

- 4) Appointment of the Board of Directors.**
- 4.1 Determination of the number of members of the Board of Directors.**
- 4.2 Determination of the term of office of the Board of Directors.**
- 4.3 Appointment of members of the Board of Directors.**
- 4.4 Appointment of the Chairman of the Board of Directors.**
- 4.5 Determination of the fee of members of the Board of Directors**

Dear Shareholders

With the approval of the Financial Statements as at 31 December 2018, the term of office of the Board of Directors of the Company for the years 2016-2017-2018, appointed by the Ordinary Shareholders' Meeting on 28 April 2016 ends.

Consequently, at the next Shareholders' Meeting you will be requested to: (4.1) determine the number of members of the Board of Directors; (4.2) determine the term of office of the Board of Directors; (4.3) appoint members of the Board of Directors; (4.4) appoint the Chairman of the Board of Directors and, lastly, (4.5) determine the fees of members of the Board of Directors.

4.1 Determination of the number of members of the Board of Directors

Pursuant to Article 16, paragraph 1 of the Articles of Association (see the Company website www.astm.it, "governance" section), the "*company is managed by a Board composed of a number of members ranging between seven and fifteen, according to the decision taken by the Shareholders' Meeting, by ensuring a number of independent directors, as well as gender parity, as required by law*".

The Board of Directors invites you, therefore, to determine the number of members of the Board of Directors within said limits based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting.

4.2 Determination of the term of office of the Board of Directors

Article 16 of the current Articles of association provides that “*Directors shall remain in office for the time established by the Shareholders' Meeting and for no longer than three financial years*” and, therefore, we invite you to determine the term of office of the Board of Directors based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting.

4.3 Appointment of the members of the Board of Directors

The entire Board of Directors is appointed in the manner and with the terms provided by the aforementioned Article 16 of the Articles of association and of current legislation, based on lists submitted by Shareholders who, alone or together with other Shareholders, hold in total, having regard to the shares registered in the name of the Shareholder on the date on which the lists are filed with the Company, shares representing at least 1% of the share capital, as required by Consob Resolution no. 13 of 24 January 2019.

The related certification, issued by an authorised intermediary, may, however, also be submitted subsequent to filing the lists, provided this is by the twenty-first day prior to the date of the Shareholders' Meeting (and, therefore, by 25 April 2019).

Each shareholder may submit or contribute to submitting one list only.

The lists must be filed within twenty-five days (i.e. by 21 April 2019) preceding the date set for the Shareholders' Meeting in single call, by filing at the Registered Office or by sending to the e-mail address assembleastm@astm.it.

Each list must contain a number of candidates not exceeding the maximum number of Directors provided for in the aforementioned paragraph 1 of Article 16 of the Articles of association and, upon filing at the registered office, must be accompanied by:

- i) an informative note regarding the personal and professional characteristics of the candidates themselves, ii) written acceptance of the nomination and declaration of not being present in other lists, as well as iii) further documentation provided for by applicable

legislation.

With regard to the candidates, in addition to the legal requisites, limitations also apply as provided for in the "*Procedure for identification of the maximum number of offices as director or statutory auditor in other companies*" published on the website of the Issuer (in the "governance" section).

In addition, in compliance with the recommendations of the Corporate Governance Code of listed companies, issued by the Corporate Governance Committee, the Board of Directors has expressed to Shareholders its guidelines concerning the size and composition of the Board to be elected.

Each list must include at least two candidates who meet the independence requirements provided for by law, clearly indicating them and entering one of them at the top of the list. Lists containing a number of candidates greater than or equal to three must also include, as specified in the meeting call, candidates of different gender, in order to ensure compliance with the requirements of regulations in force from time to time concerning gender balance.

The lists, accompanied by the prescribed documentation, are made available at the Registered Office, on the Company's website (in the "governance" section) and on that of Borsa Italiana S.p.A. and on the authorised storage mechanism, at least 21 days before the date set for the Shareholder's Meeting in single call.

The election of the members of the Board of Directors shall proceed as follows:

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

attributed to the candidates of the various lists will be arranged in a single decreasing order ranking: those having obtained the highest quotients will be elected.

If more than one candidate obtains the same quotient, the candidate from the list which has not yet elected any Directors or which has elected the lowest number of Directors will be elected. In the case of an equal number of votes of the list and, therefore, with the same quotient, a new vote of the Shareholders' Meeting will take place, with the candidate obtaining the simple majority of votes being elected.

If the outcome of this procedure generates a composition of the Board of Directors that does not allow the gender balance to be complied with, the candidates elected in the various lists are arranged in a single decreasing order ranking, created according to the quotient system indicated in point b) above. The candidate of the most represented gender with the lowest quotient among the candidates taken from all lists is replaced, subject to compliance with the minimum number of independent directors, by the first non-elected candidate belonging to the less represented gender indicated in the same list as the replaced candidate.

In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of directors is taken will be replaced.

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

If no list is submitted or admitted or in any case, for any reason, the appointment of one or more Directors cannot be carried out according to the provisions of Article 16 of the

Articles of association, the Shareholders' Meeting decides with the legal majorities so as to nevertheless ensure, pursuant to current legislation, the presence of the number of Directors who meet the independence requirements and compliance with the requirements of legislation in force at any time concerning gender balance.

As regards the latter point, the share to be reserved for the less represented gender is equal to one third of the Directors elected, with rounding up in the event of a fractional number.

In light of the above, we therefore invite you to appoint the members of the Board of Directors based on the lists of candidates for the office of members of the Board of Directors to be presented and published in compliance with the provisions mentioned above.

4.4 Appointment of the Chairman of the Board of Directors

Given that pursuant to Article 17 of the Articles of association, the Ordinary Shareholders' Meeting is attributed the right to appoint the Chairman of the Board of Directors, we invite you to appoint the Chairman of the Board of Directors based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting itself.

4.5 Determination of the fee of members of the Board of Directors

Pursuant to Article 16 of the Articles of Association "*The Shareholders' Meeting shall decide the annual fee due to the members of the Board of Directors. Said fee shall also be valid for the years following the one for which it was decided, until the Shareholders' Meeting decides otherwise.*"

The Board of Directors invites you, therefore, to determine the remuneration of members of the Board of Directors and of its Chairman based on the proposals that may be submitted by Shareholders, also during the Shareholders' Meeting.

Attachment: *Guidelines of the Board of Directors of ASTM S.p.A. to Shareholders on the size and composition of the new Board of Directors*

Guidelines of the Board of Directors of ASTM S.p.A. to Shareholders on the size and composition of the new Board of Directors

With the approval of the Financial Statements as at 31 December 2018 by the Ordinary Shareholders' Meeting convened for 16 May 2019, the term of office of the current Board of Directors of ASTM S.p.A. ("ASTM") will end..

In application of the provisions of Application Criterion 1.C.1 letter h) of the Corporate Governance Code of listed companies, the Board of Directors, taking into account the outcome of the self-evaluation process and after consulting with the Appointments and Remuneration Committee, has seen it fit to express - to Shareholders - its guidelines on the size and composition of the Board of Directors to be elected.

1. Size

Pursuant to Article 16 of the Articles of Association, the Company is managed by a Board of Directors composed of a number of members ranging between seven and fifteen.

The Ordinary Shareholders' Meeting of 28 April 2016 resolved to appoint 15 Directors to the Board, as part of its own self-evaluation, without ruling out the possibility for Shareholders to reduce the number of directors, considered adequate for the size of the Board, also in view of the effectiveness and efficiency of discussions during board meetings.

2. Composition

With reference to independence requirements – 9 of the current 15 board members declared that they qualified for independent status under article 148, paragraph 3 of Legislative Decree no. 58/1998 and article 3 of the Corporate Governance Code –

the Board considered the current composition to have a good balance between executive, non-executive and independent directors.

With reference to requirements on gender representation, pursuant to law and the Articles of Association, at least one third of members of the Board of Directors shall be of the least represented gender and, therefore, with reference to a board of directors comprising 15 members, as in the case of the current Board, there shall be at least 5 Directors of the least represented gender.

In this context, in relation to the "industrial holding" activity performed by the Company, it is believed that the Board should include a plurality of professional profiles (acquired - respectively - in the legal, technical, economic and financial fields) through which, with the aid of specific skills and also bearing in mind the seniority of the position, the Board may be ensured the appropriate expertise to pursue the strategies and guidelines of ASTM and its Group. As the current composition of the Board of Directors is considered adequate in terms of gender diversity and age, the Board considers the current mix of expertise, already adequately diversified, to be in line with the Group's needs and this may be consolidated, as necessary, by profiles that have specific competencies in the business areas of the Company, capable of contributing not only in terms of strategic vision but also in terms of the impact that new technologies will have on many industrial sectors, in the area of digital innovation.

Shareholders are therefore requested, when nominating candidates to the Board, to consider and evaluate the time that candidates have available to dedicate to this position, so as to guarantee participation in board meetings and adequate preparation/knowledge regarding points to discuss.

In this regard, the individual positions must meet and adhere to the policy adopted in this regard by ASTM in the "Procedure for identification of the maximum number of offices as director or statutory auditor in other companies" published on the website of the Company (in the "governance" section), containing the indication of the maximum

number of positions (as director or statutory auditor in other companies listed on regulated - also foreign - markets, in financial, banking, insurance or large companies) that Directors must comply with to ensure the diligent performance of their duties, compatible with the commitment required of each role, also in relation to the nature and size of the companies in which the positions are held.