Construction & Foundations and in the Oil & Gas sectors, contributing to the execution of works that have made the history of engineering and created social and environmental value all over the world.

Innovation Award

Since 2008, the Trevi Group has established the **Innovation Award** in which the Trevi and Soilmec Divisions participate. Each employee or work team can present an innovative idea and the Evaluation Committee - inside the Group - rewards all those initiatives that are characterized by their innovative scope, technical feasibility and added value for the company and for the sector as a whole. The Innovation Award also makes it possible to enhance and capitalize on the innovative solutions and best practices used to meet the specific needs that arise from operations at construction sites.

In 2018, Group employees suggested 26 innovative ideas, 11 of which were awarded.

Among the winning projects, we point out a mast disassembly kit for heavy machines developed by Soilmec to optimize transport times, with consequent economic benefits, as well as a new cleaning system for the teeth of the hydromill drums.

The continuous commitment of the Group in research and development is confirmed by the patents covering the various technological innovations: active patents are almost one hundred as at 2018.

Quality

Quality, understood as the safety and reliability of the product, is also an essential element of the Group approach and is managed through specific operational bodies and guidelines. Twelve companies are in fact certified in accordance with the latest version of the international standard for the development of ISO 9001:2015 quality management models, in particular all the subsidiaries of Petreven, Trevi SpA, Soilmec SpA, PSM SpA, Soilmec Foundations, Drillmec SpA and OJSC Seismotekhnika in Belarus. Drillmec Inc. (USA) is certified with the API 4F equivalent, which establishes the quality requirements for the steel structures suitable for drilling and well construction in the oil industry.

internationally relevant projects

In 2018, Trevi participated in three internationally relevant projects, two of which were part of the European Framework Program for Research and Innovation **Horizon 2020**, and one within the European program **LIFE 2014-2020** for the environment and climate action.

As part of the Horizon 2020 program, LIQUEFACT is a project - carried out in collaboration with 11 partners, including many universities - aimed at reducing the risk of soil liquefaction in seismic areas, which, under particular soil conditions, could cause buildings and infrastructure to significantly collapse.

TTMJ test field

In 2018, Trevi made its skills available to develop a test field where it is possible to test some innovative technologies developed in collaboration with universities and partner companies.

The TTMJ (Tension Track Milled Joint) Project, on the other hand, had the objective of developing, validating and marketing a new type of diaphragm wall joint capable of ensuring structural continuity and significantly increasing the reliability of the hydraulic seal of the excavation walls of wells and underground stations under the water table. Trevi, namely the project coordinator, designed and built the prototype of the equipment to make this joint and made its test field available for tests and simulations.

Finally, as part of the LIFE15 - MARINA PLAN Project, Trevi has contributed to the development of an innovative and sustainable technology for managing the seabed of small ports. It could revolutionize the way ports are managed, avoiding sedimentation at the entrance of the port, by using devices capable of sucking up the sediments and moving them away to areas that are not an obstacle to navigation.

Control unit _ Experimentation Port of Cervia, Italy

Besides participating in these projects, aimed at the development of new technologies/equipment, the research, support, optimization and adaptation of the technologies already in use continued, in relation to current activities and the new construction sites acquired. Work was also carried out on the transfer of already known skills and technologies to foreign branches where these processes had never been applied before.

With regard to the testing of technologies for soil consolidation - which may represent new fields of intervention for various Group companies - the soil consolidation test fields in some areas of Rome were completed – namely, under the Aurelian Walls and at the Colosseum – where the technique of directional drilling was applied in order to obtain high precision drilling and ensure the work quality.

Trade Associations

Finally, the active participation in international working groups and committees is worth mentioning, such as the European Federation of Foundation Constructors and the Deep Foundation Institute, for the drafting of the European Injection and Jet Grouting Standards, as well as for the revision of the Guidelines for the Casting of Deep Foundations with the Tremie Pipe.

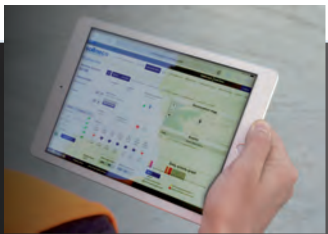
Drillmec, innovative solutions

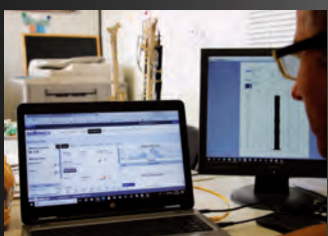
The development of innovative solutions is a distinctive aspect also for the **Drillmec Division** that, since 2013, has set up a specific R&D team alongside the Technical Office.

With the aim of being increasingly competitive on the market, Drillmec aims at increasing the offer of solutions in the field of MPD (Managed Pressure Drilling) technologies, in order to improve HSE standards and performance in the drilling of critical wells, that is, wells with high pressures and temperatures and in deep water drilling activities. Today, with the HoD - Heart of Drilling Project, Drillmec is a leader in the continuous circulation drilling technology. This technique is a variant of the MPD techniques that allows managing the pressure at the bottom of the well in a natural way, and, at the same time, to ensure the perfect cleaning and stability of the hole, keeping the circulation of drilling fluids constant even during rod changing manoeuvres. Drillmec combines the continuous circulation technology with an innovative technique for the identification, in real time, of potential inputs of formation fluids in the well (kick) and mud losses generated by fractures in the well.
To date, the combination of the two technologies is a state-of-the-art open circuit pressure management package (open loop - MPD), which can be easily integrated into any system in operation, on land and at sea, capable of bringing substantial benefits in terms of operational performance and reduction of non-productive times.

To meet the specific needs that emerged in local contexts, in 2018 Drillmec also developed an innovative plant for the American Oil & Gas market. The Striker Rig has a compact and slim design, and allows drilling on clusters, thus managing to drill more wells at the same time in the same area.

Finally, 2018 also saw the development of the Drilling





Mate System (DMS) 4.0, i.e., an electronic system developed by Drillmec, which allows the operator to check all the functions of the rig and all the parameters relating to the activity on site by using a touch screen in the cabin. The innovative aspect of 4.0 is related to the iCloud technology that characterizes the system. All collected data, such as temperature, depth reached and the quantity and temperature of the oil, once analysed by the DMS, can be transferred in real time to a remote control centre. The processing of these data, and the subsequent statistics, allow the technicians and the research and development units solving the problems that could arise on the site and to design special improvements to the rigs. At the same time, the iCloud technology allows the customer to monitor the activity on site, hence offering the possibility to customize the DMS with the most interesting data and information.

Drillmec, innovative solutions

Among the main innovative solutions of **Soilmec** - which benefit from the Drilling Mate System, there are the SR-75, the SC-130 and the SC-135. The SR-75 hydraulic drilling rig is designed to be configured for different drilling technologies. The use of resistant steel and innovative materials allows the rig to be light and to have higher performance, while the particular layout of the electrical connections makes it possible to optimize maintenance operations. The SC-130 is a multifunctional and innovative rig suitable for a wide range of construction sites, being able to be equipped with different attachments to perform both piles and diaphragm walls, with higher levels of performance in challenging soil and depth conditions. Furthermore, the new model of cab (H-Cab) developed in 2018, aims to further increase safety and quality of work, guaranteeing workers better visibility, comfort and efficiency. The SC-135 rig is dedicated to the "hydro-power" technology and is designed with a double hydraulic system, one for the basic machine and one for the milling module that works in the presence of mud. The separation of the systems avoids the downtime because the hydraulic oil is not contaminated by the mud.

Considering the sound impact related to drilling activities in urban environments, Soilmec worked on reducing the noise of their equipment.

Soilmec SR-75 drilling rig equipped with DMS in action in the very center of Vienna for the "Trienna" project - Austria

Petreven, innovative solutions

Among the main projects of the **Petreven Division**, we mention the one for Enel, concluded in 2018, that covered the construction of wells to power the Cerro Pabellon geothermal power plant in the Atacama Desert, Chile.

Petreven's challenge was to operate at an altitude of about 4,500 meters above sea level - the first ever built for a plant of this type - with the use of a hydraulic technique.

Compliance and anti-corruption

Risks and policies

Since the Trevi Group works at international level with a multitude of public and private entities, it is exposed to a number of risks in terms of compliance, including the commission of active and passive crimes. These risks are mainly related to the possibility of an inadequate selection of business partners, ineffective definition and management of partnership and joint venture models, infringement of intellectual property of third parties, non-compliance with Group policies, procedures and standards. The occurrence of these risks can result in penalties, loss of profit and opportunities for developing trade relations, damage to image and ability to maintain competitiveness.
In this context, the Code of Ethics is the document that, since 2011, has been outlining the commitments and responsibilities in the conduct of business and business activities undertaken by TreviFin collaborators, directors, employees, and its subsidiaries, directly or indirectly.

The Code identifies the general principles that inspire relationships with stakeholders and reference values - legality, morality, dignity, equality and professionalism - clarifying the methods for managing relations with stakeholders and providing guidelines and rules to which Group collaborators are required to comply with to prevent the risk of unethical behaviour. In general, it identifies the implementation and control mechanisms for the compliance with its provisions and its continuous improvement. The document, published on the Internet website of the Parent Company (www.trevifin.com) and of the Divisions is delivered to all new employees together with the Organization, Management and Control Model pursuant to Legislative Decree 8 June 2001, No. 231 (Model 231).

Management model, initiatives and key numbers 2018

As already highlighted in the previous chapters, the Code of Ethics is an integral part of Model 231 adopted by Trevifin Spa and its Italian divisional subsidiaries, in order to prevent the commission of the crimes that fall within its reference perimeter. The Model, approved in 2011, provides a structured system of control activities for the prevention of crimes concerning the liability of legal persons, including active and passive corruption. At the end of 2018, the Model was updated with reference to the General Part while the review of the Special Part for Trevifin and all the Italian divisional subsidiaries was in the approval phase.

Employees are required to observe the protocols and principles contained in the Model and the companies are called upon to ensure their correct disclosure within and outside their organization. These principles also concern those subjects who, although not holding the formal qualification as an employee, operate - even occasionally - for the achievement of the Company's objectives by virtue of contractual relationships.
The communication and training activity is therefore diversified according to the target audience, with particular attention to employees working in specific areas of risk, the Supervisory Body and those in charge of internal control. In any case, the Model is based on principles of completeness, clarity, accessibility and continuity in order to ensure that the various recipients are fully aware of the company regulations they are required to comply with and the ethical rules that must inspire their behaviour.

To promote the supervision and culture of legality across the board, at the beginning of 2018 a new Group Compliance Officer was appointed who chairs the Compliance Function, established in July 2017. Among the objectives of the new function is the publication of a policy (compliance framework) applicable to all companies and compliant with the laws and standards in force in the various countries. The guiding principle of the framework is continuous improvement, based on the internal control system. The policy is currently being approved and will allow the definition of a first organizational structure of the Function through the appointment of at least four Division Heads for Compliance issues.

At the end of 2018, the project on the implementation of a bribery & corruption system was in the approval phase; therefore, the verification of these aspects is carried out during the audit activities related to the 231 Model.

Moreover, in 2018, the new sanctions of the American administration came into force that strengthen the restrictive measures on export control (see in particular the "dual use" aspects and those on "restrictions and sanctions"). The Compliance Function presented a feasibility plan for the definition of an export control system to be implemented in 2019 that is currently in the approval phase. In these terms, the policy (framework) of the department, presented in 2018, was updated to include this topic among the activities of direct management of the Group Compliance Function.

In 2018, no reports were received from the Compliance Function regarding bribery & corruption.

Furthermore, in 2018, the Trevi Group did not register any sanctions in the environmental sphere.

Mitigation of environmental impacts

Risks and policies

The main environmental risk related to the Group's activity - a result that is scarcely likely but with a high potential impact - is related to the drilling and foundation activities. Trevi and Petreven are the divisions most affected by this type of risk: in order to reduce the risk of causing negative impacts on the environment in areas of high biodiversity, in addition to the environmental impact assessment carried out by the General Contractor, both divisions undertake to carry out specific analyses at the start of each job order. Furthermore, whenever their activities are in areas of high biodiversity or protected areas, specific mitigation plans are developed for the contexts in which the divisions operate.

Other environmental impacts are attributable to energy consumption and consequent climate-changing emissions, as well as water consumption at the plants and offices of the Soilmec and Drillmec divisions and - to a lesser extent - the offices of the Trevi and Petreven divisions. No significant risks related to other emissions harmful to the environment are identified, nor is water consumption at construction sites significant.

As regards offices and factories, the main risks relate to the correct disposal of waste, regulated by the Group companies through the procedures established by the existing Environmental Management Systems. Special attention is paid to the procedures for the classification, collection and storage of hazardous wastes, including the control of suppliers who deal with their disposal.

Waste management was material only for the offices and facilities of the Soilmec and Drillmec divisions, and for the offices of Trevi Spa. Given the Group's attention to environmental impacts, the data on waste management are however monitored and included in the reporting also for the Trevi job orders that are active in the year of reference on the Italian territory.

Finally, with particular reference to the Drillmec and Petreven divisions, there is a risk related to the spillage of liquids and hydraulic oils contained in the machinery produced and used. To minimize the risk of spillage, the Group has equipped itself with specific equipment and procedures in the various divisions of reference, including the management of emergencies. In particular, Petreven has an anti-spill procedure; the topic is dealt within the Environmental Action Plan of Trevi, Drillmec and Soilmec and it is managed and monitored through the Environmental Management Systems.

As indicated in the Code of Ethics, the Group is committed both to mitigating the main environmental impacts of company activities and to contributing to the environmental protection and safeguarding resources through investments in research and development on products and services. Whereas there are Environmental Management Systems certified in accordance with ISO 14001, there are also specific environmental policies aimed at promoting respect for the environment and the efficient and sustainable use of natural resources in the planning of company activities

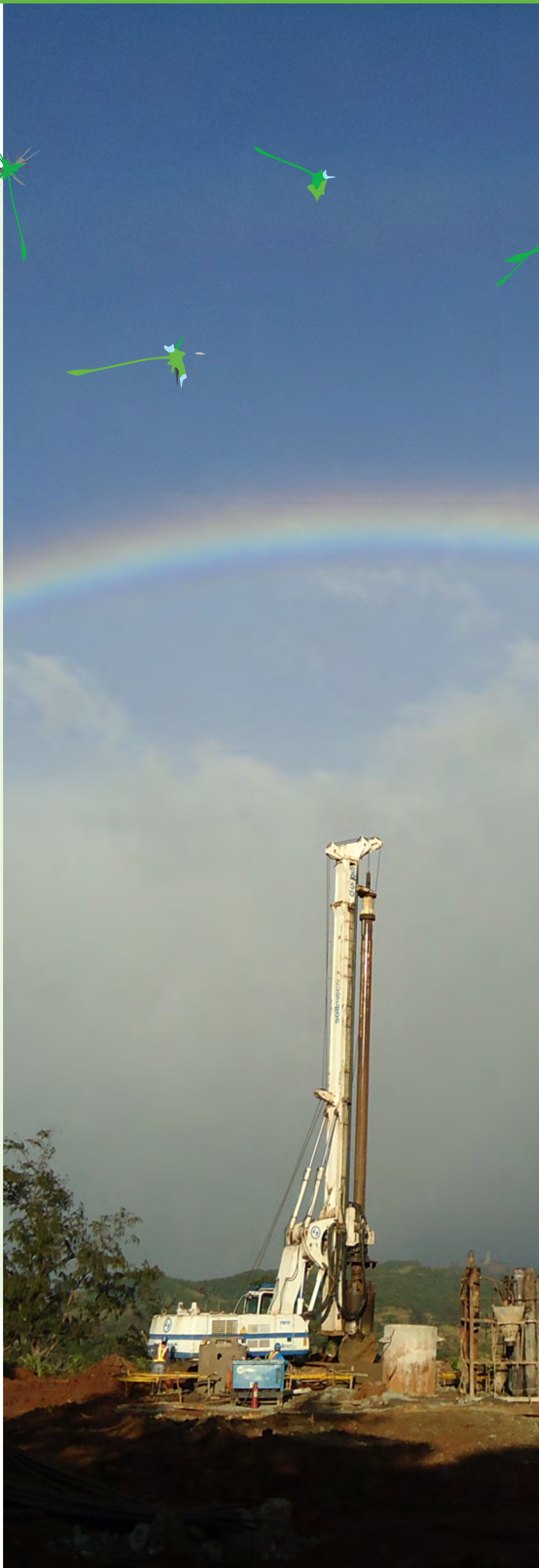
Spill prevention

The risk of spills can occur mainly during the rig-testing phase and during their use on site.

In the first case, in order to minimize beforehand the possibility of leaks, the aforementioned procedures provide for the flooring of the testing area, in order to contain the impacts by collecting the leaking oils, which can then be disposed of as hazardous waste according to the procedures established by the existing Environmental Management System.

In the second case, the area surrounding the rig is waterproofed during the drilling phases: the procedure requires that oils are collected in suitable grease-separators and conveyed to a purifier to be then disposed according to the procedures envisaged by the job site Contractor. To limit the damage caused by minor spills in relation to the Soilmec rigs, a spill-kit for the collection of oils and the cleaning of the affected area by employees was also prepared, being the staff especially trained on the procedures to be followed.

Furthermore, at the design stage, all Soilmec and Drillmec rigs are equipped with oversized containment basins to retain oil in the event of leaks.



Foundation works for wind farm, Philippines.

Management Model

Aware of the potential negative impacts and environmental risks of its activities, the Group has always placed environmental protection at the top of its priorities, devoting great attention to acting in compliance with the current environmental regulations, considering the risk linked to the international nature of the Group business.

The Group monitors and implements initiatives to mitigate its environmental impact through a health, safety and environmental function present in all divisions and companies of the Group, excluding minor commercial companies. Some Group companies also have specific management systems - and related formalized policies - as shown below.

Trevi

Trevi S.p.A. has obtained the ISO 14001 certification, which covers the Legal and Operative offices of Cesena.
Furthermore, the Division implemented an Environmental Action Plan (EAP): a policy aimed at minimizing the impact of all its subsidiaries on the environment, ensuring their respect for the environmental compliance in all the activities they perform, in accordance with the laws in force at national and international level and with the customer's requests. The EAP describes the management processes of environmental risk, monitoring and reporting at job order level. For each area of potential impact, the EAP describes the major risks identified, the necessary requirements and the mitigation measures envisaged by the Environmental Management System, the prevention procedures undertaken and the emergency plans.

Since 2014, Trevi has acquired an innovative software that shows how many tons of CO2 equivalent the division produces; it was developed in collaboration with EFFC (European Federation of Foundation Contractors) and the sustainability committee of DFI (Deep Foundation Institute). Given the experience acquired, Trevi can meet the specific needs of customers and other stakeholders in terms of reporting emissions, making it more competitive on the market and in tenders where this type of information and knowledge is required.

Petreven

All companies of the Division have obtained the ISO 14001 certification. Therefore, the following companies are covered by the certification: the Legal and Management offices of Cesena, the operational

Securing landfills in Manfredonia (FG), Italy headquarters and the main offices of the companies abroad (Petreven SA - Argentina, Petreven Chile SpA, Petreven Peru SA, Petreven Servicios and Perforaciones Petroleras CA Sucursal Venezuela).

Drillmec

Drillmec S.p.A. and OJSC Seismotekhnika have obtained the ISO 14001 certification, while Drillmec Inc. is not currently certified environmentally speaking. All other Drillmec subsidiaries are small commercial companies with limited environmental impacts.

Soilmec

In Italy, Soilmec S.P.A. has obtained the ISO 14001 certification; Soilmec UK has implemented a section dedicated to environmental management within its HSE policy; Soilmec Foundations (India) does not have an environmental policy, but complies with the national regulations issued by the governing body in charge; Watson Inc. (USA), in collaboration with external consultants, monitors monthly that the activities carried out comply with the current legislation. All other Soilmec subsidiaries are small commercial companies with limited environmental impacts.

Some Group companies (Trevi SpA and Soilmec SpA) also have an annual internal audit plan, aimed at monitoring their compliance with environmental and safety issues.

Mitigation of environmental impacts

Initiatives and key numbers 2018

The Group's energy consumption for the year 2018 amounted to 1,329,346 GJ, of which 88.9% deriving from diesel consumption, 6.9% from electricity consumption and 2.7% from the consumption of natural gas. The high diesel consumption is justified by the use of drilling rigs and generators for the production of electricity in the construction sites not connected to the national network. This consumption item is monitored, optimized and reported even if not directly attributable to the Group.
About 7.5% of the energy consumption is, instead, due to a consumption of electricity and heat coming from the national distribution network. There is also a share of consumption (0.3%) due to energy from self-produced renewable sources coming entirely from the photovoltaic and geothermal systems of Cesena. 4.3% of the energy produced by the photovoltaic plants was sold in the GSE exchange account.

	2017	2018
Total energy consumption (GJ)	**1.161.015**	**1.327.827**
Total direct energy consumption, of which:	**1.043.777**	**1.223.188**
- Diesel	1.006.057	1.181.801
- Natural Gas	34.026	35.379
- LPG	304	378
- Petrol	3.390	5.630
Total indirect energy consumption, of which:	**113.303**	**100.394**
- Electricity absorbed by the network of which	106.830	90.608
from a renewable source	502	563
- Thermal energy	5.971	9.224
Total renewable energy that is self-produced and consumed	**3.934**	**4.070**
Self-produced renewable energy that is sold	**212**	**175**

Table 2: Energy consumptions
Data of Trevi Foundation Construction, Trevi Fondations Specialies SAS, Trevi Canada and Petreven Chile are not available.

The emissions of the Group's activities are calculated, in terms of tonnes of CO2 equivalent, by reporting direct and indirect emissions:
- direct emissions (Goal 1): deriving from the operation of the plants and rigs owned or managed by the Group, for example the rigs used in job contracts that are powered by diesel fuel; - indirect emissions (Goal 2): deriving from the energy consumption of all sites owned or managed by the Group connected to the local electricity network, net of production and supplied from renewable source plants (photovoltaic and geothermal plants).
Consistently with the energy consumption described in the previous paragraph, emissions related to the use of fossil fuels are mainly derived from the use of diesel.

Total emissions [tons CO_2]

Total emissions	2017	2018
Total direct emissions (Goal 1), of which:	**76.001**	**89.377**
- Diesel	73.931	86.960
- Natural Gas	1.812	1.979
- LPG	20	25
- Petrol	238	413
Total indirect emissions (Goal 2), of which:	**13.438**	**11.192**
- Electric Power	13.438	11.192

Table 3: Direct and indirect emissions
With regard to the reporting scope, please refer to Table 2.

Table 4 and Table 5 show the total weight of wastes, respectively hazardous and non-hazardous waste, produced by the Group in 2017 and 2018, broken down by disposal methods.

Hazardous waste produced [tons]	**2017**	**2018**
Hazardous waste produced, of which:	**207**	**265**
- Sent for re-use	34	100
- Sent to recycling	16	26
- Sent to composting	-	14
- Sent to recovery, including energetic recovery	63	8
- Disposed of in landfills	61	56
- Sent to a temporary warehousing	0.3	38
- Other	33	23

Table 4: hazardous waste produced in 2018.
Data of Trevi Foundation Kuwait, Trevi Foundation Nigeria, Trevi Foundation Philippines, Trevi Galante Sa, Trevi ICP CORP., Trevi ICOS South, Trevi Insaat, Trevi Algeria, Trevi Cimentaciones Venezuela, Pilotes Trevi, Trevi Foundation Construction, Swissboring Gulf, Arabian Soil Contractors, Trevi Hong Kong, Trevi Austria, Trevi Canada, Trevi Chile SpA, Mosul Dam Project and Trevi Fondations Speciales SAS and the entire Petreven division are not available.

Non-hazardous waste produced [tons]	**2017**	**2018**
Non-hazardous waste produced, of which:	**1.135**	**1.425**
- Sent for re-use	4	11
- Sent to recycling	381	754
- Sent to recovery, including energetic recovery	508	362
- Disposed of in landfills	232	251
- Sent to a temporary warehousing	0,04	15
- Other	10	32

Table 5: non-hazardous waste produced in 2018.
With regard to the reporting scope, please refer to Table 4.

The Group's hazardous waste production was equal to 207 tons in 2017 and 265 tons in 2018. This increase (+ 28%) is mainly linked to the increase in the wastes sent for re-use, recycling and to temporary storage. A similar trend is also observed in the production of non-hazardous waste (+ 25.6%), which shows an increase from 2017 to 2018, rising from 1,135 tons to 1,426 tons.

Water consumption saw a decrease of around 0.9% between 2017 and 2018, due to the reduced use of aqueduct water. Consumption of groundwater and wastewater attributable to Soilmec India remain stable, since the company recovers and makes this resource drinkable. The urban drainage of rainwater is not reported in 2018.

Water consumption Subdivision by sources [m^3]	**2017**	**2018**
Aqueduct waters	460.594	456.605
Surface waters (such as rivers, lakes or oceans)	-	-
Water from underground aquifers	30.291	31.894
Waste water from other organizations	20	20,2
Rainwater collected directly	-	-
Municipal disposal of rainwater	16.908	-
Total	**507.813**	**488.520**

Table 6: Water consumption by type of withdrawal source - 2018.
In addition to the companies excluded from the environmental data reporting scope (see Table 19), also the water consumption of Trevi Foundations Nigeria, Trevi ICOS Corp., Trevi ICOS South, Trevi Foundation Construction, Trevi Canada, Trevi Fondations Speciales SAS and Petreven Chile was excluded.

Finally, it should be noted that the water consumption in 2018 for Drillmec Spa is partial as it takes into account the data as at 31/08 for two users and at 31/10 and 30/06 respectively for other two users.

The urban drainage of rainwater is not reported in 2018.

Foundations works for the Chacao Bridge, Chile

At Group level, no spills were recorded during the years 2017 and 2018.

As regards the 2017 financial year, the Trevi Group did not operate in sites of high biodiversity value, while in 2018, the Trevi Group - in order to build the Chacao Bridge to join the island of Chiloé with Chile - operated in a marine environment, near the Chiloé National Park.

Mitigation of environmental impacts

Soilmec's initiatives

In 2018, Soilmec implemented semi-automatic washing systems replacing the use of solvents with water-based detergents, which are not classified as dangerous and do not require the monitoring of VOC emissions. In addition, greater attention to the use of materials, such as pallets and rags, has allowed a total reduction of waste produced by 20%.

Personnel management

Risks and policies

The main risks identified with regard to the personnel management concern the loss of key staff given the growing competition on the labour market and the scarce availability of resources with adequate skills.

With the aim of mitigating the resignation risk and keeping the key personnel, the Group continued to apply and develop career plans and training in 2018. This step was aimed at ensuring maximum attractiveness to its key personnel and at the same time, adequately building specific skills for junior or developing staff. Moreover, structured processes such as the Performance Evaluation Process make it possible to give uniformity and transparency to the assessments of individuals and at the same time guarantee the training processes to be implemented for the growth of resources and correct performance remuneration policies. Continuous attention to the labour market and careful and continuous recruitment processes also make it possible to access qualified resources from the market, depending on the specific needs and business development plans. Compliance with labour regulations for each project is ensured through the timely verification of the regulatory and contractual requirements by the competent administration department of the company, which is then validated at the division level.

The Code of Ethics is the main instrument for formalizing corporate commitments on this regard since it defines human resources as the core of the company strategy. It also identifies the protection of equal opportunities, the promotion of merit and talent and the creation of a serene, stimulating and rewarding work environment as key elements in all the companies of the Trevi world.

Management Model

The various companies with the coordination and direction of the Corporate Human Resources Department carry out the personnel management. In order to manage relations with employees and workers in a systematic way, the Group has adopted specific procedures that regulate aspects such as personnel search and selection, recruitment, training, remuneration of employees and the management of any disputes.

With specific reference to the growth of employees, the Group uses an approach oriented to the management by objectives, which allows highlighting the individual contribution of the person in relation to the objectives of the company as a whole, enhancing the skills and development capacities of each individual.

The definition, communication and evaluation of objectives are carried out by means of the Performance Management System (PMS). On the basis of the skills and results achieved by each collaborator, the manager formulates the performance evaluation, also indicating any development and training actions to be taken to enhance his/her skills. This becomes the crucial point for the development of individual development plans, career paths and vocational training activities.

The creation of skills in the sectors in which the Group operates requires many years and the training, tutoring and on-the-job training are all activities promoted and practiced, being aware of the positive and unavoidable relationship existing between the company performance and the employees' know-how.

Le Academy del Gruppo Trevi

"We put the man at the centre and his training in the forefront in order to face an ever-changing world".

The Trevi Group Academies provide a complete service, which includes both hard and soft skills development activities. In 2018, a total of over 15,000 hours of training were provided, for an average of 22.5 hours per participant.

Training hours	**Unità**	**2017**	**2018**
- Executives	h	272	577,5
- Managers	h	368	857,5
- Employees	h	5.146	11.030,5
- Workers	h	2.369	3.362
Total	**h**	**8.154**	**15.827,5**
No. of participants			
- Executives	n	32	36
- Managers	n	17	28
- Employees	n	227	392
- Workers	n	143	249
Total	**n**	**419**	**705**
Average hours			
- Executives	h	8,5	16
- Managers	h	21,6	30,6
- Employees	h	22,7	28,1
- Workers	h	16,6	13,5
Total	**h**	**19,5**	**22,5**

Table 7: Training hours provided by the Academies, divided by category of workers.
The table does not include training hours on Health and Safety.

Note: the cost of organizing and providing training courses offered to Italian employees is partially or totally financed by the Interprofessional Funds such as Fondimpresa (for employees, middle managers and workers) and Fondirengenti (for managers).

- Technical and technological training

In 2006, the attention dedicated to training activities by the Trevi Group led to the creation of the Foundations Technology Academy (FTA - www.ftacademy.it). This Foundation, dedicated to the technical and technological training for the Construction & Foundations sector, has the ambitious goal of transmitting the enormous wealth of experience of the Trevi Group and its passion for innovation, stimulating business development and improving safety and performance on a global scale. The Foundations Technology Academy intends to place the person at the centre, developing his potential and know-how, in order to allow said person to grow, thanks to the teaching of professionals with direct experience in the field, with a pragmatic approach, innovative teaching tools, practical tests and simple language. Training activities take place in the classroom, online and in the field and are addressed not only to the internal staff but also to Divisions' customers.

A similar initiative, with a technical training plan, was also launched for the drilling sector with the creation of the Drillmec Technology Academy (DTA - www.drillmec.com/en/p/drillmec-academy/). DTA is a training school open to both customers and employees of the Group and is aimed at ensuring the check of the equipment, through lessons - in the field and in the classroom, also through the use of simulators - related to the operation of the drilling system, standard maintenance, troubleshooting and documentation familiarization.

In addition to the activities of FTA and DTA, a key tool for the technical and technological training within the Trevi Group is the on-the-job training. This coaching method, in addition to the theoretical one, is used above all for the new recruits or in the case of professional development paths aimed at assuming new organizational roles. It is also useful for ensuring the transfer of the company know-how between generations and among the Italian headquarters and foreign branches, identifying the trainers dedicated to teach the local staff.

- Management training

In order to promote training initiatives aimed at developing transversal and managerial skills for the entire Group, also through new technologies and new communication tools, the Trevi Group Academy of Management (TGA - www.trevigroup.com/en/trevi-group-academy) was created in 2016. The course offered by the Academy is structured in four Pillars: Project Management, People Management, Client Management and Finance for non-Financial People, divided into Modules, some of which are characterized by a total training duration of four months. The presence of several Modules also allows the development of personalized plans based on the competences and the development plan of each participant. The quality of the training is certified by the "Training Agreement" created by the Trevi Group Academy of Management as a tool to enhance the commitment and accountability of all those involved in the training and development process. The tool is configured as the application of the management approach by objectives and allows the monitoring of the grounding, through the application of what was learned during the training course and to verify its effectiveness.

The activities of the TGA are based on the so-called "blended" methodology, which offers a mix of tutoring by qualified people, e-learning training on customized content created ad hoc by external specialists on the basis of case histories and materials of the Trevi Group, virtual team project classroom work and training with exercises and role-playing led by a trainer at the end of the course. This encourages the involvement of all employees, overcoming geographical distances and meeting the Group's flexibility and mobility needs.

In just two years, TGA has already organized training courses for all Group Divisions, specifically addressing the key people of foreign companies, such as in Latin America and the Middle East, with classroom activities organized both at the headquarters and in the geographical areas of relevance.
"We work in every continent, at every latitude and longitude. Our horizon is the world". This is why the goal of TGA is to provide development paths capable of reaching more and more resources internationally, to not only align and enhance their skills, but also to create a strong identity and approach to unitary work, regardless of the geographical area in which it operates. TGA has therefore coined the #GreatTogether slogan.

Mosul Project:
Trevi's contribution to skills development

Given the relocation of production sites all over the world, the Trevi Group also plays an important role in spreading its distinctive skills and know-how in third-party companies and, through training activities - both administrative and technical, carried out in Italy - it allows improving the overall quality of work.

Among the most significant examples of value creation in local communities, we mention the project related to the construction of the Mosul Dam in Iraq. Since 2016, when Trevi was assigned the task of maintaining, improving and monitoring the dam, the Group has been committed to training the on-site personnel in the best possible way, in order to respond to any type of emergency and ensure the project continuity.

Specifically, Trevi gave lessons to 111 participants, both company and customer technicians, including engineers, geologists, mechanics, electricians and IT technicians, for a total of 5,004 hours of theoretical training (417 hours per person) and 1,176 hours of training practice (84 hours per person). The engineers of the Foundations Technology Academy carried out the courses, defined as part of the contract with the customer. The skills and experience of the Trevi staff allowed us to offer a quality training service complementary to the Group's business activity, making the client's employees independent even after the contract expiration date.

Training hall at the construction site in Mosul, Iraq.

Initiatives and key numbers 2018

As at 31 December 2018, the employees of the Trevi Group amount to 6,378. Most of the employees reside mainly in Asia (31% of the total in 2018), followed by America (25.6%), Italy (17.4%), Africa (15.8%), Europe (10%) and Oceania (0.2%), hence demonstrating the global presence of the Group.

	2017			2018		
	Indeterminato	Determinato	TOTALE	Indeterminato	Determinato	TOTALE
Italy	1.082	114	**1.196**	1.018	96	**1.114**
Europe	598	32	**630**	481	153	**634**
Africa	373	637	**1.010**	324	685	**1.009**
Asia	1.479	456	**1.935**	1.139	836	**1.975**
Oceania	9	2	**11**	8	6	**14**
America	1.550	228	**1.778**	1.168	464	**1.632**
Total employees	5.091	1.469	**6.560**	4.138	2.240	**6.378**

Table 8: Total employees divided by geographic region and type of contract.

	2018				
	INDETERMINATO	DETERMINATO	FULL-TIME	PART-TIME	TOTALE
Women	390	112	474	28	502
Men	3.748	2.128	5.465	411	5.876
Total	**4.138**	**2.240**	**5.939**	**439**	**6.378**

Table 9: Total employees divided by gender and type of contract.

As at 2018, 64.9% of employees was hired under a permanent employment contract (or similar), marking a decrease compared to 2017, when this figure totalled 77.6%.
The part of female personnel represents 7.9% of the total in 2018 and 6.5% in 2017. The percentage of women holding a managerial and managerial position compared to the total of female workers is 14.9% in 2018. Furthermore, given the nature of the Group's activities, more than half of the employees, 53.2% in 2018 and 65.4% in 2017, are represented by the category of blue-collar workers, followed by the employees who represent, respectively in 2017 and in 2018, 26.4% and 37%.

Personnel diversity		2017	2018
Executives	MEN	140	152
	WOMEN	17	10
Managers	MEN	337	397
	WOMEN	47	65
Employees	MEN	1.400	1.559
	WOMEN	335	371
Workers	MEN	4.152	3.768
	WOMEN	28	56
Men Total		**6.029**	**5.876**
Women total		**427**	**502**

Table 10: Total employees divided by professional classification, gender and age.

PERSONNEL DIVERSITY		YEARS	2018
EXECUTIVES	Men	<30	0
		30≤ x ≤50	71
		>50	81
		Total	**152**
	Women	<30	0
		30≤ x ≤50	6
		>50	4
		Total	**10**
MANAGERS	Men	<30	37
		30≤ x ≤50	248
		>50	112
		Total	**397**
	Women	<30	7
		30≤ x ≤50	45
		>50	13
		Total	**65**
EMPLOYEES	Men	<30	328
		30≤ x ≤50	1.303
		>50	356
		Total	**1.987**
	Women	<30	69
		30≤ x ≤50	239
		>50	63
		Total	**371**
WORKERS	Men	<30	584
		30≤ x ≤50	2.146
		>50	610
		Total	**3.340**
	Women	<30	26
		30≤ x ≤50	27
		>50	3
		Total	**56**
MEN Total			**5.876**
WOMEN Total			**502**
EMPLOYEES Total			**6.378**

Table 11: Total employees divided by professional classification, gender and age.

The figures relating to new recruitments and the total amount of terminations of employment in 2018, divided by geographic area/region, are shown in Table 12 and Table 13.

TURNOVER Employed 2018		ITALY	EUROPE	AFRICA	ASIA	OCEANIA	AMERICAS
Men	<30 years	15	44	125	318	-	187
	30≤ x ≤50	40	106	128	304	1	390
	>50 years	12	21	14	35	5	63
	Total	**67**	**171**	**267**	**657**	**6**	**640**
Women	<30 years	8	7	2	8	1	15
	30≤ x ≤50	9	21	7	6	-	24
	>50 years	3	-95	-	1	-	4
	Total	**20**	**28**	**9**	**15**	**1**	**43**
Total		**87**	**199**	**276**	**672**	**7**	**683**
Inbound Turnover rate		**8%**	**31%**	**27%**	**34%**	**50%**	**42%**

Table 12: Inbound turnover of the Group employees, divided by geographic regions/areas

TURNOVER Dismissed 2018		ITALY	EUROPE	AFRICA	ASIA	OCEANIA	AMERICAS
Men	<30 anni	11	47	144	76	-	186
	30≤ x ≤50	74	91	239	345	3	631
	>50 anni	57	18	60	80	1	84
	Totale	**143**	**156**	**443**	**501**	**4**	**901**
Women	<30 anni	1	4	3	9	-	13
	30≤ x ≤50	5	6	5	7	-	28
	>50 anni	3	5	3	0	-	3
	Totale	**9**	**15**	**11**	**16**	-	**44**
Total		**151**	**171**	**454**	**517**	**4**	**945**
Outbound Turnover rate		**14%**	**27%**	**45%**	**26%**	**29%**	**58%**

Table 13: Outbound turnover of the Group employees, divided by geographic regions/areas

Our commitment to health and safety

Risks and policies

Health and safety risks – so significant for the workers engaged in construction sites and factories - are differentiated according to the duties carried out. The manual nature of many processes, the presence of rigs whose correct use requires specific skills and, finally, the presence of repetitive and/or routine tasks whose danger can be ignored by the worker, are among the most significant risk factors.

Given the international nature of the Group's business, in relation to the prevention of accidents at work, a significant risk is the implementation of processes and procedures that comply with the applicable local standards.

To tackle and mitigate these risks, all companies of the Trevi Division and 5 companies of the other divisions (Drillmec S.p.A., OJSC Seismotekhnika, Drillmec Inc., Watson Inc. and Soilmec UK) have adopted a health and safety management system, often integrated with environmental protection.

To ensure a shared and systematic approach to manage processes, all Italian companies have obtained the OHSAS 18001 certification (with the exception of Soilmec S.p.A. - whose implementation of the system will happen by 2019 - and Trevifin) while the single divisions have adopted specific controls. Furthermore, the Trevi division carries out an audit plan on an annual basis, aiming at monitoring the compliance with environmental and safety at work requirements. Finally, by the end of 2019, Trevi intends to implement the Behaviour Based Safety (BBS), a protocol that aims at improving safety by improving the behaviour of the very employee.

Policy HSE

In 2013, the Trevi division approved a HSE policy, the "Corporate Responsibility Program for Health and Safety", applicable to all subsidiaries such as to provide for an integrated management system covering health, safety, environment and quality. Moreover, Trevi decided to adopt the "Zero accidents" target, which defines a constant commitment to ensure a protected working environment for its employees.
In 2018, the Petreven division approved a QHSE policy, "Politica integrada de calidad, seguridad, medio ambiente y salud en el trabajo", applicable both for Petreven S.p.A and the foreign branches. It also adopted the "Zero accidents" target. Drillmec S.p.A., OJSC Seismotekhnika and Drillmec Inc. in the Unites States adopted an "Occupational health and safety policy". Soilmec S.p.A. and PSM S.p.A. decided to adopt the target "Zero accidents". Some subsidiary companies have also adopted specific HSE policies to better oversee these issues locally, such as Watson Inc. (in the United States) or Soilmec UK.

Management Model

The health and safety aspects are managed directly by the individual divisions and companies that, as illustrated in this chapter, have developed specific management systems and policies. With regard to the job order management, the divisions monitor health and safety data on a monthly basis in order to identify any critical elements promptly.

OHSAS 18001 Certification

Trevi S.p.A. – registered and operational office
Petreven S.p.A. and all its subsidiaries operating in the year 2018

Drillmec S.p.A. and the manufacturing site in Belarus managed by OJSC Seismotekhnika is certified by STB 18001 (local equivalent of the OHSAS 18001 certification) Soilmec S.p.A. is currently implementing the management system for the certification OHSAS 45001.

Initiatives and key numbers 2018

Below, Table 14 shows the total hours of HSE training for the entire Group and for the individual Divisions. The variability of training hours can be also ascribed to a variability between the years in the provision of compulsory training in the field of health and safety.

Average hours of training

	Unit	2017	2018
TREVI	h	9,67	8,43
PETREVEN	h	168,62	14,22
DRILLMEC	h	5,97	4,31
SOILMEC	h	3,04	4,73
GROUP	**h**	**26,94**	**8,06**

Table 14: Average hours of HSE training

The figures for Trevifin, Trevi Foundation Kuwait, Trevi Foundation Nigeria, Trevi Insaat, Trevi Foundation Construction, Trevi Austria, Soilmec PSM SpA, Soilmec North America, Soilmec Australia, Soilmec Hong Kong, Soilmec France, Soilmec Algeria, Soilmec Colombia, Soilmec Germany and Soilmec Japan are not available. The average hours of HSE training split by classification and gender are not available for the whole Group.

DPI course 3rd cat. for work at height. Soilmec Cesena plant.

At Group level, 58 accidents were recorded in 2018, 3 of which were commuting accidents. The relating rates are shown in Table 15 for 2017 and Table 16 for 2018. The accident count does not take into consideration minor injuries that did not result in lost days for workers (such as accidents resolved through on-site first aid). In 2018, there was no death or fatal accident and only two cases of occupational disease occurred, relating to Soilmec S.p.A and Soilmec France.

Accident indices, occupational diseases and absenteeism in 2017

	ITALY		EUROPA		ASIA		AFRICA		OCEANIA		AMERICA	
INDEX OF:	*MEN*	*WOMEN*	*MEN*	*WOMEN*	*MEN*	*WOMEN*	*MEN*	*WOMEN*	*MEN*	*WOMEN*	*MEN*	*WOMEN*
Severity	0,28	0	0,03	0	0	0	0,02	0	0	0	0,05	0,01
Frequency	7,06	0	7,69	0	0,52	0	0,43	0	0	0	2,29	5,90
RATE OF:												
Absenteeism	4,55%		6,68%		0,69%		6,48%		0,10%		0,57%	

Table 15: Accident indices, occupational diseases and absenteeism in 2017.

It is worth mentioning that the Severity rate was calculated by using worked hours instead of workable hours. In addition to the companies excluded from the HSE data reporting scope, the figure relating to frequency rate of Soilmec UK for Europe was also excluded.

Accident indices, occupational diseases and absenteeism in 2018

INDEX OF:	ITALY		EUROPA		ASIA		AFRICA		OCEANIA		AMERICA	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Severity	0,18	0	0,08	0	0	0	0	0	0	0	0,05	0
Frequency	9,58	5,50	2,48	3,03	0,16	0	0	0	0	0	3,99	0
RATE OF:												
Absenteeism	9,9%		2,9%		2,0%		2,2%		0,04%		1%	

Table 16: Accident indices, occupational diseases and absenteeism in 2018.
It is worth mentioning that the Severity rate was calculated by using worked hours instead of workable hours. In addition to the companies excluded from the HSE data reporting scope, the absenteeism rate for Petreven SpA, Petreven Venezuela, Petreven Chile, Petreven Peru, Petreven Argentina, Soilmec SpA, Soilmec North America, Soilmec Hong Kong and Soilmec Colombia was also excluded. The data relating to the severity and frequency index for Soilmec, Australia, Soilmec Singapore, Soilmec Algeria, Soilmec Colombia, Soilmec Germany and Soilmec Japan are not available.

The Trevi Division organises dedicated programmes, such as the "Safety Induction", a compulsory course for all workers lasting a few hours and held at the start of the construction site with the aim of increasing the awareness of the risks associated with work activities. The programme is also addressed to workers hired by local employment agencies, a type of collaborator who is particularly at risk, due to the different level of preparation on these issues. The HSE training for the division also includes orientation sessions for new employees, a basic safety course, a security course for Site Managers and Senior Managers and local training courses organized by third parties for the qualified personnel including, for example, first aid and training courses for the personnel in charge of lifting operations.

In 2018, the Soilmec division committed itself to improving the training and tutoring quality, especially for workers operating in the electric field and for workers at a height. For the latter, in particular, anti-fall systems were purchased, devices that can protect operators who work at a height, while offering them high freedom of movement thanks to special trolleys. These systems are also used in a fall simulator that allows younger and inexperienced operators to be more prepared in the case of an emergency.

World Day for Safety and Health at Work

Since 2012, the Trevi Group has been celebrating the "World Day for Safety and Health at Work" in order to promote the prevention of work accidents and occupational diseases. This campaign aims at turning the spotlight on new developments in health and safety issues and to make workers aware of the correct behaviours to be adopted in the workplace. In line with this approach, every year, a poster is published and a specific slogan is created. On this celebration day, events and dedicated meetings are organized in each construction site, office and workshop. The celebration of the World Safety Day involves more than 4,000 Trevi workers worldwide.

Mosul Project: 5 million hours worked without accidents

The Trevi Group has achieved an extraordinary safety objective, under a difficult working condition.
Despite all the impediments related to the conflict, to the security and logistics constraints and to the difficult environmental conditions of some work areas, the 700 workers - deployed by Trevi from a dozen different countries - managed the activities in a professional and safe manner - during working phases of 24-hours, 7 days a week - in line with the rigorous technical specifications of the project, thus achieving the result of 5,000,000 hours of work without accidents.
This important result was possible thanks to Trevi's commitment, since the beginning of the project, aimed at increasing the sensitivity of all workers towards a safety culture, also through dedicated training courses conducted by the professionals of the Foundations Technology Academy.

The US Army Corps of Engineers (USACE) - Contract, QC, HSE and Construction Administrator - recognized the result through a ceremony held on 20 October 2018 at the construction site. Thanks to the technological achievements and the ability to teach workers the value of life without compromising quality and performance, Trevi thus confirms its ability to play important roles even in high-level projects.

Table 17 - The key numbers of the Project

- Safety audit - No. 177
- Safety inspections - No. 328
- Risk assessment – No. 40
- Toolbox - 34,969 hours
- HSE training - 2,908 hours
- HSE Department - 2 Managers and 15 Inspectors

Attention to local communities

Risks and policies

The Trevi Group manages its activities in close contact with local populations, in geographically and culturally heterogeneous situations and often in delicate socio-political scenarios. The Group covers an active role in local communities especially in those countries where the presence of Trevi jobsites is consolidated, and provides a contribution to the socio-economic development of the territory that is not limited to the creation of new jobs but which involves long-term relationships with the communities, founded on mutual support. Furthermore, the Group is constantly committed to supporting projects with a social purpose through donations to organisations operating on the local, national and international territory.
With the aim of preventing potential errors and unlawful or fraudulent behaviour, thus safeguarding the image of the company and local communities, in 2018 the Group developed the policy "Management of Sponsorships, Gifts and Donations", which will be subsequently approved in 2019, containing the roles, responsibilities and principles of conduct and management control. In particular, the policy defines donations as sums of money donated to non-profit associations or private individuals, to support initiatives characterised by a humanitarian and social nature, aimed at creating added value for the society.

Management model, initiatives and key numbers 2018

"Social Value" is the development program of the Trevi Group, promoted by the Communication Department of the Parent Company jointly with the divisions of the Group, and established at the end of 2007, to promote and support local, national and international initiatives regarding solidarity and support and training mainly for children. During its first years of activity, the Social Value has directly supervised more than 50 solidarity projects on the national and international territory.

Although the current national and international contingency is unfavourable to the construction sector and has imposed a significant reduction in the resources allocated to social and solidarity activities, in 2018, the Group - through its companies - continued to support projects worldwide:

- in **Italy**: support for Mater Caritas and the Fondazione Nuova Famiglia for the social and health support and assistance to people in difficult situations.
- in **Colombia**: support for the Asociacion AMESE, which, since February 2006, the year it was founded, has been committed to promoting prevention and supporting people diagnosed with breast cancer, as well as the Fundación Planeta Amor which supports children and adolescents who are born and live with HIV and who come from low-income families, or are orphans or abandoned. In addition, in collaboration with the La Car association, 50 bicycles (Bicicar) were donated to disadvantaged children without transport means, to enable their transport to school and other places.
- in the **United States**: support for the non-profit organization of the Centro per le Attività Scolastiche Italiane di Boston (Center for Italian School Activities in Boston), to promote the teaching of the Italian language.
- in the **Philippines**: support to different orphanages in the Makary City area, which are mainly run by religious institutes.

Any updates on the initiatives supported by the Social Value project are shown in the specific section of the Group Website and are covered by the Group Journal that is published every six months on the website to communicate all the achievements and the progress made.

"Mosul Dam Project for Social Progress" is the project aimed at restoring five school facilities in the Mosul Dam area and providing educational material to the students. A charitable activity that will provide a place for studying and working that is suitable for hundreds of children, teenagers and teachers, who are now forced to study and work in dilapidated buildings.

All the economic investments made in 2018 are reported below: they are mostly attributable to solidarity initiatives in favour of people in difficulty.

Initiative scope	INVESTMENT Euro	%
Solidarity	62.200	86%
Culture	9.000	12%
Sport and miscellaneous	1.400	2%

Table 18: Investments of the Group in initiatives with socialpurposes

Mosul Dam Project for Social Progress

In 2018, Trevi provided educational material and new personal computers and printers; it also completed the **renovation and refurbishment of the Mosul Dam Village elementary school,** by supplying new desks, fixing the fixtures, purchasing new furnishings, painting the interiors and the exteriors, constructing new toilets, installing new air conditioners and regenerating the electrical and lighting system.

Orfanotrofio femminile di Alqosh

In 2018, Trevi supported the **Alqosh female orphanage** - a town that is 30 kilometres away from the Mosul Dam - by donating new personal computers and air conditioners for the rooms. The contribution offered was collected thanks to the sale of mugs bearing the Trevi-Mosul Dam Project logo - commissioned by Trevi – purchased by the Italian civilians and military personnel of the various contingents working in the Praesidium Task Force, set up to guarantee the personnel safety, both military and civil, in the area.

Respect for human rights

Risks and policies

The Trevi Group is aware that the respect for human rights and diversities is a fundamental issue. This is especially true for the companies operating at international level and in close contact with countries characterized by complex socio-political scenarios where the workers' rights and the partners' management practices are not always regulated by legislations equivalent to Italian ones. Risks deemed as residual in relation to these issues concern the management of subcontracting relationships - to date not evaluated as material in the Divisions neither of the Foundation sector nor of the Oil & Gas sector - as well as the employment of workers on the local market, managed through on-site recruitment agencies.

At the end of 2018, the policy aimed at standardizing the procurement management at the Group level, in compliance with the workers' rights, was in the approval phase. In Soilmec UK, an "Equal opportunities" policy has been already in force since 2008; it is periodically approved and is aimed at promoting work characterized by values of dignity and respect.
The principles of legality, dignity and equality expressed by the Code of Ethics, as well as the choice of partners of proven reliability with regard to the management of local workers and suppliers, are the elements on which the Group is based for mitigating these risks. The relationship established with its own suppliers is particularly important for Trevi, since it results into certified quality management systems and procedures for selecting and monitoring their performances; said procedures are managed independently by the various companies. All subsidiaries select partners that share the same quality and reliability values inspiring the business conduct.

Management model, initiatives and key numbers 2018

Procurement is managed by the purchasing departments responsible for the individual Divisions and for the Parent Company.

9,160 suppliers provide their products to the Group companies. With reference to the location of the suppliers, the number of suppliers is higher in the countries where the most significant production sites and/or job sites are located: Italy (4,348), United States (1,203), Saudi Arabia (708), United Arab Emirates (666) and Nigeria (346).

The qualification, selection and evaluation phases of the suppliers are carried out according to structured and different procedures for the individual Divisions, in order to suit the specificities of the business and of the relevant commodity category.

Overall, the qualification process includes a document review – including the requirements related to the compliance with mandatory regulations on anti-mafia and corruption, health and safety of workers and labour rights, and includes any site visits. Moreover, the Divisions have a vendor rating system aimed at periodically measuring the performance of strategic suppliers. Said system is regularly updated and involves carrying out audits. To date, companies do not implement specific assessments related to social impacts and respect for human rights.

As regards employees and workers, the Trevi Group undertakes to respect personal dignity and create a work environment characterized by the absence of racial, cultural, ideological, sexual, physical, moral, religious or other discrimination and it offers all employees and collaborators equal opportunities on equal terms. All workers are guaranteed the same rights, regardless of their place of employment, and - as stated in the Trevi Group's Recruitment Procedure - any form of discrimination is prohibited. During the reporting period, no specific assessment on human rights were carried out among the Group companies.

It should be noted that in 2017 and 2018 there were no episodes of discrimination.

Business plan, main risks and uncertainties to which the Trevi Group is exposed and assessments on the going concern

Introduction

As is known, the Company as well as the main Group companies, including the subsidiaries Trevi S.p.A., Soilmec S.p.A., Petreven S.p.A. and Drillmec S.p.A., have long been in a situation of financial tension, which involves significant uncertainties with regard to the going concern. This section is intended, on the one hand, to identify these uncertainties also in light of the economic, financial and equity situation of the Company and the Group, and, on the other, to identify the measures that have been envisaged and shared by the directors to remedy the situation, as well as the state of implementation and the reasonable probability that such measures will be taken and implemented by the time allowed. To this end, considerations regarding the going concern requirement used to prepare these financial statements will be developed. It should be noted that, despite the aforementioned uncertainties, today there is an agreed path approved by the directors and shared by the main shareholders, discussed at length and negotiated with the main stakeholders which, when implemented within the set deadlines, appears reasonably suitable in order to allow the Company and the Group to overcome the current crisis and, subject to the implementation of the Plan (as defined below), to reach the economic-financial and equity targets appropriate to the market sector of reference.

Short overview of the most relevant events up to the date of this report

It should be noted that, since 2016, the Company and the Group have been recording a progressive worsening of the economic-financial results and, from the second half of 2016, the trend of the main economic-financial indicators and of the prospective cash flows led to a situation of financial difficulty which, as it will be explained below, has required the start of a complex and structured negotiation with the Group's main lending banks. Due to the aforementioned situation of financial crisis, which in any case affected the entire sector of reference, the Company acknowledged that it would have not been able to comply - at the relative verification dates (which fell during the first months of 2017) - with the financial parameters (the so called covenants) provided for by some of the medium and long-term loan agreements and by the bond loan. For these reasons, in February 2017, the Company sent waiver requests to the lending banks and bondholders with regard to the obligation to comply with the aforementioned financial parameters. These waivers were granted, respectively, during the months of March and April 2017.

In this context, the Company, also on behalf of the other Group companies, expressed to the main lending banks of the Group, during some plenary meetings and/or through bilateral discussions, the need to adopt a financial manoeuvre aimed at reshaping its own financial debt in line with the Group's situation and with the expected cash flows.

Therefore, on 19 May 2017, the Company's Board of Directors, in the context of broader considerations about the strategic development of the TREVI Group's core business and the reduction in the activity of the Oil & Gas sector, resolved to submit a standstill request until 31 December 2017 to the main lending banks, aimed at enabling the Group to continue to benefit from the financial support necessary to focus its attention on the development of its business plan and on the reorganization process of the Oil & Gas sector.

In the same year, the further contraction of orders, particularly in the Oil & Gas sector (which was associated with the cancellation of a very significant order with the customer YPFB in Bolivia), led to the persistence and aggravation of the critical issues related to the financial situation of the Drillmec Division and (albeit to a lesser extent) of the rest of the Group.

In the context described above, and also at the request of the credit institutions, the Group had to take some immediate actions, such as, in addition to the standstill request mentioned above, the preparation of a forecast for 2017 and the update of the 2017-2021 business plan, which included, among other things, a cost containment policy through targeted interventions, in order to interrupt the ongoing negative trends and implement initiatives to rebalance the economic and financial situation. The organizational and managerial structure of the Group was also strengthened and actions were taken to redefine the control model.

In 2017, the Company also granted:

- a mandate to a "financial advisor" to assist the Group in requesting financial support from banks through the maintenance of credit lines and a moratorium on loan repayments;
- a mandate to an "industrial advisor" to assist the Group in preparing a new business plan;
- a mandate to a "legal advisor" to assist the Group in negotiating the contractual terms with the banks aimed at restructuring the financial debt.

The lending credit institutions also requested – and the Group took steps to comply with this request - the appointment of a lawyer of the lending banks in order to assist them in the aforementioned negotiations, as well as the appointment of a financial advisor to their liking in order to evaluate the content of the financial proposals formulated by the Company and its advisors, as well as to formulate proposals on behalf of the lending banks.

The discussions - started on 19 May 2017 with the lending banks for the signing of a standstill agreement - were aimed at allowing the Company and the Group, pending the updating of the business plan and the definition of a proposal for a financial manoeuvre to submit to the lending banks, to continue to operate normally, hence preventing any individual initiatives on the part of the same and continuing to receive from the lending banks the support necessary to cover their financial requirements for the necessary period. The standstill proposal made to the institutions consisted, in a nutshell, of: (i) a suspension of the application of the provisions of the loan agreements that could determine the expiry, termination, withdrawal, forfeiture of the benefit of the term or the "acceleration" (in any case defined) of the reimbursement obligations to be borne by the companies of the Group as a result of the economic-financial crisis, (ii) a suspension or a moratorium on the obligations to pay the principal amounts towards the lending banks (without prejudice to the obligation to pay the interests, considerations and fees due by contract) expiring with start from 19 May 2017; and (iii) the confirmation of the existing credit lines and the maintenance of the credit lines and existing credit facilities in accordance with those used by the Group as of 31 March 2017.

During the meetings aimed at discussing the content of the standstill proposal, the lending credit institutions requested an Independent Business Review (IBR) from the Company that was carried out by a leading company. The IBR focused mainly on four macro areas: (i) Analysis and Sensitivity of the Business Plan, (ii) Tax Analysis, (iii) Analysis of Historical Data, and (iv) Technical Review on job order management. The IBR concerned both the individual Divisions making up the Trevi Group, and all the aspects concerning the consolidation.

The IBR did not initially highlight any critical issues that could jeopardise the aforementioned definition path with the lending banks, that is, of an agreement aimed at restructuring the financial debt in line with the business plan.

Therefore, on 31 August 2017, the Board of Directors of Trevifin approved the forecast for the 2017 financial year and the update of the Group business plan for the period 2017-2021.

Furthermore, on 29 September 2017, the Board approved the condensed consolidated half-year financial statements of the Trevi Group at 30 June 2017, on which KPMG S.p.A., the Company's statutory auditor, issued a limited audit report containing a conclusion without comments on the condensed consolidated half-year financial statements. The limited audit report also contains a notice of information regarding the application of the going concern assumption illustrated by the directors in the note *"Main risks and uncertainties to which the Trevi Group is exposed and assessments on the going concern".*

Negotiations with the lending banks, both in relation to the standstill agreement and to the definition of the financial manoeuvre, continued in the following months, during which, however, some significant deviations emerged with respect to the 2017-2021 business plan and the related forecasts of the economic-financial data, with repercussions on the consistency/viability of the same. Clearly, this also affected the possibility of quickly concluding agreements with the lending banks, which required, before considering their adherence to a possible manoeuvre, to have greater visibility on the economic-financial data and on the industrial and management prospects of the company and the Group.

On 13 November 2017, therefore, the Company's Board of Directors postponed the approval of the financial figures relating to the third quarter of that current financial year in light of the uncertainties about the outcome of the negotiations with the lending banks for the definition and subscription of the standstill agreement, and therefore of the consequent impossibility to verify the going concern assumption. In light of the above, the Company's Board of Directors also highlighted the need to implement, within the framework of the financial manoeuvre being discussed with the lending banks, and together with it, a more complex operation, which - in addition to a more incisive restructuring of the debt - also entailed the strengthening of capital, in order to allow the economic and financial rebalancing of the Company and the Trevi Group. The Board also invested the competent governance bodies with the task of identifying, within a short time, a managerial figure of adequate standing who could be appointed as Chief Restructuring Officer (**"CRO"**).

On 18 December 2017, the Company's Board of Directors approved the appointment by co-optation - pursuant to Article 2386 of the Italian Civil Code - of Mr. Sergio Iasi, who was assigned the office of CRO, as well as the operating powers for (i) the analysis, structuring and negotiation of the aforementioned debt restructuring and capital strengthening operation, (ii) the review of the Company's and the Group's business and financial plan, and (iii) the management of the negotiations underway with the lending banks and the related financial manoeuvre. The Board, in acknowledging the persistence, at present, of the uncertainties already reported to the market, consequently resolved to further postpone the approval of the financial data relating to the third quarter of the current financial year.

Subsequently, in consideration of some sensitivity analyses carried out in the meantime on the 2017-2021 business plan, as well as in light of the preliminary data for the year ended 31 December 2017 and the first data for the 2018 financial year, the Company deemed it appropriate to carry out a further and definitive deepening at the industrial level, with the contribution of an external and independent consultant, specialised in the sector and appreciated by the lending banks.

During the first few months of 2018, the management of the Company, under the supervision and coordination of the CRO, also initiated discussions with some potential investors interested in the acquisition of all or part of the companies operating in the Oil & Gas sector of the Trevi Group.

In this context, on 27 April 2018, in light of the continuing discussions with the lending banks aimed at restructuring the debt and signing the standstill agreement, and in consideration of the necessary definition of the capital strengthening operation, the Company announced the postponement of the approval of the interim report at 30 September 2017 and of the annual financial report at 31 December 2017, previously scheduled for 30 April 2018.

Also in April, the CRO, with the support of the management as well as of the legal and financial advisors in charge, started a number of discussions regarding possible capital strengthening operation. These discussions concerned, in addition to the lending banks, both potential third parties interested in making an investment intervention to rescue the Group and the main shareholders of the Company. At the outcome of these discussions, the Company also received some preliminary feedback and expressions of interest, as well as some preliminary offers. In particular, two binding offers were presented, one by Bain Capital Credit (**"BCC"**) and the other by Sound Point Capital, in addition to an expression of interest by the Quattro R fund. The first two offers, that of BCC and that of Sound Point Capital, were essentially based on the granting of a super senior loan and on a recapitalization through the conversion of the loans of the banks into participating financial instruments of the Company, while the hypothesis of Quattro R recognized the need for a strong reserved capital increase in order to provide Trevifin with sufficient capital and financial resources, hence improving the financial position of the Group. This last preliminary offer, however, was subsequently withdrawn by Quattro R, which announced its intention not to continue the negotiations.

On 17 May 2018, the Company's Board of Directors, after having thoroughly evaluated the offers received from potential third-party investors, from the point of view of their adequacy to the Group's capital and financial needs as well as their feasibility with the lending banks, and after having acknowledged the withdrawal of the expression of interest presented by Quattro R, considered that, among the offers received from third-party investors, the preferable one was that presented by BCC. Therefore, the BoD focused its activities on the negotiations with the latter for a possible operation that was centred on the overall debt of the Trevi Group. On 30 May 2018, the Board of Directors resolved to entrust the CRO with the mandate to define the terms of the exclusivity with BCC, as well as to submit to the main creditors the proposal formulated by the same, which was based on the granting of a loan called *"Super senior"* to the Company. Said loan was aimed at repaying part of the outstanding debt and supporting the business plan as well as partially converting the residual debt, without resorting to a capital increase. The Board also entrusted the CRO with the task of checking the feasibility of the solution proposed by the BCC with the lending banks.

Despite the positive continuation of the negotiations with BCC, in consideration of the uncertainties that were in any case connected with the hypothesis of the operation presented by the latter and the possibility that it was approved by the banks, the Board of Directors considered it wise that, simultaneously, also the hypotheses of alternative operations were examined, namely the so-called *"Stand-alone"*, which did not include the necessary involvement of third parties but which were addressed exclusively to the current stakeholders (banks and shareholders) of the Company. These operations would logically and functionally be closely linked to a capital increase. Therefore, at the same meeting, the Board of Directors also resolved to submit to the approval of a forthcoming Extraordinary Shareholders' Meeting the proposal to grant the directors - pursuant to Article 2443 of the Italian Civil Code - the right to increase the share capital against payment, in one or more times, even in divisible form, up to Euro 400 million (of which, in cash, not exceeding the maximum amount of Euro 150 million).

In fact, the delegation provided for by Article 2443 of the Italian Civil Code endowed the Board with the right to increase the share capital, in a reasonably flexible and timely manner, in order to meet any possible needs or to be able to benefit from the opportunities they had expressed, both in the context of the possible operation with BCC, and if there was a need to resort to alternative intervention solutions in support of the Company.

Also on that date, the Board finally resolved to submit to the Shareholders' Meeting:

1. the elimination of the nominal value of the shares; and
2. the amendment to Article 23 of the Company's articles of association to eliminate the obligation of the administrative body to obtain the prior authorization of the ordinary shareholders' meeting for the following transactions: (a) transfer of a branch or of the only company; (b) purchase of a business unit or of the only company; (c) rent of a branch or of the only company; and (d) transfer of a branch or of the only company.

On 8 June 2018, the Company entered into an exclusive agreement with BCC, valid until 16 July 2018, in relation to the proposed capital strengthening operation.

More in detail, the preliminary proposal made by BCC provided for the granting of a super senior loan for an amount of Euro 150 million with a four-year bullet repayment to the subsidiaries Trevi S.p.A. and Soilmec S.p.A.. Such new financing, to be disbursed under a restructuring agreement entered into pursuant to Article 182-bis of the Italian Royal Decree No. 267 of 16 March 1942 (**"Italian Bankruptcy Law"** or **"LF"**), should have been used to support the business plan and the partial repayment of the outstanding financial debt. The remaining portion of the debt should have been subject to the consolidation in line with the plan, write-off and/or conversion into financial instruments. The granting of the loan was subject to certain conditions, including: the entering into of the standstill agreement with the lending banks and, more generally, the reaching of an agreement with the main financial creditors on the terms of the manoeuvre, the managerial development and the successful completion of the due diligence activities carried out by BCC.

On 11 June 2018, in accordance with the aforementioned resolution of the Board of Directors dated 30 May 2018, the Shareholders' Meeting was called on 27 July 2018 at 11.00 am, on first call and, if necessary, on 30 July 2018 on second call.

In consideration of the uncertainties resulting from the continuation of the discussions with the lending banks aimed at restructuring the debt, the signing of the standstill agreement and the definition of the capital strengthening operation and the negotiations with the BCC, on 14 June 2018 the Company announced the postponement of the approval of the interim report at 30 September 2017, of the annual financial report at 31 December 2017 and of the interim report at 31 March 2018.

BCC then submitted a request to the Company aimed at extending the exclusivity period until 31 July 2018, which was accepted on 24 July 2018, and which led to the formulation by BCC itself of a binding offer concerning the possible intervention in the capital strengthening operation subject to an acceptance deadline until 10 August 2018 and with the related extension of the exclusivity period until 31 October 2018.

In consideration of the numerous conditions precedent of the offer, including the reaching of an agreement with the lending banks and with the controlling shareholder, also with reference to the future governance of the Company (in particular to the severed managerial discontinuity), as well as to some elements worthy of further investigation, on 26 July 2018, the Board of Directors gave the CRO - with the assistance of the Company's advisors - the mandate to explore the margins for the improvement of the same, in order to verify the existence of the conditions for the granting of exclusivity and the continuation of negotiations, also with the lending banks and the main shareholders.

The Board also acknowledged the status of negotiations with the lending banks for the signing of the standstill agreement, approving the text in its final version and giving the CRO the powers to subscribe it.

Also with regard to the terms established under the envisaged standstill agreement and to the suspension already implemented by the Company of the payment of interests on medium-long term debts towards the lending banks, the Board of Directors established to suspend the payment of interests on the bond loan issued on 28 July 2014, with a nominal value totalling Euro 50 million, starting from the instalment of interests falling due on 30 July 2018.

Therefore, on 30 July 2018, the Shareholders' Meeting of Trevi - Finanziaria Industriale S.p.A., convened on second call, adopted a resolution on the proposal of the shareholder Trevi Holding (subsequently adjusted for the correction of a material error on 7 August 2018 by a notarial deed executed by Marcello Porfiri, Notary Public in Cesena, rep. No. 11.358 folder No. 5.227 - on the proposal of the Chairman of the Board of Directors approved by the Company's Board of Directors with its resolution of acknowledgement dated 3 August 2018) which established - as per the last text registered in the competent Register of Companies - to *"grant the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, the right to increase the share capital by payment, in one or more times, even in divisible form, for a maximum period of 24 months from the date of the resolution and for a maximum value of Euro 400 million (of which, in cash, not exceeding the maximum amount of Euro 150 million). This increase is to be made by issuing ordinary shares without the nominal value, having the* *same characteristics as the outstanding ones, subject to verification by the Board of the existence and compliance with the conditions established by law, with the right for the Board to determine the issue price and any share premium, the procedures for the relating subscription, also through the conversion of receivables towards the Company, and the number of new shares from time to time issued, provided that the increase is made with the option right and, if the banks use credits to free up financial instruments, they are participating financial instruments and not shares, unless the circumstance that the banks use credits to free up shares constitutes a necessary element for the success of the part of the increase to be released by payment in cash, it being understood that the faculty conferred to the Board of Directors may be exercised only in connection with a debt restructuring agreement pursuant to Article 182-bis of the Italian Royal Decree No. 267 dated 16 March 1942".*

By virtue of the approved resolution of the Shareholders' Meeting, in the month of August 2018, and in particular on the 10th, the concerned companies of the Trevi Group established a standstill agreement with the lending banks and started the procedure for collecting subscriptions for adherence of the numerous lending banks of the Trevi Group which are parties to the agreement. The effectiveness of the agreement was subject to acceptance for adherence, by 15 September 2018, by a number of financial creditors representing at least 93% of the total debt claimed by the Trevi Group from the lending banks that were expected to join the agreement.

The same agreement was proposed to the lending banks on the assumption of the implementation of the financial manoeuvre and strengthening of the capital at the time under study, including the part relating to the capital increase delegated pursuant to Article 2443 of the Italian Civil Code to the terms and conditions set forth in the amendment of 7 August 2018. Therefore, the lending banks placed their reasonable reliance on the swift realization of the aforementioned manoeuvre, including the capital increase, as mentioned in the standstill agreement.

On 10 August 2018, BCC also granted the Company an extension of the term for the acceptance of the binding offer presented until 14 September 2018, in order to allow the parties to complete the assessments in progress and to continue the discussions still pending on the terms of this proposal. Trevifin, for its part, agreed to extend the exclusivity, previously granted to BCC for the negotiation of the aforementioned offer, until the same date of 14 September 2018.

Despite the complex and difficult negotiations aimed at reaching an agreement, upon the expiry of the deadline for accepting the binding offer (14 September 2018), the Company notified BCC of its decision not to adhere to the aforementioned offer. In fact, the operation emerged because of the discussions with this possible third-party investor, also in light of some proposed changes compared to the originally hypothesized terms. Specifically, in the offer revised by BCC, the amount of the super senior loan was reduced and divided into tranches, the second of which could be disbursed only upon the occurrence of certain assumptions, while providing a complete guarantee package from the beginning. Furthermore, this loan could no longer be used, not even in part, to offer partial reimbursement to credit institutions, making the offer itself less attractive to the latter (whose approval was clearly a condition for the success of the operation). Finally, the offer was subject to numerous conditions precedent whose occurrence was uncertain. Therefore, this offer proved to be inadequate and did not correspond to the objectives identified by the Board of Directors, making the achievement of those financial and equity targets identified by the Company and aimed at reaching the economic-financial rebalancing of the same company and of the Group uncertain, due the foreseeable difficulty of having the lending banks approve the offer finally made by the third investor. The Board considered that the financial support proposed by BCC, also due to the penalizing conditions proposed, would have done nothing else than postpone the difficulties experienced by the Group without being able to solve them.

The Company has therefore decided to continue only in the process aimed at defining an alternative manoeuvre, according to the so-called *"stand-alone"* model (that is, without the intervention of third parties but addressed only to its current stakeholders). This operation would necessarily have involved, also taking into account the outcome of the Extraordinary Shareholders' Meeting held on 30 July 2018, a capital increase reserved as an option to the shareholders and the simultaneous conversion of part of the Group's financial debt into financial instruments, on whose nature an agreement should have been reached with the banks called to convert.

In the days immediately following, and in particular on 17 September 2018, the Company - on the assumption of the manoeuvre based on a capital increase delegated to the Board of Directors - received formal confirmation of the effectiveness of the standstill agreement, due to the adherence of the same number of financial creditors as indicated above. The standstill agreement, which is functional to enable the Company to continue the ongoing discussions with its stakeholders for the definition of the capital-strengthening manoeuvre and the restructuring of the total debt according to the "stand alone" hypothesis, provided for, among other things and in summary, what follows:

i) the granting of a moratorium on the obligations to pay the principal amounts of the medium-long term loans granted to the Trevi Group, until 31 December 2018 and, with reference only to Trevi - Finanziaria Industriale S.p.A., a moratorium on the interests that will accrue on medium-long term loans;

ii) the maintenance of the existing short-term credit lines within the limit of the amounts currently used for Trevi S.p.A., Soilmec S.p.A. and the other Trevi Group companies operating in the foundation sector; and

iii) the possibility of making new uses of the existing facilities which have been confirmed in the context of the Agreement both in the form of cash advances and of issuance of guarantee facilities, in order to meet cash requirements and to support business development in national and international markets where the Group operates.

On the basis of the assumption and the delays for defining the capital strengthening manoeuvre, including the execution of the delegation to the Board of Directors pursuant to Article 2443 of the Italian Civil Code, on whose full effectiveness the lending banks have reasonably relied, the same lending banks have therefore consented not just to the moratoria but also to new uses in the form of cash and guarantee facilities indispensable to the needs of the Group for a total amount of approximately Euro 17 million for the new cash finance and Euro 59 million for the new finance in the form of guarantee facilities.

On 8 October 2018, the Company's Board of Directors, upon proposal of the CRO and taking into account the preliminary indications received from the main shareholders of the Company and from the lending banks, unanimously approved the guidelines of the alternative manoeuvre hypothesis involving the capital reinforcement and the debt restructuring, which included inter alia:

i) a share capital increase of Euro 130 million, to be paid up in cash with an option right in favour of the shareholders, on the basis of the proxy granted by the Extraordinary Shareholders' Meeting of 30 July 2018 pursuant to Article 2443 of the Italian Civil Code; and

ii) the conversion of the receivables claimed by the lending banks from the Company and from the other companies of the Trevi Group for Euro 250 million in shares (or possibly, if accepted, in financial instruments) and the rescheduling of the residual credits,

all of the above to be implemented within the framework and in execution of a debt restructuring agreement pursuant to Article 182-bis of the Italian Bankruptcy Law (the **"Restructuring Agreement")**. The Board of Directors has therefore mandated the CRO to immediately start negotiating with the lending banks in order to define the terms and final conditions of the financial manoeuvre, including the conversion rate of the receivables as well as the characteristics and rights pertaining to the financial instruments intended for lending banks at the time of conversion, with the aim of reaching the definition of an agreement.

As for the divestment of the Trevi Group companies operating in the Oil & Gas sector, on 4 December 2018 the Company's Board of Directors resolved to accept the binding offer presented by Megha Engineering & Infrastructures Ltd. (**"MEIL Group"**) for the acquisition of the Group companies operating in the Oil & Gas sector and, in particular, of Drillmec S.p.A. and Petreven S.p.A. (the **"Oil & Gas Divestment"**).

More specifically, as a result of an extensive and prolonged search for potential buyers of the Oil & Gas Division carried out by the CRO with the help of specialized advisors of top international standing, the Company's Board of Directors considered that, in the light of the expressions of interest and offers received from financial or industrial operators potentially interested in the acquisition of the Oil & Gas Division or part of it, the offer presented by the MEIL Group was the best and most consistent one with the Company's objectives, also with a view to the going concern of the business, which is an essential element to preserve the value of the Division.

The offer of the MEIL Group provides for the enhancement of the companies and assets making part of the Oil & Gas Division of the Trevi Group based on an equity value of Euro 140 million, assuming: (a) the absence of financial debt; and (b) a working capital value no lower than that recorded at 30 September 2018. This enhancement is also subject to some pre-closing price adjustments aimed at reflecting, in the definitive equity value, the negative effects on the value of the Division that may arise from the occurrence of certain events such as, for example, a reduction in the reference value of the working capital of the companies in the Oil & Gas Division (with a cap set at 10% of the proposed price) or the existence, at the closing date, of financial debt or, again, the occurrence of leakage (meaning those payments made by the companies of the Oil & Gas Division in favour of the other companies of the Trevi Group). The closing of the operation is subject to the occurrence of certain conditions precedent, which are usual for this type of transaction, including the signing, filing and approval of the Debt Restructuring Agreement pursuant to Article 182-*bis* of the Italian Bankruptcy Law, as well as the failure to meet significantly negative events.

The Board of Directors also acknowledged that the acceptance of the offer led to a significant write-down of the carrying amount of the investments and of the financial receivables from the companies belonging to the Oil & Gas Division, as well as the necessary write-downs of other intangible assets consequent to the foreseeable results of the impairment test based on the new business plan, and that these write-downs are reflected in the reduction of the Company's equity below the limits set by Article 2447 of the Italian Civil Code.

On 19 December 2018, the Board of Directors resolved to approve the 2018-2022 consolidated Business Plan updated on the basis of the data as at 30 September 2018 available to the management (the **"Plan"**) and the related capital strengthening and restructuring of the Trevi Group's debt (the **"Operation"**).

In particular, the Plan, which assumes that the Operation will be implemented during the 2019 financial year, is based on four main pillars:

(a) the prospective concentration of the Group's activities in geographical areas characterized by high levels of growth and attractive margins, as well as, at the same time, by a limited level of risk positioning of the Group;

(b) concentration of the portfolio of projects and products with high complexity and margins;

(c) optimization of the commercial and operational footprint; and

(d) implementation of standard processes to maximize the control of Group companies.

The Plan specifically provides for the Trevi and Soilmec Divisions - also as a result of and due to the Operation - the return, within the period considered, to levels of revenues and margins comparable to those achieved before the onset of financial difficulties, by leveraging on the recognized positioning of these Divisions in the construction and special foundations sector; as well as, due to the manoeuvre, the achievement by 2020 of the patrimonial and financial targets identified as adequate (also in the light of those of the main competitors) by the Board of Directors, i.e., a ratio between debt and EBITDA not exceeding 3x and a ratio between debt and equity equal to 1:1.

At the end of the further discussions with the lending banks (and in particular, following the communications received from the consultants, the latter on 2 October and 14 December 2018, in which the general terms around which there could have been a consensus of the lending banks to the operation were assumed), on the one hand, and the main shareholders of the Company, Trevi Holding SE (**"Trevi Holding"**), FSI Investimenti S.p.A. (**"FSI"**) and Polaris Capital Management LLC, on behalf of the funds it manages (**"Polaris"** and, together with FSI, the **"Institutional Shareholders"**), on the other, the Board of Directors has defined the terms essential to the capital strengthening operation, which is articulated in extreme synthesis in:

(i) a cash increase in capital of Euro 130 million, to be offered as an option to shareholders pursuant to Article 2441, paragraph 1 of the Italian Civil Code; and

(ii) a capital increase reserved to the lending banks to be released by converting part of the receivables due from the Company and its subsidiaries for an amount that, on that date, also based on the aforementioned communications received from the advisors of the banks, is calculated in approximately Euro 310 million in newly issued ordinary shares of the Company admitted to trading on the MTA. It should be noted that the lending banks, to which the option had also been repeatedly submitted, decided to accept the aforementioned conversion exclusively for the issue of ordinary shares, and not of the so-called participating financial instruments (pursuant to Article 2346, sixth paragraph of the Italian Civil Code), since they are easier to liquidate with a view to recovering the related receivables. Moreover, the operation thus structured led to the willingness of the lending banks to convert a larger amount of receivables into equity, thereby deriving, based on the conversion ratio, an implicit write-off of approximately Euro 240 million.

To this end, the Institutional Shareholders formally confirmed to the Board of Directors that they will undertake, subject to certain conditions (as described in detail below), to subscribe the share of the capital increase due to them because of their respective rights of option, along with guaranteeing the subscription of an additional portion of any unexercised portion up to a maximum amount of Euro 38.7 million each, i.e., for a total of Euro 77.4 million of the total Euro 130 million. The subscription of the remaining portion of the cash increase in capital amounting to Euro 52.6 million would be guaranteed, in the event of an unexercised portion, by a guarantee consortium organized by the lending banks, using credits as part of the capital increase reserved for them and to be released by conversion of credits. The commitments that are assumed by the Institutional Shareholders with reference to the implementation, subscription and payment of the cash increase in capital are today regulated by the investment agreement that will be signed before the signing of the Restructuring Agreement by the latter and the Company, which also governs the principles relating to the governance of the Company (the **"Investment Agreement"**).

Said reserved capital increase, as mentioned above, to be subscribed through the use in compensation of a total amount of receivables of Euro 284 million - in part intended for the underwriting of any remaining unexercised portion of the capital increase - would be carried out according to a ratio of 4,5:1, that is to say, through the attribution to the lending banks of newly issued ordinary shares (or fractions thereof, due to the terms of the operation that will be subsequently identified) for a value of Euro 1 (at the relevant subscription price) for every Euro 4.5 of converted credits.

Each of the commitments of the Institutional Shareholders is subject to the occurrence of different circumstances which, in addition to the conditions to which this type of commitment is normally subject, include, among other things, the completion of the Oil & Gas Divestment and the achievement of the restructuring agreement to be submitted for approval pursuant to Article 182-*bis* of the Italian Bankruptcy Law, to be approved by all the parties involved concerning the various elements necessary for the implementation of the Operation, including the definition of agreements on the treatment of the residual bank debt following the conversion and to any new financing necessary to support the Plan, as well as the new governance principles of the Company and the other main Group companies that guarantee professional and independent management. In particular, the shareholder FSI has subordinated its commitment to the fact that, at the outcome of the Operation, no shareholder reaches a controlling interest in the Company.

Pending the decision-making processes of the lending banks and the definition of the contractual texts, the Company asked the same lending banks to extend the effective term of the standstill agreement expiring on 31 December 2018 until the entire period necessary for the subscription of the definitive agreements, as well as to refrain from requesting the repayment of the financial debt and to maintain the current operations of the credit lines in the form of cash and guarantee facilities.

Within the framework outlined above, taking into account the occurrence of the conditions set out in Article 2447 of the Italian Civil Code due to the acceptance of the offer presented by the MEIL Group for the acquisition of the Group companies operating in the Oil & Gas sector, the Board of Directors also gave a mandate to the Chairman and the CRO to arrange, within the terms of the law, the convening of the Shareholders' Meeting for the measures of competence and to fix the date of the meeting taking into account the time necessary for the negotiation concerning the Restructuring Agreement, in any case not exceeding the deadline for the approval of the financial statements, that is, by the month of April 2019.

The manoeuvre subject to the approval by the Board also provided for a possible restructuring of the bond loan called «Trevi-Finanziaria Industriale S.p.A. 5.25% 2014 - 2019», for an issue value of Euro 50 million, with respect to which a market survey was conducted with some of the main holders and which was submitted for approval by the bondholders' meeting in time useful for defining the Restructuring Agreement.

During the first few months of 2019, negotiations continued with lending banks and all stakeholders in order to define and agree on the terms of the individual agreements and all the operations envisaged in the context of the Trevi Group capitalization restructuring process. Although substantial progress has been made and the lending banks have de facto extended the conditions of the standstill agreement, also allowing some new uses for cash as well as the issuance of some new guarantees necessary for the financial support of the Group, as there are still certain elements in the definition phase, the Board, on 1 April 2019, resolved to postpone the Extraordinary Meeting already called for 24 and 30 April 2019 (on first and second call respectively) for the adoption of the provisions pursuant to Article 2447 of the Italian Civil Code, in order to make it coincide with the date of the Shareholders' Meeting to be called to approve the 2017 and 2018 financial statements under the terms provided for in Article 2364, paragraph 2, last sentence, of the Italian Civil Code. On that date, the Board also approved the Plan in its consolidated and updated version based on the data as at 31 December 2018.

On 2 May 2019, the bondholders' meeting of the bond loan, held on second call, approved the granting of waivers and the modification of some terms of the loan regulation in order to adapt the relative provisions to the current situation of the Company and to what is foreseen by the Plan, thereby contributing to the restructuring of the Company's financial structure.

The changes to the loan regulation concern, *inter alia*, the maturity date of the loan that has been postponed to 31 December 2024, the rescheduling of the interests that have been recalculated by 2% starting from the 2nd of May, and the redefinition of some contractual obligations and of certain significant events in order to adapt them to the current situation of the Company and to the new Plan.

It should be noted that the effectiveness of the changes to the loan regulation is subject to the condition subsequent of the failure to grant the homologation in relation to the Restructuring Agreement pursuant to Article 182-*bis* of the Italian Bankruptcy Law and the non-occurrence of the closing of the Operation by the deadline of 31 December 2019.

On 8 May 2019, the Company informed the market that the Board of Directors, after acknowledging the advanced state of the negotiation and the drafting the agreements relating to the Operation, resolved to approve the final proposal for an inclusive financial manoeuvre of the economic-financial plans, which was sent to the lending banks to allow them to complete the preliminary investigation on the Operation and the related decision-making processes.

The manoeuvre proposal approved by the Board, which is now reflected in the Plan and in the Restructuring Agreement, is in line with the principles that had already been established in the resolution adopted by the same on 19 December 2018, and concisely provides for:

(i) a capital increase to be offered in option for an amount of Euro 130 million, at a subscription price per share of Euro 0.0001, in relation to which the Institutional Shareholders have confirmed their willingness to make a commitment of subscription for a total of Euro 77.4 million, while the remaining part, whereas it is not optionally subscribed by the market, will be subscribed by the lending banks through the conversion of the related credits according to the conversion ratio indicated in the following point (ii);

(ii) the conversion into newly issued ordinary shares admitted to trading on the MTA of the receivables claimed by the lending banks, according to a ratio of 4.5:1 for a maximum amount of Euro 284 million, in part, where necessary, to guarantee the unexercised portion and, for the remaining part, to subscribe and release a reserved capital increase;

(iii) a further capital increase, up to a maximum of approximately Euro 20 million, reserved for the current shareholders of the Company, with a corresponding total issue of No. 164,783,265 quoted European *"loyalty warrants",* each valid to underwrite No. 933 conversion shares, for a total of maximum No. 184,491,343,494 conversion shares, to be subscribed in cash, at an exercise price per warrant equal to Euro 0.00013;

(iv) balance and write-off transactions with some financial creditors who refused to adhere to the proposed conversion into ordinary shares referred to in point (ii) above, for a total amount of approx. 32 million, with an estimated capital benefit of approx. additional 20 million;

(v) the divestment of the investments held, directly or indirectly, by Trevifin in Drillmec and Petreven (and, through the latter, in the other companies controlled by them and operating in the Oil & Gas sector), in favour of the MEIL Group and the destination of the relative net proceeds from the repayment of the debt weighing, respectively, on each of these companies, upon payment of these exposures by Trevifin immediately before the closing of the divestment. The residual debt not reimbursed through the use of net cash proceeds deriving from the Oil & Gas Divestment will be partly converted into the capital increase per conversion, partially cancelled as it is not guaranteed by Trevifin and, for the residual portion guaranteed by Trevifin, rescheduled and modified in a uniform manner to the debt, subject to the restructuring pursuant to point (vi) below;

(vi) in the event of failure to fully subscribe the portion of the cash increase reserved for the existing shareholders, the eventual granting and payment in favour of Trevi S.p.A. and Soilmec S.p.A. of a medium-long term syndicated loan in the form of cash for a total maximum amount equal to the lower of (a) Euro 41 million, and (b) the difference between Euro 130 million and the amount of the capital increase per cash underwritten by the market and the shareholders (including the Institutional Shareholders). Of this loan, Euro 12 million must be disbursed in the period between the filing of the appeal and the date on which the decree approving the Restructuring Agreement was finalized (and, therefore, following the authorization by the competent Court pursuant to Article 182-*quinquies*, paragraph 1, of the Italian Bankruptcy Law). The amount of the new finance, which was calculated taking into account the agreements reached with MEIL and assuming that through the Petreven Divestment the Group will benefit from a net amount of approx. Euro 11.6 million after having repaid the entire debt of this company, will be reduced in any case by an amount equal to the net amounts deriving from the divestment of Petreven which exceed the aforementioned amount of Euro 11.6 million;

(vii) the consolidation and rescheduling of the bank debt which will have a final maturity date and related balloon repayment on 31 December 2024, except in cases of mandatory early repayment, and the modification of the related terms and conditions;

(viii) the granting of new credit lines required for implementing the business plan;

(ix) the provision of part of the new cash finance and a part of the new credit lines in the form of guarantee facilities even during the period between the filing and the approval date of the restructuring agreement pursuant to the Article 182-*quinquies* of the Italian Bankruptcy Law, subject to obtaining authorization from the competent Court;

(x) the rescheduling until 31 December 2024 and the modification of the related terms and conditions of the bond loan issued by Trevifin.

With regard to the subscription price of the newly issued shares as part of the capital increase, in line with the provisions of the Board document of 19 December 2018, as well as with the commitments undertaken by the Institutional Shareholders, the same was set by the Board of Directors in the amount of Euro 0.0001 which, based on the current share listing values, corresponds to a 28% discount on the TERP, in line with the market precedents.

The financial manoeuvre illustrated above would entail an overall recapitalization of the Company estimated in a range between approximately Euro 390 and 440 million and an improvement in the net financial position of approximately Euro 150-250 million (depending on the amount of the capital increase for the cash subscribed by the market).

As for the Oil & Gas Division Divestment, the related terms and conditions are now reflected and detailed in the implementation agreements of the same (including, among others, the Sale and Purchase Agreement, Escrow Agreements, the Non-Compete Agreement and the Intercompany Commercial Agreement), some already signed at the date of this report and others that will be signed by the Company, Trevi S.p.A. and Soilmec S.p.A., as sellers, and by one or more entities fully controlled by the MEIL Group, as buyers (the "**Oil & Gas Divestment Agreements**").

Key financial and economic indicators of the Group

Below, a summary of the key equity and financial indicators of the Group / Company to date:

(in thousands of Euro)	**31/12/2018**
Production revenues	642.040
Total revenue	**618.080**
Value added	214.998
% of Total Revenue	*34,8 %*
Gross Operating Profit (EBITDA)	**50.151**
% of Total Revenue	*8,1 %*
Operating Profit (EBIT)	**14.210**
% of Total Revenue	*2,3%*
Net profit (loss) of the Group	**(143.427)**
% of Total Revenue	*-23,2%*
Gross investments	39.104
Net invested capital	434.304
Net financial position	**(692.640)**
Total equity	(147.335)
Net Equity of the Group	(148.075)
Equity attributable to non-controlling interests	740
Net operating profit / Net invested capital (R.O.I.)	3,3%
Net profit of the Group / Total Equity (R.O.E.)	97,3%
Net operating profit / Total revenue (R.O.S.)	2,3%
Net financial position / Total equity (Debt / Equity)	-4,7

These indicators confirm that, in order to overcome the current crisis that is affecting the Company and the Group in general, it is necessary to implement the Operation described above aimed at ensuring the going concern assumption.

Based on the Business Plan, the implementation of the transaction is expected to result, by the 2020 financial year, in the achievement for the Group of financial and equity targets consistent with those of the main market competitors, as identified by the Board of Directors.

Main risks and uncertainties to which the Trevi Group is exposed and assessment of the going concern

Current Trevi Group market conditions, related to the Group's complex situation that has been widely described in the consolidated financial statements, have required the Company management to carry out particularly accurate assessments of the going concern. Specifically, at the time of the approval of the 2017 financial statements (approved only on 15 July 2019 due to the impossibility to confirm the going concern assumption prior to that date), the Board of Directors carried out all the necessary assessments relating to the going concern assumptions also taking into account, to this end, all the available information referring to foreseeable future events.

In assessing whether the going concern assumption is appropriate or not, the management took into account all the available information about the future, relating at least - without limitation - to 12 months from the consolidated financial statements date for the year ended 31 December 2018.
The assessment of the going concern assumption as well as the outlook analysis are necessarily linked to the implementation of the aforementioned Operation for the capital strengthening and debt restructuring of the Group, including the implementation of the Plan.
In particular, the going concern assumption requires the occurrence of the following circumstances, which by their very nature are uncertain, by the end of 2019:

A. the execution of: **(i)** the Restructuring Agreement by all the related parties to be filed with the competent Court by the applicant companies (i.e., Trevifin, Trevi S.p.A. and Soilmec S.p.A.) to obtain the approval pursuant to article 182 *bis* of Italian Bankruptcy Law; **(ii)** the restructuring agreement under article 67, paragraph 3, lett. d) of Italian Bankruptcy Law between PSM S.p.A. and the relating lending banks; **(iii)** the Investment Agreement and the commitments undertaken by the Institutional Shareholders; and **(iv)** the Oil&Gas Divestment Agreements with MEIL, as well as the fulfilment of the obligations of the relevant counterparties under the agreements from (i) to (iv);

B. the obtainment of the authorisation from the competent Court pursuant to article 182 *quinquies* of Italian Bankruptcy Law, necessary to grant new financing, both cash and guarantee facilities, in the period running from the filing date of the appeals and the approval of the Restructuring Agreement, as well as the actual disbursement of the same by the lending banks; and

C. the effectiveness of the arrangements described under A, following the occurrence of all the conditions precedent contained in the same, including: **(i)** the approval of the Restructuring Agreement, as well as of the other agreements for which approval is requested, by decree of the competent Court towards all the applicant companies pursuant to article 182 *bis* of Italian Bankruptcy Law; **(ii)** the adoption by the Shareholders' Meeting of the resolutions envisaged for the implementation of the

Operation as illustrated in the Restructuring Agreement and in the Investment Agreement, including the one relating to the appointment of the new Board of Directors, a circumstance that constitutes a condition precedent under the Restructuring Agreement; and **(iii)** the closing, including the actual collection of the agreed consideration, of the Oil&Gas Divestment following the occurrence of the related conditions precedent;

D. the achievement of the objectives set in the Plan as approved by the Board of Directors on 19 December 2018 (see above) and the attainment of economic-financial and equity targets that will mark the definitive recovery of the Group according the forecasts of the same Plan. Said targets, however, also depend on future factors that, by their very nature, are uncertain and uncontrollable beforehand.

In light of the above, the Board of Directors has appropriately requested and obtained the information necessary to assess the reasonableness of the occurrence of all the above circumstances, which represent significant uncertainties and may give rise to doubts about the ability of the Company and the Group to continue to operate on the basis of the going concern assumption. It has therefore considered it appropriate to use the going concern assumption in the preparation of these financial statements.

Specifically, the Board of Directors based its conclusions on what follows, with reference to each of the uncertainty elements mentioned above:

1. with reference to the previous paragraph A:

(i) the Restructuring Agreement is about to be signed, as the relating contents - except for some minor aspects - have been entirely agreed by the parties. Furthermore, the Operation is currently under examination of the decision-making bodies of the lending banks, as confirmed by the legal advisor of the same. On 5 July 2019, the latter issued a comfort letter confirming that No. 6 Banking Groups have successfully completed the related decision-making procedures and that the decision-making processes of the remaining institutions will be concluded by the end of July and/or early August 2019.

(ii) the Investment Agreement has been entirely agreed upon - except for some minor aspects - by Trevifin and the Institutional Shareholders that have undertaken the relating commitments;

(iii) the Sale and Purchase Agreement relating to the Oil&Gas Divestment has been widely agreed upon between the parties, in line with what has already been agreed in the MEIL Group binding offer of December 2018. Said agreements are expected to be signed immediately prior to the date of signature of the Restructuring Agreement.

2. with reference to the previous paragraph B, the approval of the competent Court pursuant to article 182 *quinquies* of Italian Bankruptcy Law, along with the granting of new financing by the lending banks during the period preceding the approval of the Restructuring Agreement, appears realistic - although depending on considerations made at the Court's discretion and under its responsibility. Said approval should not be issued under a so called "composition with creditors filed without a scheme of arrangement" (hence in the absence of a plan and a manoeuvre already defined) but rather under a Restructuring Agreement already defined and signed. The expert in charge should also pay a special attention to the new interim finance aimed at ensuring better satisfaction of non-participating creditors;

3. with reference to paragraph C, it should be

noted that, with reference to the conditions precedent:

(i) Prof. Enrico Laghi - in his quality as expert in charge of certifying the feasibility of the Restructuring Agreement pursuant to article 182 *bis* of Italian Bankruptcy Law - is completing the preparation of final reports and has already confirmed that the Plans of Trevifin, Trevi S.p.A. and Soilmec S.p.A. are certifiable, upon the occurrence of specific assumptions and conditions, under article 182 *bis* of Italian Bankruptcy Law with the comfort letter of 19 February 2019, as subsequently supplemented on 20 March and 23 May 2019. There are therefore no reasons to believe that the competent Court will not approve the Restructuring Agreement. This is also in consideration of the fact that, in accordance with the established case law, the control carried out by the Court on these agreements only concerns the compliance of the same with legal requirements and the relating legal feasibility. This applies except in the case in which oppositions are presented, requiring the Court to assess the economic feasibility of agreements and the underlying plans;

(ii) the additional conditions precedent set by the Restructuring Agreement (which largely coincide with those of the Investment Agreement) appear reasonably achievable, and for the most part depend mainly on activities that must be carried out by the Company and that are under the control of the same, with some exceptions. Specifically: **(a)** the condition precedent relating to obtaining the authorization by Consob to publish the prospectus to be issued within the framework of the capital increase, which obviously also depends on the discretion of the supervisory authority. However, it seems reasonable to believe that this authorization will be granted by the same, considering that the capital increase that is strictly necessary in the context of the Operation has been largely anticipated to the market and to the authority, and is already guaranteed for the entire amount necessary, and **(b)** the appointment by the Shareholders' Meeting of the Company of the new Board of Directors according to the provisions of the Restructuring Agreement and the Investment Agreement, depending on the decisions of the Shareholders' Meeting, which are not under the control of the Company. Nevertheless, also with reference to this condition, it must be considered that the shareholders are made aware that the new Board is to be appointed in compliance with the provisions of the signed agreements and that, therefore, in the absence of such appointment, the Operation cannot be completed and the current financial statements cannot be approved on the going concern assumption. Furthermore, it should be pointed out that, for this purpose, Institutional Shareholders have undertaken a specific commitment to solicit proxies within the framework of the Investment Agreement; and

(iii) the Sale and Purchase Agreement relating to the Oil & Gas Divestment provides for the signing and the approval of the Restructuring Agreement as the main conditions precedent (for which reference should be made to the previous point (i)). It also provides for the approval of the resolutions concerning the capital increase by the competent corporate bodies of the Company included in the restructuring plan of the Trevi Group as well as the obligation of the Institutional Shareholders and lending banks to sign the capital increase as already envisaged by the Restructuring Agreement. Further conditions precedent concern the non-occurrence of significantly negative events and other activities that are for the most part under the control of Trevifin, including the execution of some transactions that are preparatory and functional to the divestment itself, mostly infragroup, by the Trevi Group (including the assumption by the Company of the existing debt held by Petreven S.p.A., Drillmec S.p.A. and Drillmec Inc. in order to allow the repayment of this indebtedness with the net proceeds deriving from the divestment).

4. Finally, with reference to the Paragraph D above, concerning the uncertainty factors associated with the Plan, it should be noted that said Plan has been drawn up on a prudent basis with the assistance of leading industrial and financial advisors. The Plan has been examined several times by the Board of Directors and is currently submitted to certification by the expert appointed pursuant to Article 182 *bis*, who, as mentioned above, has already issued comfort letters confirming that the Plan is certifiable.

It should also be noted that at the beginning of May 2019 the meeting of bondholders holding the bond loan approved the amendments made to the terms and conditions of said bond loans in the light of the new business plan and the current situation of the Company. The resolution is exclusively subject to certain conditions subsequent, such as the failure to approve the Restructuring Agreement and the failure to complete the transactions envisaged at the closing of the same by 31 December 2019. Therefore, this element was not considered among the events on which the considerations concerning the going concern depend, as it already appears to have been resolved through the adoption of the aforementioned resolution by the holders of the loan, it being understood that, where the closing of the Transaction should not occur by 31 December 2019, the resolution taken would become ineffective and the loan would immediately become collectable.

The Directors, in light of the considerations set out above, have adopted the going concern assumption to prepare the financial statements for the year ended 31 December 2018, as considering it reasonable that the Group's current difficulties may be overcome through the above-stated actions undertaken and to be undertaken. In summary, during 2019, the financial manoeuvre will allow obtaining a significant recapitalization (for a total amount of Euro 434 million) linked to the cash capital increase of Euro 130 million, to the conversion of a part of receivables claimed by the lending banks totalling Euro 284 million and to the capital benefit of about Euro 19 million associated with full and final settlement transactions with some financial creditors. Furthermore, benefits will be generated from the consolidation and rescheduling of the bank debt that will have final maturity date and related balloon repayment on 31 December 2024, with the amendment of the relating terms and conditions.

The existence and the overcoming of these uncertainties depend only in part on internal variables and factors controllable by the Company Management, while those remaining depend on external factors which are assessed on a reasonableness basis as mentioned above.

Improvement plan

NFS 2017 Goals	Timing	Stage of completion as at 31/12/2018	New actions timing
- Developing and formalising the Compliance Management policy of the Group	31/12/2018	The policy has been developed. The document is expected to be approved by and shared with all the companies of the Group by the end of 2019.	31/12/2019
- Developing and formalising a Bribery and Corruption management system for the Group		The policy has been completed and is under the approval phase.	30/06/2019
2017 NFS Goals confirmed in 2018			
- Developing and formalising a Bribery & Corruption management system for the Group.	30/06/2019	During 2018, a technical and economic feasibility study of the project was prepared. The approval of the project and the implementation of the system are expected by the end of 2019, even if the project has a multi-year duration.	31/12/2019
- Implementing a Group Management System concerning human resources, aimed at facilitating the mapping of personnel presence at jobsites and to set a common nomenclature with the world of health and safety at work.	31/12/2019	The development of a Group Management System for the HR area has been implemented. Its completion is expected during 2019.	31/12/2019
- Formalising a Group environmental policy to increase the supervision related to the environmental impacts also on jobsites.		The policy has been developed. The approval and the sharing of the document with all the companies of the Group is expected by the end of 2019.	
- Planning and carrying out internal audits performed by third-party companies at offices, jobsites and production sites with reference to environment, society, human rights, health and safety.		With reference to the implementation of management systems, the start and implementation of audits is confirmed. Protection of human rights will be progressively included among the assessment criteria.	
-Implementing the ISO 14001 environmental management system for the companies of the Group not yet certified to date.	31/12/2020	The implementation of the ISO 45001 management system (ex OHSAS 18001) for Soilmec SpA started. The progressive implementation of ISO 14001, ISO 9001 and ISO 45001 management systems is confirmed.	31/12/2020
- Implementing the ISO 9001 quality management system for the companies of the Group not yet certified to date.			
- Implementing the OHSAS 18001 health and safety management system for the companies of the Group not yet certified to date.			

NFS 2018 Goals	
- Extending the risk management scope and consolidating a structured risk identification, analysis and assessment process, also with reference to non-financial risks.	31/12/2019
- Strengthening the Function to maximize the tools implemented and ensuring that the reporting activity supports both the strategic and operational decisions of the Trevi Group.	31/12/2019
- Carrying on the Management Risk process that has been recently implemented, according to an Enterprise approach that includes under a single responsibility the tasks aimed at planning, controlling and managing the risks of the Group. The Risk Manager will be actively involved in the business process (planning, selection and management of risks) in order to ensure a general consistency between the goals set and the results achieved.	31/12/2019

Methodological note

The methodology

The NFS was approved by the Board of Directors of TreviFin on 15 July 2019 and constitutes a separate report with respect to the Report on Operations and Ownership 2018.
The NFS is prepared in compliance with the requirements of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" drawn up in 2016 by the GRI - Global Reporting Initiative ("GRI Standards"). Specifically, in accordance with the Standard GRI 101: Foundation, paragraph 3, reference was made to the 2016 Reporting Standards in the Content Index ("GRI Standards - GRI-referenced option"). The information and figures reported in this NFS refer to the period between 1/1/2018 and 31/12/18. Furthermore, it was submitted to a limited examination, according to the International Standard on Assurance Engagement (ISAE 3000 Revised) by KPMG SpA.

The report is available on the website www.trevifin.com, within the section "Investor relations" under "Non-Financial Statement".

Process for identifying material topics

In compliance with Italian Legislative Decree 254/2016 and other sources, the Trevi Group has identified the topics ensuring the effective understanding of the company's business, its performance, its results and the impact produced, which are of strategic importance to the Company itself as they could influence the assessment of its stakeholders.

In order to identify the topics defined as material, the Group has carried out some analysis aimed at understanding the main pressures coming from its stakeholders and the company priorities, also in relation to the impacts produced and/or generated by its activities, with reference to the five areas of Italian Legislative Decree 254/2016 (namely environment, society, personnel, respect for human rights and fight against active and passive corruption).
Specifically, the analysis carried out to identify the main relevant aspects are as follows:

- **analysis of sector benchmarks:** through the mapping of non-financial aspects marked as relevant for the sectors in which the Group operates;

- **analysis of the media:** through the search for keywords of articles on the main national and international newspapers that have covered non-financial topics related to the Trevi Group during the reference year. The topics identified have been further assessed according to specific requirements of the Decree and to impacts characterising the business model of the different divisions of the Group, which have distinctive operational models. This resulted in a list of topics deemed relevant, representing the reporting object of this NFS.

Scope

The reporting scope of this NFS includes companies of the Trevi Group that have been fully consolidated as mentioned in the Report on Operations as at 31/12/2018. Table 19 shows the criteria for defining the reporting scope of each area of the Decree. The exclusion of some companies from the scope has been evaluated in accordance with provisions of art. 4 of Italian Legislative Decree No. 254/2016 that describes the opportunity to exclude from the NFS report those companies that, even though excluded from the accounting reporting scope, are not relevant to the understanding of activities and impacts of the Group. The socio-economic impacts of these companies are hardly significant due to their little incidence in terms of type of activity (non-productive one) and number of employees (less than 15 resources). With regard to the Trevi and Petreven divisions, the companies having active job orders in the year 2018 and, hence, attributable to significant impacts are: Trevi Finanziaria Industriale S.p.A., TREVI S.p.A., Trevi Insaat Turkey, Trevi Cimentaciones, Trevi Foundations Nigeria, Trevi Foundations Philippines, Swissboring Gulf, Trevi Icos Corportation, Trevi Icos South, Trevi Pilotes Argentina, Trevi Galante S.A. Colombia, Trevi Algeria, Arabian Soil Contractors, Trevi Kuwait Foundations, Trevi Foundation Construction Ltd Nigeria, Trevi Hong Kong, Trevi Austria, Profuro lda – Mozambico, Trevi Consolidaciones i Cimentaciones Panama, Trevi Spezialtiefbau Germany, Trevi Australia Pty, Trevi Canada, Trevi Chile S.p.A., Trevi Arabco JV, Trevi Egypt Branch, Trevi Fondations Speciales Sas, Petreven S.p.A., Petreven C.A. Venezuela, Petreven Chile, Petreven Peru S.A., Petreven S.A. Argentina

Any further limitation to said scope is mentioned within the document in correspondence of each indicator.

Table 19: criteria for defining the reporting scope

Area	Reporting scope	Scope limitation			
		Indicator	2017	2018	
				Limitation	% cover
Environment	All the companies employing more than 15 persons as at 31/12/2018 are included in the reporting scope.	**302-1** **305-1** **305-2**	For the **Trevi** Division: - Trevi Icos Corp, Trevi Icos South, Trevi Cimentaciones, Trevi Hong Kong, Trevi Austria, Profuro LDA. For the **Soilmec** Division: - Soilmec France.	For the **Trevi** Division:: - Trevi Foundation Construction (Nigeria), Trevi Fondations Speciales SAS, Trevi Canada. For the **Petreven** Division:: - Petreven Chile.	90%
		303-1	For the **Trevi** Division: - Trevi Cimentaciones, Foundations Nigeria, Foundations Constructions Ltd Nigeria, Icos Corp, Icos South, Trevi Hong Kong, Trevi Austria, Profuro LDA. For the **Petreven** Division: - Petreven Spa. For the **Soilmec** Division: - Soilmec France, Watson Inc.	For the **Trevi** Division: - Trevi Foundations Nigeria, Trevi Icos Corp, Trevi Icos South, Foundations Construction (Nigeria), Trevi Canada, Trevi Norvegia, Trevi Fondations Speciales SAS. For the **Petreven** Division: - Petreven Chile	89%

Area	Reporting scope	Scope limitation			
		Indicator	2017	2018	
				Limitation	% cover
		304-1			100%
		306-2	For the **Trevi** Division: Vengono escluse dal perimetro di rendicontazione tutte le società estere. For the **Petreven** Division: Non viene rendicontato l'indicatore in quanto non risulta rilevante. For the **Soilmec** Division: - Soilmce Wujiang, Soilmec France.	For the **Trevi** Division: Vengono escluse dal perimetro di rendicontazione tutte le società estere. For the **Petreven** Division: Non viene rendicontato l'indicatore in quanto non risulta rilevante.	36%
		306-3	For the **Soilmec** Division: Non viene rendicontato l'indicatore in quanto non risulta rilevante.		100%
		307-1			100%
Compliance and anti-corruption	For the **Trevi** and **Petreven** Divisions: companies with active job orders in the year under review are included in the reporting scope. For the **Drillmec** and **Soilmec** Divisions: there are no scope exclusions.	**205-3**			100%
Society	For the **Trevi** and **Petreven** Divisions: companies with active job orders in the year under review are included in the reporting scope. For the **Drillmec** and **Soilmec** Divisions: there are no scope exclusions.	**413-1**			100%

Area	Reporting scope	Scope limitation			
		Indicator	2017	2018	
				Limitation	% cover
Human rights	All the companies employing more than 15 persons as at 31/12/2018 are included in the reporting scope.	**406-1**		For the **Trevi** Division: all the foreign companies are excluded from the reporting scope.	100%
		414-2	All the foreign companies are excluded from the reporting scope.	All the foreign companies are excluded from the reporting scope.	100%
Personnel	For the **Trevi** and **Petreven** Divisions: companies with active job orders in the year under review are included in the reporting scope. For the **Drillmec** and **Soilmec** Divisions: there are no scope exclusions.	**403-2**	For the **Drillmec** Division: - Drillmec Russia.	For the **Soilmec** Division: - Soilmec Australia, Soilmec Singapore, Soilmec Algeria, Soilmec Colombia, Soilmec Germania, Soilmec Japan.	99%
		102-8			100%
		403-2 **Absenteeism**	For the **Trevi** Division: - Trevi Profuro, Trevi Egitto, Trevi Chile, Trevi Canada, Trevi Australia. For the **Drillmec** Division: - Drillmec Inc, Drillmec Colombia. For the **Soilmec** Division: - Soilmec Japan, Watson Inc.	For the **Trevi** Division: - Trevi Cimentaciones Venezuela. For the **Petreven** Division: - Petreven Spa, Petreven Venezuela, Petreven Chile. For the **Soilmec** Division: - Soilmec North America, Soilmec Hong Kong, Soilmec Colombia.	98%
		401-1	For the **Drillmec** Division: - Drillmec Russia.		100%
		404-1	For the **Trevi** Division: All the companies employing less than 15 persons as at 31/12/2018 are excluded from the reporting scope. For the **Drillmec** Division: - Drillmec Russia.	For the **Trevi** Division: Trevi Finanziaria Industriale, Trevi Foundation Kuwait, Trevi Foundation Nigeria, Trevi Insaat Turchia, Foundations Construction (Nigeria), Trevi Austria, For the **Soilmec** Division: - PSM Spa, Soilmec North America, Soilmec Australia, Soilmec Hong Kong, Soilmec Francia, Soilmec Algeria, Soilmec Colombia, Soilmec Germania, Soilmec Japan	86%
		405-1	For the **Drillmec** Division: - Drillmec Russia.		100%

Method of calculation

The definition of the contents included in the NFS 2018 involved all the relevant corporate departments in charge of the reported information.
The following are the definitions and methodologies for calculating the rates and indicators relating to environmental figures.

- Energy consumptions, which include:

- Consumption of fossil fuels *(petrol, diesel, natural gas and LPG)*
- Consumption of renewable energy *(wind power, solar energy, biomass, geothermal energy)*
- Consumption of electricity from national network
- Energy from self-produced renewable and non-renewable sources, consumed on-site

These consumptions have been converted into GJ according to the following conversion factors, deriving from the Greenhouse Gas Protocol reporting conversion factors and shown in Table 18.

Energy carrier	Unit of measure used for collecting the data	Conversion factor	Unit of measure of the conversion factor
Petrol	l/year	0,0313	GJ/l
Diesel	l/year	0,0359	GJ/l
Natural Gas	m^3/year	0,0353	GJ/m^3
LPG	l/year	0,0239	GJ/l
Electricity	kWh/year	0,0036	GJ/kWh

Table 20: Conversion factors of energetic consumptions in GJ. Source: Greenhouse Gas Protocol reporting conversion factors, 2018

- Scope 1 emissions:

The consumption of fuels such as petrol, diesel, natural gas and LPG is considered for calculating Scope 1 emissions. Scope 2 emissions are calculated by multiplying the GJs of energy by the emission factors deriving from the applicable technical literature. Specifically, a table of national standard parameters issued by the Ministry of Environment and based on ISPRA data updated in 2018 was used for fossil fuels.
The emission factors used are shown in Table 21.

Fuel	Emission factor	Unit of measure of the conversion factor
Petrol	3,140	ton_{CO_2}/ton benzina
Diesel	3,155	ton_{CO_2}/ton diesel
Natural Gas	1,972	ton_{CO_2}/1000 m^3
LPG	3,026	ton_{CO_2}/ton GPL

Table 21: Conversion factors of fuel consumed in tonnes of CO2 equivalent emitted.
Source: Ministry of environment (MATTM) 2018.

- Scope emissions:

Only CO2 emissions were considered for calculating greenhouse gas emissions. Scope 2 emissions have been calculated in accordance with the Location-based method envisaged in the "GHG Protocol Scope 2 Guidance - An Amendment to the GHG Protocol Corporate Standard" (2015).
CO2 emissions are calculated by multiplying GJs of electrical and thermal energy acquired from third parties by the national emission factors deriving from the applicable technical literature. In the cases in which no national emission factor is available, the continental average emission factor has been used. In particular, the conversion factors are provided by the Statistical Office of Terna S.p.A. that makes part of the National Statistical System. This latter has the statutory duty of compiling the official statistics of the whole national electricity sector and, in our Country, is also responsible for issuing official statistical communications to international organizations such as Eurostat, IEA, OECD, UN.

The following are the definitions and methodologies for calculating the rates and indices relating to occupational health and safety data:

- Absenteeism rate

It is calculated as the ratio between the total amount of days of absence due to illness, accident or unpaid leave and the total amount of workable days.

- Frequency index of accident

It is calculated as the ratio between the total number of accidents with an absence higher than one day and the total number of hours worked, multiplied by 1,000,000; commuting accidents are excluded from the calculation of the accident rate.

- Severity index

It is calculated as the ratio between the total number of days lost due to an accident and the total number of workable hours, multiplied by 1,000.

- Professional illness rate

It is calculated as the ratio between the total number of occupational disease cases and the total number of hours worked, multiplied by 1,000,000.

- Occupational disease rate

It is calculated as the ration between the total number of cases of professional disease and the total number of worked hours, multiplied by 1,000,000.

- Working days lost

They represent the calendar days lost due to accident starting from the first day of absence at the workplace.

- Hours worked

In case of unavailability of the data for some employees, an estimate was made on the basis of the hours actually worked by the resting part of Trevi's workforce.

GRI Content Index

GRI Standard	Disclosure	Page number	Note / Omissions
GRI 102: GENERAL DISCLOSURES 2018			
102-1	Name of the organization		
102-2	Activities, brands, products and services		
102-3	Location of the Group's headquarters		
102-8	Information on employees and other workers		No breakdown of employees based on type of contract and gender and type of work and gender is available for the year 2017. For the years 2017 and 2018, the number of other types of workers is not reported since data are not available.
102-15	Key impacts, risks, and opportunities		
102-18	Corporate Governance		
102-22	Composition of the Board of Directors and its committees		
102-23	Chairman of the Board of Directors		
102-45	Entities included in the consolidated financial statements		
102-46	Defining report content and topic boundaries		
102-47	List of material topics		
102-50	Reporting period		
102-54	Claims of reporting in accordance with the GRI Standards		
102-55	GRI content index		
102-56	External assurance		

GRI Standard	Disclosure	Page number	Note / Omissions
MATERIAL TOPICS			
ECONOMIC PERFORMANCE INDICATORS			
ANTI-CORRUPTION			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 205: Anti-corruption 2018			
205-3	Confirmed incidents of corruption and actions taken		
ENVIRONMENTAL PERFORMANCE INDICATORS			
ENERGY			
GRI 103: Management Approach 2018			

GRI Standard	Disclosure	Page number	Note / Omissions
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 302: Energy 2018			
302-1	Energy consumption within the organization		
WATER			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 303: Water 2018			
303-1	Water withdrawal by source		
BIODIVERSITY			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 304: Biodiversity 2018			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		For the years 2017-2018, KPIs are compliant only for point a.1.
EMISSIONS			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 305: Emissions 2018			
305-1	Direct GHG emissions		
305-2	Energy indirect GHG emissions		
EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 306: Effluents and Waste 2018			
306-2	Waste by type and disposal method		
306-3	Significant spills		

GRI Standard	Disclosure	Numero di pagina	Note / Omissioni
ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 307: Compliance Ambientale 2018			
307-1	Non-compliance with environmental laws and regulations		
SOCIAL PERFORMANCE INDICATORS			
EMPLOYMENT			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 401: Employment 2018			
GRI 401-1	New employee hires and employee turnover		The year 2017 does not include any data related to new hires and the turnover rate since not applicable following the change made to the companies making part of the reporting scope.
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI Standard	**Disclosure**	**Numero di pagina**	**Note / Omissioni**
GRI 403: Occupational Health and Safety 2018			
GRI 403-2	TRates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities		For the year 2018, the Soilmec, Drillmec and Petreven Divisions do not include accidents of self-employed workers in their reporting scope.
TRAINING AND EDUCATION			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 404: Training and Education 2018			
404-1	Average hours of training per year per employee		For the years 2017 and 2018, the breakdown of the average hours of training per gender and category of employees is not available. The indicator exclusively refers to the training focused on occupational health and safety.

DIVERSITY AND EQUAL OPPORTUNITIES			
GRI 103: Management Approach 2016			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 405: Diversity and Equal Opportunity 2018			
405-1	Diversity of governance bodies and employees		No breakdown based on age bracket of employees is available for the years 2017 and 2018. The Trevi Group commits itself to including this disclosure in upcoming years.
NON-DISCRIMINATION			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 406: Non-discrimination 2018			
GRI 406-1	Incidents of discrimination and corrective actions taken		
HUMAN RIGHTS ASSESSMENT			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 412: Human Rights Assessment 2018			
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	35	
LOCAL COMMUNITIES			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary	33-34;38	
103-2	The management approach and its components	33-34	
103-3	Evaluation of the management approach		
GRI 413: Local Communities 2018			
413-1	Operations with local community engagement, impact assessments and development programs		
SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach 2018			
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
GRI 414: Supplier Social Assessment 2018			
414-2	Negative social impacts in the supply chain and actions taken		

Trevi Finanziaria Industriale S.p.A.

Consolidated non-financial statement as at and for the year ended 31 December 2018

(with independent auditors' report thereon)

KPMG S.p.A.

30 August 2019

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Trevi Finanziaria Industriale S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2018 consolidated non-financial statement of the Trevi Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 15 July 2019 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards"), selected as specified in the "Methodological Note" section of the NFS (the "GRI Standards - GRI-Referenced option"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibilities

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards – GRI-Referenced option. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
   - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;

- the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:

   - at parent and subsidiaries level:
     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
     b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
   - we visited Trevi S.p.A., which we have selected on the basis of its business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Basis for qualified conclusion

The "Business plan, main risks and uncertainties to which the Trevi Group is exposed and assessment on the going concern" section of the NFS presents financial data and information derived from the group's consolidated financial statements as at and for the year ended 31 December 2018.

Today, we disclaimed our opinion on such consolidated financial statements as a result of material uncertainties that may cast significant doubts on the parent's and group's ability to continue as a going concern.

Accordingly, we are unable to express a conclusion on the above financial data and information derived from the group's consolidated financial statements at 31 December 2018.

Qualified conclusion

Based on the procedures performed, except for the possible effects of the matter described in the "Basis for qualified conclusion" section hereof, nothing has come to our attention that causes us to believe that the 2018 consolidated non-financial statement of the Trevi Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards - GRI-Referenced option.

Bologna, 30 August 2019

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

TREVI Group
Non Financial Statement