

## ORDINARY SHAREHOLDERS' MEETING

### DIRECTORS' REPORT

#### **5. Board of Statutory Auditors**

##### **5.1 Appointment of the members of the Board of Statutory Auditors**

##### **5.2 Appointment of the Chairperson of the Board of Statutory Auditors**

##### **5.3 Determination of compensation for of acting members of the Board of Statutory Auditors.**

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Shareholders,

the Meeting for approval of the financial statements as at 31 December 2019 coincides with expiry of the term of office of the Company's Board of Statutory Auditors appointed, for financial years 2017/2018/2019, by the Ordinary Shareholders' Meeting held on 28 April 2017 and subsequently integrated by the Shareholders' Meeting of 12 February 2020.

With regards to the above, at the next Shareholders' Meeting, called for 29 May 2020, you will be called to: (5.1) appoint three Acting Auditors and three Alternate Auditors that will remain in office for financial years 2020/2021/2022 (5.2) appoint the Chairman of the Board of Statutory Auditors and (5.3) determine the remuneration of standing members of the Board of Statutory Auditors.

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##### **5.1 Appointment of the members of the Board of Statutory Auditors.**

##### **5.2 Appointment of the Chairperson of the Board of Statutory Auditors.**

Article 26 of the Articles of Association (available online at [www.astm.it](http://www.astm.it), in the section "governance") specifies that *"The Board of Statutory Auditors is composed by three Acting Auditors and three Alternate Auditors"*.

The Board of Statutory Auditors shall be appointed, in accordance with the procedures and terms set out in article 27 of the Articles of Association and the regulations in force, on the basis of lists submitted by Shareholders who, alone or together with others, hold shares representing at least 1.00% of the share capital, as set out in Consob Resolution no. 28 of 30 January 2020.

Lists of candidates must be submitted by the twenty-first day (and therefore by 30 April 2020) prior to the date set for the Shareholders' Meeting, on single call, via submission at the Head Office of the company or by sending to the email address [assembleaastm@astm.it](mailto:assembleaastm@astm.it).

It is noted that, in the event that at the deadline for submission of the lists for the Board of Statutory Auditors, a single list has been submitted, or lists have been submitted only by shareholders that are related to one another pursuant to applicable provisions, lists may be submitted up to the third day following this date (therefore up to 3 May 2020); in this case, the threshold for submission of lists is halved and shall therefore be equal to 0.50% of the share capital.

Each candidate may be presented on one list only upon penalty of ineligibility for election.

Those candidates who do not comply with the requirements of integrity and professionalism established by law may not be included in the lists. At least one Acting Auditor and one Alternate Auditor are chosen among those enrolled in the Auditors' Register and shall have exercised independent statutory audit activities for not less than three years. Those Auditors who do not comply with the aforementioned requirement are chosen among those who have three years' experience in:

- a) management and control activities and executive duties for corporations with a share capital no lower than EUR 2 million; or
- b) professional or tenured university teaching activities in legal, economic, financial and technical-scientific subjects, with regard to the industrial, commercial, banking, transport services, logistics, technology and IT sectors; or
- c) management posts at public institutions or administrations operating in the credit, financial, insurance, industrial, commercial, transport services, logistics, technology and IT sectors.

The lists, accompanied by the prescribed documentation, shall be made available at the company's registered office, on the website (in the "governance" section) and on the Borsa Italiana website, at least 21 days before the date set for the Shareholders' Meeting on single call.

The lists, in which candidates are listed by name and distinguished with progressive numbering, must be divided into two sections: one for candidates for the position of Acting Auditor and the other for candidates for the position of Alternate Auditor.

Lists which, considering both sections, have a number of candidates of three or more must include candidates of different gender in the first two positions both for the Acting Auditors and Alternate Auditors sections, in order to guarantee gender balance in composition of the Board pursuant to applicable law and the Articles of Association.

Election of Statutory Auditors will proceed as follows:

1. from the list obtaining the most votes in the Shareholders' Meeting, two acting and two alternate members are taken, based on the sequential order in which they were listed in the sections of the list;
2. from the list obtaining the second most votes in the Shareholders' Meeting, the remaining acting member and the remaining alternate member are taken, based on the sequential order in which they were listed in the sections of the list.

In the event of a tie between two or more lists, the most senior candidates are elected, up to the number of places to be assigned.

The Chair of the Board of Statutory Auditors is assigned to the candidate from the list obtaining the second most votes in the Shareholders' Meeting; in the event of a tie between two or more lists, the preceding paragraph applies.

Should application of the above procedure not allow, for Acting Auditors, compliance with the provisions of the Articles of Association and/or applicable laws on gender balance, the quotient of votes to be attributed to each candidate taken from the acting auditor sections of the various lists is calculated, dividing the number of votes obtained from each list by the sequential number of each of said candidates; the candidate belonging to the most represented gender with the lowest quotient of candidates taken from all the lists is replaced by that belonging to the less represented gender, where indicated, with the immediately higher sequential number, in the same section of the Acting Auditors of the list of the replaced candidate or, alternatively, in the section of the Alternate Auditors of the same list of the replaced candidate (which in this case takes over the position of the alternate candidate he/she replaces). In the event that candidates of different lists obtain the same quotient, the candidate from the list from which the largest number of auditors is taken or, alternatively, the candidate from the list with less votes, will be replaced. For appointment of statutory auditors, for whatever reason, not appointed according

the aforementioned procedures, the Shareholders' Meeting reaches a decision with the legal majorities and in compliance with the Articles of Association and/or current legislation regarding gender balance.

### **5.3 Determination of compensation for acting members of the Board of Statutory Auditors.**

Regarding determination of compensation for members of the Board of Statutory Auditors, it is noted that, pursuant to article 2402 of the Italian Civil Code, remuneration of Statutory Auditors shall be determined by the Ordinary Shareholders' Meeting at the time of appointment, for the entire duration of office.

You are therefore invited to determine the remuneration of the members of the Board of Statutory Auditors on the basis of proposals that may be made by Shareholders also during the Shareholders' Meeting.