



ASTM S.P.A.

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## **REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE**

prepared pursuant to article 123-*bis* of the TUF (Consolidated Law on Finance)

(Traditional management and control model)

2020

Approved by the Board of Directors on 26 March 2021

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## GLOSSARY

**Chief Executive Officer or CEO:** the Board Director given the functions of Chief Executive Officer of the Issuer by the Board. To date, the position of Chief Executive Officer is held by Umberto Tosoni.

**Director of the SCIGR:** the Chief Executive Officer assigned functions by the Board as Director responsible for the Internal Audit and Risk Management System pursuant to the Former Corporate Governance Code.

**Shareholders' Meeting:** the Shareholders' Meeting of the Issuer.

**Shareholders:** the Shareholders of the Issuer.

**Borsa Italiana:** Borsa Italiana S.p.A.

**Chief Executive Officer:** the Chief Executive Officer, formerly the Director of the SCIGR, appointed with identifying the main company risks and designing, creating and managing the Internal Audit and Risk Management System.

**Former Corporate Governance Code or Former Code:** the Corporate Governance Code for listed companies approved in July 2018 by the Corporate Governance Committee and promoted by ABI, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria.

**Corporate Governance Code or 2020 Code:** the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee and promoted by ABI, Ania, Assogestioni, Assonime, Borsa Italiana and Confindustria, which will apply as of the first financial year beginning after 31 December 2020 and, therefore, in the Issuer's case, as of 1 January 2021.

**Civil Code:** the Italian Civil Code.

**Board of Statutory Auditors:** the Board of Statutory Auditors of the Issuer.

**Audit and Risk Committee:** the committee established pursuant to the Former Code which, pursuant to the relative procedure adopted by the Issuer and in compliance with the Related Parties Regulation, also performs the function of Related Parties Committee. Until 12 February 2020, the Audit and Risk Committee also performed functions pertaining to corporate sustainability issues.

**Appointments and Remuneration Committee:** the committee of ASTM established pursuant to the Former Code.

**Sustainability Committee:** the committee established by the Board on 18 February 2020, formed pursuant to the Former Corporate Governance Code, which performs functions pertaining to corporate sustainability issues.

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

**Financial Reporting Officer:** the manager in charge of drawing up the corporate accounting documentation. To date, the position of Financial Reporting Officer is held by Alberto Gargioni.

**Key management personnel** or **KMP**: the persons identified by the Board of Directors who, pursuant to the Related Parties Regulation, have the power and responsibility, directly or indirectly, to plan, manage and control the Issuer's activities. On 13 November 2020, the Board identified the following KMP: the CFO and Financial Reporting Officer, Alberto Gargioni; the head of the Administration, Budget and Audit function, Alberto Pernigotti, and the head of the Finance function, Stefano Viviano.

**Issuer/ASTM/Company**: the issuer of securities to which the Report refers, namely ASTM S.p.A., with registered office in Turin, Corso Regina Margherita, 165, Share capital EUR 70,257,447.50, Turin Register of Companies, Italian tax code and VAT number IT 00488270018.

**Year**: the financial year 2020, to which the Report refers.

**Merger**: the merger by incorporation of SIAS into the Issuer, which took effect on 31 December 2019.

**MTA**: the Electronic Stock Market organised and managed by Borsa Italiana.

**Nuova Argo**: Nuova Argo Finanziaria S.p.A., with registered office in Tortona (AL), Corso Romita no. 10, Italian tax code, VAT number and Alessandria Register of Companies no. 02580070064, which exercises the management and coordination of the Issuer pursuant to art. 2497 of the Italian Civil Code.

**Supervisory Board** or **SB**: the Supervisory Board of the Issuer appointed pursuant to Legislative Decree no. 231/2001.

**Chair**: The Chair of the Board of Directors of ASTM. To date, the position of Chair is held by Alberto Rubegni.

**Consob Issuers' Regulation**: the Regulation issued by Consob with Resolution no. 11971 of 1999 (as amended) on Issuers.

**Markets Regulation**: the Regulation issued by Consob with Resolution no. 20249 of 28 December 2017 (as amended) concerning markets.

**Consob Related Parties Regulation**: the Regulation issued by Consob with resolution no. 17221 of 12 March 2010 (as amended) on related party transactions.

**Report**: this report on corporate governance and ownership structure that the Issuer has produced pursuant to article 123-*bis* of the TUF.

**SCIGR**: the Internal Audit and Risk Management System of the Issuer

**SIAS**: SIAS S.p.A. – Società Iniziative Autostradali e Servizi, merged by incorporation into the Issuer with effect as at 31 December 2019.

**Concentrated ownership company**: a company in which one or more shareholders participating in a shareholders' voting agreement hold, directly or indirectly (through subsidiaries, trust companies or a third party), the majority of the exercisable votes in an ordinary shareholders' meeting.

**Large company**: a company with capitalisation greater than EUR 1 billion on the final open trading day in

each of the previous three calendar years.

**Articles of Association:** the Articles of Association of the Issuer in effect.

**TUF:** Legislative Decree no. 58 of 24 February 1998.

## 1.0 ISSUER'S PROFILE

### a) Profile and structure

#### Issuer's profile and business activities

The Issuer – established in 1928 – is an industrial holding listed since 1969 on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A.. Through its investee companies, it is active in the management of motorway networks under concession, the planning and development of major infrastructure works and technology applied to transport mobility.

Through its Italian subsidiaries, the Issuer is the country's second largest motorway operator, managing approximately 23% of the national network, and through the jointly held subsidiary EcoRodovias Infraestrutura e Logística S.A (a leading Brazilian company in the motorway sector), it is the second motorway concession operator worldwide, managing a network of approximately 4,593 km.

In the planning and development of major infrastructure works, the Issuer operates through the subsidiary SINA S.p.A., the Group's engineering company, and through the subsidiary Itinera S.p.A., a global player in the development of transport infrastructure (roads, motorways, railways, underground railways, bridges, viaducts and tunnels) and civil and industrial construction works (hospitals, shopping centres and airports). Of its markets of reference, Itinera S.p.A. operates in the United States through Halmar International LLC, one of the biggest companies in the metropolitan area of New York for the development of transport infrastructure.

As regards technology, the Issuer operates through the subsidiary Sinelec S.p.A., an Italian leader in the design and development of advanced systems for the management and monitoring of critical infrastructure in the transport sector.

#### Issuer's governance

The Issuer's governance structure is based on a "traditional" organisational model, where the company is managed by a Board of Directors and monitored by a Board of Statutory Auditors; both boards have powers and functions as established by the Civil Code, by special applicable laws and by the Articles of Association, while the Shareholders' Meeting represents all Shareholders.

The Issuer endorses the Former Corporate Governance Code and its corporate governance structure conforms to recommendations in the Civil Code, apart from the exceptions indicated in the Report. This Report describes the Company's "corporate governance" system and level of compliance with the Civil Code, providing evidence of recommendations that

were implemented and those that were considered inapplicable, as they did not reflect the existing organisational and management structure, and, where indicated, the 2020 Code.

The Report, drafted in compliance with article 123-*bis* of the TUF, also takes into account the explanatory criteria and methods contained in the “format” prepared by Borsa Italiana in January 2019.

The Issuer is not an SME, as it does not meet the size criteria established by article 1, paragraph 1(*w-quater*.1) of the TUF or article 2-*ter* of the Consob Issuers' Regulation (cf. also the list of “SME” issuers of listed shares published by Consob on its website at [www.consob.it/web/area-pubblica/emittenti-quotati-pmi](http://www.consob.it/web/area-pubblica/emittenti-quotati-pmi) (page in Italian), which does not include the Issuer).

Furthermore, on the basis of the provisions of the 2020 Code, the Issuer is (i) a Large Company since on the final open trading day of the years 2018, 2019 and 2020 its capitalisation was higher than EUR 1 billion and (ii) a concentrated ownership company since Aurelia S.r.l., directly and indirectly through Nuova Argo Finanziaria S.p.A., holds the majority of the exercisable votes in an Ordinary Shareholders' Meeting<sup>1</sup>.

#### **b) Principles and values**

The Issuer is guided by principles of sustainability, integrity and transparency in defining an administration and control structure that is adequate for its size, complexity and operational configuration, and in adopting an internal audit and risk management system that is effective.

In July 2017, the Board approved its 2017-2021 strategic plan (the “**Strategic Plan**”) which, with a view to integrating business and sustainability, places a particular focus on stakeholders alongside ambitious industrial objectives targeting considerable growth in profitability and a strong international development. The Strategic Plan does not consider the economic and financial effects of the merger, which the Issuer nevertheless considers insignificant. Considering the different economic context caused by the COVID-19 epidemic, the Board that was appointed on 12 February 2020, unlike initially envisaged, decided to postpone the adoption of a new ASTM Group strategic plan.

In order to implement the aforementioned principles, the Issuer produces a Sustainability Report, to inform its stakeholders of the impact its business operations have on the interested parties, who are not only Shareholders, but also employees, customers, suppliers, communities and local associations.

Furthermore, on 3 August 2020, the Board approved a Group Code of Ethics which

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<sup>1</sup> At the date of approval of this Report, Aurelia S.r.l. holds, directly and indirectly, 49.363% of the shares representing the share capital of ASTM, which, net of the Treasury Shares held by ASTM (equal to approximately 7.645% of the share capital) correspond to [53.445%] of the votes exercisable in an ordinary shareholders' meeting.

summarises all the elements which serve as the foundation for the Group's identity and culture, taking inspiration from ESG values and integrating the principles set forth in the Sustainability Policy.

During the year the Board then updated (i) the human rights policy, which, in compliance with international best practices, aims to afford full protection within the company and Group, empowering actions taken to prevent a conduct or actions that are discriminatory and ensure the right to health and safety in the workplace, the recognition of adequate remuneration and freedom of association, and (ii) the Anti-Corruption Policy, in order to prevent corrupt acts of any kind, in addition to minimise the risk of conduct that may be attributable to corruption. Lastly, with resolution of 13 November 2020, the Board adopted the Biodiversity Policy, which formalised the Issuer's commitment to the conservation and protection of biodiversity and ecosystem services, promoting a correct interrelationship between environmental aspects – such as the conservation of biodiversity, climate change, the management of natural resources, the protection of landscape – and social aspects such as the development of local communities.

## **2.0 INFORMATION ON OWNERSHIP STRUCTURE (PURSUANT TO ART. 123-BIS, PARAGRAPH 1 OF THE TUF) TO DATE**

### **a) Share capital structure (pursuant to article 123-bis, paragraph 1(a) of the TUF)**

The Share capital subscribed and paid up, equal to EUR 70,257,447.50 consists of 140,514,895 Ordinary Shares. This Share capital composition is the result of the completion, on 31 December 2019, of the Merger and therefore of the issue – in favour of SIAS shareholders other than ASTM – of a total of 41,516,295 ASTM Shares to service the exchange for a capital increase equal to EUR 20,758,147.50.

The Shares of the Issuer, without indication of the nominal value, are listed on the Electronic Stock Market organised and managed by Borsa Italiana, on the FTSE Mid Cap index, and are indivisible, made out to the bearer and issued in a dematerialised form in the centralised management system operated by Monte Titoli S.p.A.

To date, there are no additional categories of shares or (i) financial instruments assigning the right to subscribe to new-issue shares or (ii) equity-based incentive plans (stock options, stock grants, etc.) involving capital increases for this purpose.

### **b) Restrictions on the transfer of securities (pursuant to article 123-bis, paragraph 1(b) of the TUF)**

The Articles of Association contain no restrictions on the transfer of or limitations on the ownership of Shares, nor entitlement clauses.

Pursuant to article 6 of the Articles of Association, Shares are registered if required by law; otherwise, if fully paid, these can be registered Shares or bearer Shares, at the choice and expense of the Shareholder.

**c) Significant shareholdings (pursuant to article 123-bis, paragraph 1(c) of the TUF)**

Entities that, at the date of this report, directly or indirectly have a significant stake in the Share capital of the Issuer, pursuant to article 120 of the TUF, as resulting from disclosure made in accordance with this article, are indicated in the summary in Table 1 in the appendix.

**d) Shares that confer special rights (pursuant to article 123-bis, paragraph 1(d) of the TUF)**

The Issuer did not issue securities granting special control rights.

The Articles of Association do not include provisions concerning casting votes or loyalty Shares.

**e) Employees' Share ownership: exercise of voting rights (pursuant to article 123-bis, paragraph 1(e) of the TUF)**

The Issuer did not approve any employee Shareholding scheme with regard to its Share capital.

**f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1(f) of the TUF)**

There are no restrictions on voting rights.

The Issuer has only issued Ordinary Shares and there are no Shares with voting rights other than Ordinary Shares.

**g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1(g) of the TUF)**

On 2 August 2018, Aurelia S.r.l. ("**Aurelia**") – a company wholly owned by members of the Gavio family and that indirectly controls the Issuer – and Mercure Investment S.à.r.l. ("**Mercure**") – a company wholly owned by Mercure Holding SCA (a company which in turn is controlled by the investment funds Ardian Infrastructure Fund IV SCA, SICAR and Ardian Infrastructure Fund IV SCA, SICAR B, both managed by the Ardian Group) – signed a framework agreement governing the terms and conditions to finalise an operation intended to forge a strategic partnership in the infrastructure sector (the "**Operation**").

Following this Operation, Aurelia still has control of the Issuer (through Nuova Argo) pursuant to article 2359 of the Civil Code and article 93 of the TUF.

When the Operation was completed, on 27 September 2018, Aurelia and Mercure signed a shareholders' agreement (the "*Shareholders' Agreement*") intended to govern the terms and conditions of their relationship as shareholders of Nuova Argo and related, among other things, to the governance and transfer of Nuova Argo, ASTM and SIAS Shares, of which the

provisions – made public pursuant to applicable laws – are significant for the purposes of article 122, paragraphs 1 and 5(a), (b) and (c) of the TUF.

On 13 June 2019, Aurelia and Mercure then signed an amending agreement to the Shareholders' Agreement, which, with the exception of some limited provisions that entered into force at the date of its signing, took effect with the completion, on 31 December 2019, of the merger by incorporation of SIAS into ASTM (i.e. the Merger).

Again on 13 June 2019, Aurelia, Mercure and Nuova Argo also signed a new shareholders' agreement (the "**2019 Shareholders' Agreement**") – which took effect with the completion of the Merger – intended to govern (i) the transfer of ASTM Shares and the exercise of company rights (other than proprietary rights) related to a number of ASTM Shares held directly by Aurelia such that, by adding this number to the total ASTM Shares held directly and indirectly by Nuova Argo, 50% plus one Share of the Share capital formed of Shares with voting rights is represented at any time (and therefore excluding the Treasury Shares held at any time by ASTM) (the "**Major Shareholding**") and (ii) the transfer of the ASTM Shares held directly by Aurelia, which, at any time, exceed the Major Shareholding.

Lastly, on 8 September 2020, Mercure, Nuova Argo and Aurelia signed an additional shareholders' agreement (the "**2020 Shareholders' Agreement**"), through which: (i) Aurelia granted a derogation from the standstill obligations assumed by Mercure pursuant to the Shareholders' Agreement, permitting the latter to acquire up to a maximum of 2,810,298 ASTM Shares, representing 2% of the Share capital, through a reverse accelerated book-building ("RABB") procedure and any additional acquisitions on the market and (ii) a number of Mercure's obligations were governed with reference to the transferability regime and the exercise of voting rights and other company rights (other than proprietary rights) pertaining to the ASTM Shares acquired.

On 9 September 2020, Mercure communicated to the market that it had concluded the acquisition of 2,263,636 ASTM Shares, equal to approximately 1.6% of the Share capital of ASTM. Following the closure of the RABB, Mercure acquired a further 122,014 ASTM Shares, therefore holding a total 2,385,650 ASTM Shares, representing 1.69% of the Share capital.

The amendment agreement to the Shareholders' Agreement, the 2019 Shareholders' Agreement and the 2020 Shareholders' Agreement were published pursuant to article 122 of the TUF and articles 130 and 131 of the Issuers' Regulation and can be viewed on the Issuer's website ([www.astm.it/en](http://www.astm.it/en)) in the section Governance/Major Shareholdings.

- h) Change of control clauses (pursuant to article 123-bis, paragraph 1(h), TUF) and provisions on takeover bids contained in the Articles of Association (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1)**

Some loan agreements entered into by the Issuer and by companies of the Issuer's group contain normal clauses establishing, subject to the consent of lenders, termination of the agreement with the concurrent obligation to repay the debt in advance if the parent company Aurelia S.r.l. loses control over the relevant licensee(s). These clauses are also included (i) in the majority of ISDA agreements governing derivative contracts signed by companies of the Issuer's group in order to prevent the risk from interest rate fluctuations and (ii) in some indemnity agreements concerning guarantees or deposits issued by the companies of the Issuer's group.

The "Standard Agreements" in force, which were signed by the licensees of the Issuer's group, expressly set out the requirements with which the new controlling entity must comply in case of a change of control of the licensees. In particular:

- with reference to concessions relative to the stretches A4 and A21 (managed by SATAP S.p.A.), A15 (managed by SALT p.A.), A33 (managed by Autostrada Asti-Cuneo S.p.A.), A5 Torino – Ivrea – Quincinetto, A4-5 Ivrea-Santhià, and the Sistema Autostradale Tangenziale Torinese (managed by A.T.I.V.A. S.p.A.), the requirements are: (i) integrity, financial strength, professionalism and reliability with regard to compliance with the obligations resulting from contracts signed with public administrations; (ii) compliance with requirements in "antimafia regulations"; (iii) maintaining the licensee's head office in Italy (only for concessions relative to the A15 and A33 stretches);
- with reference to concessions relative to the stretches A5 (managed by S.A.V. S.p.A.), A6 and A10 (managed by Autostrada dei Fiori S.p.A.), A12 (managed by SALT p.A.) and A21 (managed by Autovia Padana S.p.A.), the requirements are: (i) adequate capitalisation (the Shareholders' equity as shown in the latest set of approved and certified Financial Statements must be equal to least 1/8 of the licensee's shareholders' equity at 31 December of the previous financial year); (ii) maintaining the registered office in a country not included in the list of countries that are tax havens; (iii) maintaining the registered office of the licensee in Italy, as well as keeping the licensee's organisational capabilities, with the new controlling entity undertaking to ensure that the licensee has the resources necessary to comply with the agreement's obligations; (iv) a management body comprising members that meet requirements of integrity, professionalism and with at least one member who is independent.

Without prejudice to the above requirements, changes in control are subject in any case to the previous approval of the granting body.

The Articles of Association neither contain derogations with regard to passivity rule provisions set out in article 104, paragraphs 1 and 1-*bis* of the TUF, nor set out the implementation of

the neutralisation rules in article 104-bis, paragraphs 2 and 3 of the TUF.

**i) Powers to increase the Share capital and authorisations to purchase Treasury Shares (pursuant to article 123-bis, paragraph 1(m) of the TUF)**

The Board has not been assigned powers to (i) increase Share capital pursuant to article 2443 of the Civil Code; (ii) issue participation-based financial instruments.

On 25 May 2020, the Ordinary Shareholders' Meeting approved a new authorisation for the purchase and disposal of Treasury Shares, since the previous one, approved by the Ordinary Shareholders' Meeting of 16 May 2019, had elapsed with the approval of the 2019 Financial Statements.

The aforesaid authorisation, in line with the previous one, has the purpose of providing the Board with suitable operational flexibility in pursuing the following objectives:

- fulfil the obligations arising from any stock option programs or other allocations of the Issuer's Shares to employees or members of the Boards of Directors and Statutory Auditors of ASTM or of associated companies, as well as fulfil any obligations arising from debt instruments convertible into or exchangeable with equity instruments;
- acquire a portfolio of Treasury Shares to have at their disposal in the context of any extraordinary operations, including the exchange of Shares, with other parties as part of the operations of interest to the Issuer ("treasury stock") or for other uses considered of financial, operational and/or strategic interest for the Issuer;
- operate on the market, in compliance with the provisions in force, with a view to investing or otherwise seizing opportunities to maximise the value of the stock that may result from market fluctuations;
- offer Shareholders an additional means of monetising their investment.

Under the authorisation, stock buybacks may be conducted up until the approval of the financial statements for the year ending 31 December 2020, or for a period of 18 months as of the approval date, considering Treasury Shares already in the portfolio and held by subsidiaries, for a maximum of 21,000,000 Ordinary Shares in total (equal to 15% of the subscribed and paid Share capital as of the approval date), whereas no time limits are provided for disposals.

The purchase price of the Shares is identified case by case, having regard to the set procedures for the transaction and in compliance with any statutory or regulatory requirements, as well as accepted market practices.

In any case, the purchase price shall not be more than 10% below, at the minimum, and not be more than 10% above, at the maximum, the reference price recorded on the trading day

prior to each single purchase transaction or the date on which the price is fixed and, in any case, where purchases are carried out on the regulated market, the price cannot be greater than the highest between the price of the last independent transaction and the highest current independent purchase offer price on the same market, in accordance with the provisions of article 3 of Commission Delegated Regulation (EU) 2016/1052.

However, the Board, on 25 May 2020, following careful evaluation of the applicable regulatory framework and the compatibility of a buyback programme with the Group's operating requirements in light of the changes in the economic situation as a result of the Covid-19 emergency, decided not to launch the buyback plan.

**j) Management and coordination (pursuant to article 2497 et seq. of the Civil Code)**

As disclosed to the market on 7 August 2018, in the framework of the strategic partnership forged between Aurelia and Mercure (a company indirectly controlled by funds managed by Ardian) in the motorway infrastructure sector, Nuova Argo purchased, through the demerger of the companies Argo Finanziaria S.p.A. and Codelfa S.p.A., a total stake of 58.77% in the Share capital of the Issuer<sup>1</sup>.

In keeping with previous action taken by Argo Finanziaria S.p.A., on 22 January 2019, Nuova Argo notified the start of management and coordination of the Issuer pursuant to articles 2497 et seq. of the Civil Code, in full compliance with principles on proper corporate and business governance, the independence and independent judgement of directors, and with provisions applicable to relations between the parent company and subsidiaries. Having acknowledged the above, during its meeting of 23 January 2019, the Board ascertained the start of management and control by Nuova Argo, delegating the Chief Executive Officer to oversee disclosure obligations.

The unitary management by Nuova Argo is based on the need to promote the consolidation of the Issuer in the infrastructure sector in the medium and long term, and encourage growth on international markets, with a view to creating sustainable value for all stakeholders. Achieving these objectives calls for periodic monitoring of the achievement of the Group's industrial and financial objectives and general strategy, and a prior review of certain strategic management actions prepared by the administrative body of the Issuer. For this purpose, Nuova Argo promoted the adoption of a group regulation that enables it to perform its role as parent company in compliance with principles for the proper corporate and business

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<sup>1</sup> Following (i) the completion of the Merger and the share capital increase of ASTM to service the relative exchange and (ii) the purchases of ASTM shares made by Nuova Argo during 2020, at the date of this Report Nuova Argo holds a total stake of 43.02%, of which around 41.63% held directly and around 1.39% held indirectly through the subsidiary Nuova Codelfa S.p.A.

governance of ASTM (the “**Regulation**”).

The Regulation sets out the strategic management and governance role of Nuova Argo by examining the strategic guidelines approved by ASTM and the performance of ASTM and the Group.

In particular, pursuant to the Regulation and without prejudice to the operating independence of the Issuer, Nuova Argo:

- reviews ASTM’s strategic, industrial and financial plans, including long-term plans, as well as ASTM’s annual budgets following their approval by the Board;
- periodically assesses the adequacy of information flows concerning the relationship between Nuova Argo and ASTM;
- periodically assesses the consistency between management performance and the plans approved by ASTM;
- may take action and decisions concerning operations that are significant for the Issuer and its subsidiaries.

Lastly, note that (i) the decision regarding the adoption and amendment of the strategic, industrial and financial plans as well as the annual budget of ASTM remains the exclusive responsibility of ASTM’s administrative body and (ii) the information flows are implemented in full compliance with the legislative provisions in force on market abuse (EU Regulation no. 596/2014, “**MAR**”), in addition to the procedures for the management, processing and communication of relevant and inside information adopted by the Issuer.

### **3.0 COMPLIANCE (PURSUANT TO ART. 123-BIS, PARAGRAPH 2(A) OF THE TUF)**

The Issuer observes the Former Code, which may be consulted in Italian by the public on the website of Borsa Italiana, at

<https://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2018clean.pdf>.

Current governance of the Issuer therefore complies with the Former Code, save for any recommendations which the Issuer did not adopt, given the specific nature of the company’s dimension and organisation, ownership structure and business and which, in compliance with the “comply or explain” principle, are explained further on.

Given that during 2021 the Issuer will apply the 2020 Code, providing full disclosure of such to the market in the corporate governance report for 2021, to be published in 2022, this Report will provide a preliminary explanation of the measures that the Issuer has already adopted or intends

to adopt in order to adapt to the guiding principles of the 2020 Code.

The Issuer is a Company incorporated under the laws of Italy and is not subject to laws of other countries affecting the corporate governance structure of the Issuer.

#### **4.0 BOARD OF DIRECTORS**

##### **4.1 Appointment and replacement (pursuant to article 123-bis, paragraph 1(l) of the TUF)**

Pursuant to article 16 of the Articles of Association, the Issuer is managed by a Board of Directors composed of a number of members ranging between seven and fifteen, according to the decision taken by the Shareholders' Meeting, ensuring an adequate number of independent directors, as well as gender parity, as required by law.

The entire Board of Directors is appointed on the basis of lists submitted by the Shareholders; the candidates – who are listed by a sequence number – have to comply with the requirements of integrity provided for by applicable law.

The lists submitted by the Shareholders shall be filed at the registered office within the terms and according to the methods set out by current regulations.

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

Each list shall include a number of candidates not exceeding the maximum number of Directors established in the Articles of Association and, upon filing at the registered office, shall include (i) information concerning personal and professional details of the candidates, (ii) the written acceptance of the candidature and the declaration that the candidate does not belong to other lists, as well as (iii) any other document provided for by applicable law. Each list shall 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. The lists containing a number of candidates equal to or greater than three must also include, as indicated in the notice of call, candidates of different genders, so as to ensure the presence of at least one third of members of the less represented gender (or of any greater quota established by the regulations, where applicable, on the subject of gender parity) in the composition of the Board, rounded up, in the case of a fractional number, to the next higher unit.

Note that in terms of gender parity, the clause in the Articles of Association was recently amended during the Extraordinary Shareholders' Meeting on 16 October 2019 in order to overcome the transience of the provisions introduced by Law no. 120 of 12 July 2011, providing for a "mobile" reference to the legislation in force at the time only in the event that the quota reserved by this for the less represented gender was less favourable than the threshold stated in the Articles of Association, which, at the date of the aforesaid Extraordinary Shareholders' Meeting, was

established by law to be one third.

Subsequently, the finance act no. 160 of 27 December 2019, in force as of 1 January 2020, under paragraphs 302-304 of article 1, confirmed the enforcement of the gender parity regulation for six consecutive mandates and established that the less represented gender must achieve at least two fifths of the elected members, instead of the previous quota of one third.

This regulation was already applied during the renewal of the Board of Directors by the Shareholders' Meeting on 12 February 2020.

Only Shareholders who alone or together with other Shareholders hold Shares representing the Shareholding in the Share capital, as set out by Consob pursuant to article 144-*ter* et seq., and the Consob Issuers' Regulation, have the right to submit lists. In this regard, with resolution no. 44 of 29 January 2021 approved by the Head of the Corporate Governance Division, Consob confirmed the Shareholding required to present lists of candidates for the appointment of the Issuer's board of directors to be 1% (one per cent) of the Share capital. The legal title to the above-mentioned Shareholding shall be proved according to the methods and time scales provided for by applicable law.

The list that does not comply with the aforementioned provisions shall be considered as not submitted.

Each person entitled to vote may vote only one list.

Given that for the purposes of appointing the directors to be elected, no account is taken of lists that have not received a percentage of votes equal to at least half of that required by the Articles of Association or the laws in force at the time for the presentation of the lists themselves, the election of the members of the Board of Directors proceeds 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 are elected from the other lists; to this end, the votes obtained by said lists are divided by one, two or three, according to the number of Directors to be elected. The quotients thus obtained are 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 are arranged in a single decreasing order ranking, resulting in the election of the candidates with the highest quotients.
- c) 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 takes place, will the candidate obtaining the simple majority of votes being elected.

- d) If the outcome of the aforementioned procedure generates a composition of the Board of Directors that does not allow the gender parity 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.
- e) 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.
- f) If the replacement of the candidate of the most represented gender with the lowest quotient in the ranking does not allow, however, the presence of at least one third of the members of the less represented gender (or of the higher quota established by the legislation, if applicable, regarding gender parity), the above-mentioned replacement operation is also performed with reference to 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.

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 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 the Articles of Association and/or legislation in force at any time concerning gender parity.

A vacancy for one or more Directors that arises during the financial year shall be filled in line with applicable legal provisions, appointing, in sequential order, candidates drawn from the list to which the ceased Director belonged who are still eligible and prepared to accept the office, ensuring at any rate, in line with applicable laws, the presence of the required number of Independent Directors, as well as gender parity according to the provisions of the Articles of Association and/or legislation in force at any time. The loss during the mandate of the independence requirements does not mean that the interested party forfeits his/her office of director if a number of directors who meet the independence requirements in accordance with the applicable laws remains in office within the Board of Directors.

If, in case of resignation or other reasons, the majority of Directors appointed by the Meeting fails, the whole Board shall resign and its termination shall be effective from the moment when the Board of Directors will be re-established, following the appointments made by the Meeting that shall be convened as soon as possible.

The Directors are in office for the time agreed by the Meeting (in any case, not more than three financial years) and can be reappointed; the term of office of persons appointed during this period shall end together with those members who were already in office upon their appointment.

#### Succession planning

In accordance with application criterion 5.C.2 of the Former Code and recommendation 24 of the 2020 Code, the Issuer has a succession plan for each key position in all the main companies of the Group.

For each key role, the Company analysed and weighed up the risk profile, with consequent calibration of the succession pipeline through (i) the identification of potential alternatives for the key role, (ii) the identification of development plans to prepare potential successors and (iii) the identification of any positions to be covered via external candidatures.

Considering the recent appointment as Chief Executive Officer of Umberto Tosoni, a young manager, no succession plan was prepared for the CEO since the organisational structure is solid with ample coverage of the key positions able to guarantee temporary operating oversight of the main functions, perhaps even with the creation of an emergency operating task force. As part of its “operating procedure for crisis management”, the Issuer also adopted a contingency plan intended to ensure the continuity of management control during exceptional and unforeseeable events involving senior management.

#### **4.2 Composition (pursuant to article 123-bis, paragraph 2(d) and (d-bis) of the TUF)**

On 16 May 2019, the Shareholders' Meeting appointed a new governing body for the financial years 2019-2021. However, after the Merger took statutory effect on 31 December 2019 and due to the entry into force of a specific transitional clause contained in the new Articles of Association approved by the Extraordinary Shareholders' Meeting on 16 October 2019, the mandate of the governing body ended early on 12 February 2020, coinciding with the Shareholders' Meeting that appointed a new Board of Directors.

Subsequently, the new Board of Directors met on 18 February 2020 to appoint the Chair, Vice Chair and Chief Executive Officer and also established three board committees.

Therefore, find below the composition (i) of the Board appointed by the Shareholders' Meeting of 16 May 2019 (which remained in office until 12 February 2020, without prejudice to that specified below) and (ii) the one appointed by the Shareholders' Meeting of 12 February 2020 and currently

in office, without prejudice to that specified below.

*Board appointed by the Shareholders' Meeting of 16 May 2019*

The Board of Directors in office as at 31 December 2019 (and until 12 February 2020, without prejudice to that specified below) was appointed by the Ordinary Shareholders' Meeting of 16 May 2019, for financial years 2019, 2020 and 2021 and, therefore, until the approval of the financial statements as at 31 December 2021, on the basis:

- of the list presented by the group of asset management companies and institutional investors (holders at that date of 1.527% of the Issuer's Share capital), comprising 4 candidates: Venanzio Iacozzilli, Giulio Gallazzi, Fabiola Mascardi and Daniela Montemerlo;
- of the list presented by Nuova Argo (holder at that date of 56.80% of the Issuer's Share capital), comprising 12 candidates: Giuseppe Gatto, Gian Maria Gros-Pietro, Juan Angoitia, Caterina Bima, Arabella Caporello, Beniamino Gavio, Daniela Gavio, Marcello Gavio, Barbara Poggiali, Luigi Roth, Alberto Rubegni and Roberto Testore.

The minimum Shareholding in the Share capital required in order to present lists was set out by Consob, in Resolution no. 13 of 24 January 2019 and is equal to 1%.

Following the voting, the following candidates were therefore elected to form the Board of Directors:

- from list no. 2 presented by Nuova Argo, the following 12 candidates: Juan Angoitia, Caterina Bima, Arabella Caporello, Giuseppe Gatto, Beniamino Gavio, Daniela Gavio, Marcello Gavio, Gian Maria Gros-Pietro, Barbara Poggiali, Luigi Roth, Alberto Rubegni and Roberto Testore;
- from list no. 1 presented by the minority group, the following 3 candidates: Giulio Gallazzi, Venanzio Iacozzilli and Fabiola Mascardi.

For the percentage of votes achieved by the lists and the list of the names of the voters, please see the summary report of voting on agenda items of the Shareholders' Meeting of 16 May 2019, available on the Issuer's website ([www.astm.it/en](http://www.astm.it/en)) in the section Governance/Shareholders' meetings.

Upon acceptance of their appointment, Caterina Bima, Arabella Caporello, Giulio Gallazzi, Giuseppe Gatto, Venanzio Iacozzilli, Fabiola Mascardi, Barbara Poggiali, Luigi Roth and Roberto Testore declared that they met the independence requirements pursuant to the Civil Code and the TUF, while Gian Maria Gros-Pietro declared to meet the independence requirements pursuant to the TUF only.

The Shareholders elected Gian Maria Gros-Pietro as Chair of the Board of Directors.

During the plenary meeting of 16 May 2019, the newly elected Board approved the organisational

chart for corporate offices, confirming Daniela Gavio and Roberto Testore as the two Vice Chairs and Alberto Rubegni as Chief Executive Officer, conferring the relevant management powers.

On 21 January 2020, Arabella Caporello stepped down from office. Noting the resignations received, the Board of Directors did not replace her, taking into account the Shareholders' Meeting called for 12 February 2020 to resolve on the appointment of the new governing body.

Table 2A in the appendix includes a summary of the information concerning the members of the Board and relevant Committees in office as at 31 December 2019 and until 12 February 2020.

*Board appointed by the Shareholders' Meeting of 12 February 2020*

The Board currently in office was appointed by the Ordinary Shareholders' Meeting of 12 February 2020 for financial years 2020, 2021 and 2022 and, therefore, until the approval of the financial statements as at 31 December 2022, on the basis:

- of the list presented by the group of asset management companies and institutional investors (holders at that date of 2.62% of the Issuer's Share capital), comprising 3 candidates: Venanzio Iacozzilli, Giulio Gallazzi and Fabiola Mascardi;
- of the list presented by Nuova Argo (holder at that date of 41.23% of the Issuer's Share capital), comprising 12 candidates: Caterina Bima, Giuseppe Gatto, Patrizia Michela Giangualano, Rosario Mazza, Valentina Mele, Franco Moschetti, Andrea Pellegrini, Barbara Poggiali, Giovanni Quaglia, Alberto Rubegni, Umberto Tosoni and Micaela Vescia.

The minimum Shareholding in the Share capital required in order to present lists was set out by Consob as equal to 1% (see Resolution no. 13 of 24 January 2019).

Following the voting, the following candidates were therefore elected to form the Board of Directors:

- from list no. 1 presented by the minority, the following 3 candidates: Giulio Gallazzi, Venanzio Iacozzilli and Fabiola Mascardi;
- from list no. 2 presented by Nuova Argo, the following 12 candidates: Caterina Bima, Giuseppe Gatto, Patrizia Giangualano, Rosario Mazza, Valentina Mele, Franco Moschetti, Andrea Pellegrini, Barbara Poggiali, Giovanni Quaglia, Alberto Rubegni, Umberto Tosoni and Micaela Vescia;

For the percentage of votes achieved by the lists and the list of the names of the voters, please see the summary report of voting on agenda items of the Shareholders' Meeting of 12 February 2020, available on the Issuer's website ([www.astm.it/en](http://www.astm.it/en)) in the section Governance/Shareholders' meetings.

Upon acceptance of their appointment, Caterina Bima, Giulio Gallazzi, Giuseppe Gatto, Patrizia

Gianguialano, Venanzio Iacozzilli, Fabiola Mascardi, Valentina Mele, Franco Moschetti, Andrea Pellegrini, Barbara Poggiali and Micaela Vescia declared that they met the independence requirements pursuant to the Former Code and the TUF.

At the meeting of 18 February 2020, the newly elected Board approved the organisational chart for corporate offices, appointing Alberto Rubegni as Chair, Franco Moschetti as Vice Chair and Umberto Tosoni as Chief Executive Officer and General Manager, conferring the relevant management powers.

Upon completion of this process, the Board established the following committees from amongst its members, composed as indicated:

- Audit and Risk Committee: Andrea Pellegrini (Chair), Giuseppe Gatto and Patrizia Gianguialano;
- Appointments and Remuneration Committee: Franco Moschetti (Chair), Giulio Gallazzi and Micaela Vescia;
- Sustainability Committee: Fabiola Mascardi (Chair), Valentina Mele and Barbara Poggiali.

Please see Table 2B in the appendix for indication of the date of first appointment of the members of the Board of Directors appointed by the Shareholders' Meeting of 12 February 2020.

On 21 September 2020, Rosario Mazza stepped down from the office of Director and subsequently, on 24 September 2020, the Board co-opted Stefano Mion to replace him, who, pursuant to the law and the Articles of Association, will remain in office until the date of the next Shareholders' Meeting called to approve the financial statements as at 31 December 2020.

As may be inferred from the short bibliographical notes detailed below, the Directors possess adequate professional experience (accrued with regard to legal, technical, economic and financial subjects, as applicable) through which they actively participate and contribute to the Board's proceedings and decisions. The full *curricula vitae* of the members of the Board are available on the Issuer's website, under the *Governance* section.

**Alberto Rubegni (Chair):** born in Pisa on 15 March 1951. He obtained a degree in Civil Engineering (Structures) and boasts long-standing experience in the management of highly complex infrastructure projects in Italy and worldwide both in the large-scale works and the concessions and project financing sectors. From 2015 to 2020 he was Chief Executive Officer of ASTM S.p.A. Over the course of his career, he has held various prestigious posts within the infrastructure sector which have seen him at the helm of important companies that lead the way globally in implementing large transport infrastructure projects, hydroelectric works and civil and industrial construction projects, as well as within the motorway concessions sector. He has managed some of the biggest infrastructure projects within Italy and internationally (including the creation of the

Italian high-speed railway network with the Bologna-Florence, Turin-Milan and Milan-Genoa lines and, internationally, the Panama Canal Expansion Project). He embarked on his career at the end of the 1970s, overseeing some electric and hydroelectric projects in the Middle East. When he returned to Italy, he went to work for Girola, which was one of the biggest construction companies in Italy at the time. Girola then merged with Impregilo, the leading general contractor in Italy and one of the biggest construction groups in the world, where he stayed for over 20 years, holding important positions within the holding company and the operating companies of the Group, until becoming its General Manager and then Chief Executive Officer from July 2007 to July 2012. From July 2013 until 2015, he was the Chair of Itinera S.p.A., a subsidiary of the Issuer and a leading construction company in Italy. He is the Chief Executive Officer of Nuova Argo Finanziaria S.p.A. and Chair of the Board of Directors of NAF 2 S.p.A.

**Franco Moschetti (Vice Chair):** born on 9 October 1951, he graduated with a degree in Industrial Sciences with a focus on Business and Economics from the Akademie Erisau (Switzerland). He is the founder and CEO of AXEL Glocal Business, a business consultancy firm for strategy, business and financial consultancy. His various roles have included: CEO of Il Sole 24 Ore in 2016-2017, CEO of the Amplifon Group (from 2004 to 2017) and, from 1984 to 2004, CEO of Air Liquide Italia. He has been Vice Chair and Chair of the Appointments and Remuneration Committee of SIAS.

**Umberto Tosoni (Chief Executive Officer):** born in Rome on 4 March 1975, he graduated with a degree in Engineering Management from the Tor Vergata University of Rome, specialising in Transport Planning. After gaining some professional experience abroad, he returned to Italy and joined the Group, going on to hold various roles over the years, including that of CEO of SIAS from November 2018 – until its merger with ASTM in December 2019 – CEO of various licensee companies, including Autostrada dei Fiori, SITAF, SATAP, Autostrada Torino-Savona, Autostrada Asti-Cuneo, SAV and SINELEC, the Group's hub for Information Technology.

**Caterina Bima:** born in Borgo San Dalmazzo, Cuneo, on 30 January 1960. She holds a degree in Political Science and Law from the University of Turin and works as a notary, specialising in various areas of civil, commercial, corporate, bankruptcy, fiscal and tax law. Currently, she is a member of the Supervisory Body of the Fondazione Cassa di Risparmio di Torino. She has previously been a board member for Banca Fideuram and Impregilo S.p.A., as well as a member of the General Council for the Compagnia di San Paolo. She is the author of numerous publications and has spoken at many conferences on the topic of corporate law.

**Giulio Gallazzi:** born in Bologna on 8 January 1964. He holds a Business Economics degree, got his M.B.A. magna cum laude from the SDA Bocconi Business School in Milan in 1990 and subsequently attended Harvard Business School in Boston (USA) as a visiting scholar. Formerly a senior consultant for a major American management consulting group, in 1994, Giulio Gallazzi

joined Valdani & Vicari Associati, one of the largest management consultancies in Italy, and went on to become partner, shareholder and board member. In 2001, he founded SRI S.p.A., a company which provides socially responsible finance and business development strategies. Over the years, he has developed significant experience in private equity transactions within the high tech and entertainment sectors, in international finance and in strategic change management to the digital economy. He also teaches at respected business schools throughout Europe on the topics of International Business Development Strategy, the Organisation of Complex Groups and Sustainable Finance. Formerly a director of Ansaldo STS and Banca Carige, he is currently a director of Mediaset S.p.A.

**Giuseppe Gatto:** born in Murazzano, Cuneo, on 17 October 1941. He holds a degree in Economics and Business from the University of Turin and is a business advisor for companies working in the infrastructure and real estate sectors. He founded A.G. Energia S.r.l., a company working in renewable energy generation from solar panels. He started his career at Impresit S.p.A., a construction company which is part of the FIAT Group, and went on to become its Finance Director and then General Manager. Following the merger in 1994 of the main Italian construction companies Cogefar, Impresit, Girola and Lodigiani into Impregilo, he was Chief Executive Officer and Vice Chair until 2002.

**Patrizia Michela Giangualano:** born in Milan on 17 October 1959. Patrizia Michela Giangualano holds a **degree in Economics and Business** from Bocconi University, specialising in Corporate Finance, and a Master's in Tax Law. She is an independent director and member of the Board of Directors and Risk Committees of the Mondadori Group, director and member of the Remuneration Committee and Sustainability and Innovation Committee of Leonardo S.p.A. and a director of PBI S.p.A. and SEA Aeroporti. She is a lecturer and coordinator at universities, associations and on masters in the areas of governance, risk, controls and compliance. After first working in Montedison's Strategy Department as a business analyst, she joined IBM, where she took on more and more responsibilities, rising from marketing manager to general manager and board member. She was a senior manager in financial services at Ernst & Young and then went on to work at A.T.Kearney, consulting for major national companies on various transformation and development processes. She joined Capgemini in 2005 as the head of banking and retail banking value propositions coordinator, with the title of vice-president. From 2007 to 2016, she was an associate partner at PwC and has consulted on governance, risk and compliance since 2010. From 2016 to 2019, she was a Director of UBI Banca. Currently, she is a consultant for leading companies on the topics of governance, integrated control systems, 231 regulations and support for SBs, non-financial statements and business transformation. She is a member of the Scientific Committee for the Sole24Ore Business School for the following Master programs: Board members and statutory auditors of public and private companies and corporate sustainability management (strategy,

governance, risk management and ESG performance).

**Venanzio Iacozzilli:** born in Rome on 27 July 1957. He holds a degree in Civil Engineering from La Sapienza University in Rome and since 2019 has been Senior Business Advisor for leading companies such as Hitrac Engineering Group and ITALTEL, which operate in civil infrastructure and integrated facilities. From 1997 to 2018, he held various prestigious positions at the TELECOM/TIM group, first as the head of the regional organisational structure, then as head of the organisational structure of Telecom Italia Real Estate and as the head of the organisational structure of Telecom Italia Infrastructures & Energy and, lastly, as Special Project Head for “5G Infrastructure Deployment” for TIM. He was also the CEO of Olivetti Multi Services and a board member of INWIT within the Telecom Italia Group. He began his career in civil construction, building roads, aqueducts, sewer systems and dams.

**Fabiola Mascardi:** born in Genoa on 4 December 1962. Fabiola Mascardi holds a degree in Law and a PhD in International Law. She teaches Law and European Transport Policy as part of the Antitrust and Market Regulation Master’s Programme at the Tor Vergata University of Rome. She is also a visiting professor for the Economics and Utilities Management course at the Engineering Management faculty at Genoa University. She is a board member of Ansaldo Energia, a company that manufactures gas and steam turbines and constructs turnkey power stations. She is also a board member of Enav, an air traffic control management company. She has served as the Chair of IREN Ambiente S.p.A., as well as member of the Board of Directors of IREN S.p.A., a multi-service company which works in electricity and district heating production and distribution, in the integrated water cycle and waste collection and disposal. She is a business consultant on issues related to Institutional and International Relations, Communication and Business Development. She was an Administrator of the European Commission from 1993 to 2003. Specifically, she was a member of the Merger Task Force, Directorate General for Competition, the Cabinet of Commissioner Monti and the Cabinet of Vice-President De Palacio, also heading up EU Transport Policy for her.

**Prof. Valentina Mele:** born in Bergamo on 11 December 1973. She holds a degree in Economics and Management of Public Administrations and International Institutions from Bocconi University in Milan, a Master’s degree in Public Administration & Public Policy from Columbia University, a PhD in Economics and Management of Business and Public Administration from the Tor Vergata University of Rome and a PhD in Management from the London School of Economics and Political Sciences. Currently, she is an Associate Professor at Bocconi University within the Social & Political Sciences Department, Course Director for the Masters Programme in Economics & Management of Government and International Organisations, a Member of the Sustainability Advisory Board of the European Aluminium Association, Visiting Professor at the Woodrow Wilson School of Public Policy at Princeton University and permanent visiting professor for Corporate Citizenship and

Public Private Partnerships at the University of Geneva. She has served as an expert for International Bodies (the OECD and the EU) and Italian Ministries (Department of Public Administration and the Ministry for Innovation and Technology), as well conducted considerable scientific work and written many articles and international publications. She has been an Independent Director of SIAS S.p.A.

**Stefano Mion:** born in Rome on 29 November 1976. He is Senior Managing Director and co-head of Ardian Infrastructure Americas. At Ardian, he conducted a series of operations both in Europe and the United States in various areas of infrastructure (gas distribution, renewable energy, roads, PPPs, airports, etc.). He is currently a member of the Ardian US, Windpower Ltd. and Maple Canada Solutions Boards of Directors. He was previously a member of the Boards of: 2iReteGas, SEA (Chair of the Remuneration Committee), 3New, HISI. He joined Ardian in 2007. He previously worked at Merrill Lynch in the European Leveraged Finance Team based in London, at UBS Investment Bank in the Corporate Finance team based in Milan and at J.P. Morgan in the TMT team based in London. Education: Bocconi University in Milan, MBA from the Wharton School of the University of Pennsylvania.

**Alberto Pellegrini:** Born in Milan in 1964. He holds a Business Economics degree from Bocconi University in Milan and earned an MBA from the MIT Sloan School of Management (Massachusetts Institute of Technology). He has spent his entire career in investment banking working for Barclays Bank, Lehman Brothers, Merrill Lynch and Nomura in New York, London and Italy. At Merrill Lynch he held various roles before becoming Chair of Public Sector for Europe, Middle East & Africa and Head of Investment Banking for Italy. At Nomura he has been Country Manager and Head of Investment Banking for Italy. He was also Senior Advisor for Long Term Partners, a strategic and senior management consulting company, and for Italicamp, a company active in innovation and social impact. Throughout his career he has worked on numerous extraordinary finance operations for American, European and Italian companies. He is currently Senior Advisor at Cassa Depositi e Prestiti S.p.A. He is a founding member of Thalia Advisors, his boutique consulting firm. He is also a board member of Fondo Interbancario di Tutela dei Depositi – FITD (in office since February 2021), Chair of the Risk Control Committee and Chair of the Related Parties Committee of ASTM S.p.A. (in office in February 2020), board member, member of the Operating Committee and member of the Development Committee of SIA S.p.A. (in office since January 2020), board member of DeA Capital Alternative Funds SGR S.p.A. and member of the Remuneration Committee (in office since April 2016) and board member, Chair of the Remuneration Committee and member of the Related Parties Committee of Maire Tecnimont S.p.A. (in office since June 2014). He was Vice Chair of the Board of Directors of Italian Hospitality Collection S.p.A. (from December 2016 to February 2019) and board member, Chair of the Audit, Risk and Sustainability Committee and Chair of the Related Parties Committee of SIAS – Società Iniziative Autostradali e Servizi S.p.A. (from April 2014

to December 2019).

**Barbara Poggiali:** born in Milan on 4 March 1963. Barbara Poggiali holds an Engineering degree from MIT, the Massachusetts Institute of Technology, Cambridge, Massachusetts, USA., earning her Bachelors in 1984, Masters in 1985, and PhD in 1987. She started her career at McKinsey & Co., and then went on to Bain. From 1995 to 2000, she worked at Omnitel (now Vodafone Italy) as a Strategy Director then as a Marketing & Consumer Sales Director. Afterwards, she worked at E.Biscom S.p.A. (now Fastweb) as Chief Operating Officer until 2002, then moved to Cable and Wireless Plc. as Mobile Group Director. From 2004 to 2011, she was Chief Development Officer at RCS Mediagroup and, lastly, from 2009 to 2011, she was CEO and General Manager of Dada S.p.A. From 2014 to 2017, she held the role of Strategic Marketing Director at Poste Italiane S.p.A., and Chair of PosteMobile and in 2019 and 2020 was Managing Director of the Cybersecurity Division at Leonardo S.p.A. She is currently an independent director of several listed companies: Banca Farmafactoring S.p.A., Elica S.p.A., the Issuer (since 2013) and since 2018 BFF Banking Group and Elica S.p.A., and in the past, listed companies such as Falck Renewables (2013-2018), SnaiTech S.p.A. (2013-2018) and Ansaldo STS (2014-2015); she is also a director of Bocconi University and MyAir Inc.

**Giovanni Quaglia:** born in Genola, Cuneo on 20 October 1947. He holds a degree in Modern Literature (Literature and Philosophy Faculty) from the University of Turin. He is professor of Economics and Business Administration at the University of Turin (Department of Management – Economics and Business Administration Faculty), a statutory auditor and journalist. Professor Giovanni Quaglia is also Chair of the CRT Foundation and the Associazione delle FOB, the association of foundations of banking origin, in Piedmont. He has proven experience in managing listed companies, bodies, institutions, cultural associations and non-profit organisations. The various roles he currently holds include Chair of the Support Committee of Cassa Depositi e Prestiti, and Chair of the Board of Directors of Asti-Cuneo SpA and SATAP SpA (Turin-Milan and Turin-Piacenza motorway concessionaires). From 1983 to 1988, he was regional director of Piedmont and from 1988 to 2004, he was the President of the Province of Cuneo. He was a Member of the Unicredit Board of Directors until 2015, as part of the Corporate Governance, HR and Nomination, Related Parties and Equity Investments and Supervisory Board Committees. At ACRI (the association of Italian Foundations), he is a member of the Board of Directors. He is a Knight of the Grand Cross of the Italian Republic.

**Micaela Vescia:** born in Rome on 16 December 1973. Micaela Vescia graduated *maxima cum laude* from Tor Vergata University in Rome and specialised at the A. C. Jemolo Regional Institute for Legal Studies of Lazio in Civil, Commercial, Corporate and Civil Procedure Law.

She has worked with leading law firms in Milan, gaining considerable experience in legal assistance in ordinary and extraordinary corporate law (M&A and Corporate Governance) and commercial

law for private and public companies, as well as legal and corporate litigation. She is currently Legal and Corporate Affairs Director of ATM S.p.A. She has been an Independent Director of SIAS.

*Diversity policies and criteria*

As regards the composition of the management body, the current composition of the ASTM Board of Directors, as in the past, has an adequate mix of members in terms of age, gender, education and professional background.

As mentioned in section 4.1, the Articles of Association includes specific provisions regarding gender parity in the composition of the governing bodies, on the basis of which, during the appointment of the new Board on 12 February 2020, 6 directors were appointed belonging to the less represented gender (two fifths of the total members), who also meet the independent requirements set out by article 147-ter, paragraph 4 of the TUF and application criterion 3.C.1. of the Former Code (and currently, by article 2, Recommendation 7 of the 2020 Code).

Also on the topic of diversity and inclusion, on 14 March 2018, a policy was approved (as then required by article 2, Recommendation 8 of the 2020 Code) intended to promote the empowerment of human capital throughout the company organisation, based on criteria of meritocracy, professional expertise, fair conduct, honesty and trust, also promoting a working environment that is inclusive and open to diversity.

In particular, the Issuer is committed to:

- creating a work environment free of any direct or indirect collective or individual discrimination, any type of violence or harassment, whether sexual or targeting personal, political or cultural differences;
- promoting an inclusive culture, based on reciprocal respect, that involves all people and offers them opportunities to develop their talent;
- pursuing a personnel recruitment policy that rewards merit, while respecting equal opportunities. This policy is based on a transparent appraisal of competencies and abilities;
- guaranteeing career or professional development opportunities without any form of discrimination, and respecting diversity;
- pursuing training and the promotion of people, improving the professional development of human resources, inspiring all employees to reach their full potential and supporting the sharing of best practices throughout the organisation;
- pursuing the goal of ensuring that all employees and staff deal with others at all times with dignity, respect and fairness, adopting a conduct that reflects inclusion and supports the Issuer's values.

Maximum number of offices held in other companies

In January 2008, the Issuer adopted a procedure, last updated in November 2012, aimed at identifying the maximum number of offices as director or auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises.

The Directors accept the office by taking into account, in their duties, the limits set out by the above procedure (available on the website under the *Governance* section), which takes into consideration the level of commitment implied in each position, also with regard to the nature and size of the companies in which offices are held, as well as whether or not these belong to the Issuer's Group. For the purposes of the maximum number of offices held set out in the above procedure, large enterprises are defined as follows:

- a) Italian companies with shares listed on Italian or foreign regulated markets;
- b) Italian or foreign companies with shares that are not listed on regulated markets, which operate in the insurance, banking, financial brokerage, asset management or financial sectors;
- c) Italian or foreign companies other than those described in the previous paragraphs (a) and (b), which, individually or at Group level in case they draw up the consolidated financial statements, show (i) revenue from sales and services higher than EUR 500 million; and (ii) balance sheet assets higher than EUR 800 million, based on the last set of approved Financial Statements.

Having taken into account the commitment implied in each single position, the following maximum numbers on administration or control offices that can be held in large enterprises, as defined above, were established:

- Executive Directors with management powers: 4
- Executive Directors without management powers: 6
- Non-executive Directors: 8

With regard to the calculation of offices:

- those positions held in companies directly and/or indirectly controlled by the Issuer, as well as in its Parent Companies are not taken into account;
- alternate auditor offices, as well as management and control offices held in associations, foundations, consortium companies, consortia and unlisted cooperatives are not taken into account;
- in order to identify large enterprises pursuant to paragraph c), the item "revenue from sales and services" means income from ordinary operations;

- in case of offices held in companies belonging to the same group and if the Director holds a similar office in the parent company and in companies under its control and included in its scope of consolidation, the identification of large enterprises shall be carried out, for the parent company, on the basis of the Consolidated Financial Statements and, for subsidiaries, based on the related Separate Financial Statements, also if the latter, as sub-holding companies, draw up their own Consolidated Financial Statements;
- in case of offices held in large enterprises belonging to the same group, the weight given to each of the offices except for the first one is reduced by half and, in any case, the fact of holding several positions within the same group shall not imply a total "weighting" higher than 2.

However, the Board is allowed to grant derogations (including temporary ones) for exceeding the aforementioned limits.

The list attached to Table 2 shows the offices held by some Directors, in view of the aforementioned parameters and criteria.

#### Induction Programme

In line with provisions in the Former Corporate Governance Code on the effective and informed performance of their role by each Director, the Chair and Chief Executive Officer ensure that the Directors and Auditors are constantly informed of corporate and market situations, as well as of the main legal and regulatory developments concerning the Issuer and its Group. Having considered the industrial holding activities of the Issuer, special attention has been paid to the purchase and disposal of equity investments, in order to have an updated framework on the corporate activities and dynamics under way/being assessed and take appropriate decisions.

In this context, in October 2020 a presentation about the ASTM Group and its core business was provided, with particular reference to the motorway concessions, EPC Contractor (Engineering, Procurement & Construction), Engineering and Technology sectors.

#### **4.3 Role of the Board of Directors (pursuant to article 123-bis, paragraph 2(d) of the TUF)**

During the year, the Board held 18 meetings, which lasted on average for approximately 1 hour and 54 minutes.

As regards 2021, as detailed in the annual schedule of corporate events sent to Borsa Italiana in December 2020, at least 4 meetings have been planned to approve the Financial Statements, the Interim Financial Report, as well as the Quarterly Interim Management Reports. Since the beginning of 2021, 7 meetings have already been held, although 6 were not included in the aforementioned schedule.

#### Board of Directors Regulation

In accordance with the provisions of the 2020 Code, at the meeting on 13 November 2020, the

Board approved the Board of Directors Regulation, which, among other things, governs the procedures for convening and carrying out board meetings. In particular, the Board is convened by the Chair, who acts as a bridge between the executive and non-executive directors, overseeing the effective functioning of board proceedings. The Chair convenes the Board meeting, defines the agenda in collaboration with the Chief Executive Officer and sends it to the Directors and the Acting Auditors at least three days before the date set for the meeting, except in urgent cases where prior notice of one day is allowed. In line with previous financial years, the Regulation approved by the Board requires that any documentation related to the items on the agenda be made available to the members at least two working days in general before the date of the meeting, except in urgent cases or for confidentiality requirements. If it is not possible to provide the information before the aforementioned deadline, the timeliness and the completeness of the information flows shall not be compromised and adequate and specific in-depth analyses shall be guaranteed during the meeting. During the year, the above deadline was largely met.

The Board Regulation also defines the requirements of professionalism and the duties of the Secretary of the Board.

Moreover, the Chair ensures that each item on the agenda is dealt with thoroughly, by encouraging discussion, which is useful in order to take decisions. To this end, the Chair may request executives and managers of specific corporate functions of the Issuer or its group to take part in board meetings, and, where conditions are met, advisors and/or legal consultants, in order to thoroughly analyse issues on the agenda. During the year, corporate function managers and consultants took part in the Issuer's executive board meetings, in order to provide support for board proceedings and allow for suitable in-depth analyses of the agenda items. As a standard practice, the Financial Reporting Officer also takes part in board meetings on financial reporting. All aforesaid individuals are only present at the board meetings to discuss the points within the scope of their responsibility and must observe the specific obligations of confidentiality.

Moreover, in order to facilitate the participation of Directors in corporate activities, pursuant to article 19 of the Articles of Association, it is possible for them to attend board meetings remotely, using conference call or video conference systems that ensure prompt and timely information flows.

#### *Powers and authorities of the Board*

Pursuant to article 21 of the Articles of Association, the Board has the broadest powers for the ordinary and extraordinary administration of the Issuer, and may take all actions, including acts of disposal, deemed necessary to achieve the corporate purpose, with the sole exception of actions reserved by law for the Shareholders' Meeting.

The Board is responsible for examining and approving strategic, business and financial plans of the

Issuer and its Group. Having taken into account the information provided by the Chief Executive Officer, also with regard to the exercise of relevant management powers, the Board assesses the general results of operations on an ongoing basis. As said, during FY 2021, the Board will approve a new strategic plan. In compliance with the provisions of the 2020 Code and the additional information specified by the Corporate Governance Committee in the Q&As published in November 2020, in the context of the examination and approval of the new strategic plan, the Board will be supported by the Audit and Risk and Sustainability Committees when analysing the topics relevant for the generation of long-term value.

With reference to the specific powers set out by the Civil Code, the Board monitors the adequacy of the organisational, administrative and accounting structure of the Issuer and the subsidiaries with strategic importance.

The Board also reserves the right to resolve on the operations of the Issuer and its subsidiaries, when said operations have an impact on the strategic, economic and financial position of the Issuer. In particular, pursuant to the Guidelines for significant transactions, last updated on 24 September 2020, the Board is responsible for assessing the following transactions:

- a) issues of bonds or other financial instruments, the issue of guarantees (including guarantees furnished to lending banks) or the undertaking of new gross financial debt that is not envisaged in the strategic plan and/or the annual budget of the Issuer and which, as regards the last consolidated financial statements approved by the Issuer, would lead to an increase in the consolidated net financial position/EBITDA ratio of the Issuer which is four times (4x) higher, with the exclusion of (i) performance bonds, bid bonds, advance bonds, retainer bonds and other commercial securities issued from time to time by ASTM and the subsidiaries in the framework of ordinary operations, (ii) guarantees issued to tax authorities and the granting body of motorway concessions or the client, (iii) guarantees issued in the interest of, or for obligations undertaken by, any subsidiary;
- b) the granting of loans to entities other than subsidiaries (i) where these are proportional to the Shareholding, when the amount of the loan is higher than EUR 10 million; or (ii) where these are not proportional to the Shareholding, when the amount of the loan is higher than EUR 5 million;
- c) the signing of derivative contracts (i) of an amount higher than EUR 10 million as notional value, and (ii) which not only aim at hedging corporate risks (by way of non-limiting example: interest rate, foreign exchange and raw material hedging);
- d) the granting of personal guarantees and/or collaterals in favour of entities other than the Issuer or subsidiaries, for amounts higher than EUR 10 million;
- e) merger and split off transactions, where at least one of the companies involved is not a

subsidiary;

- f) acquisition or disposal of real estate whose value is higher than EUR 5 million;
- g) acquisition or disposal of companies or business units, assets or other activities whose transaction value is equal to or higher than EUR 20 million;
- h) acquisition or disposal of equity investments, incorporation of new companies and joint ventures and transactions involving new contributions that are not proportional to the Shareholding (meaning new contributions for Share capital increase subscriptions, payments towards future Share capital increases, payments to cover losses) for which (i) the value of the operation for the Issuer is equal to or higher than EUR 20 million (EUR 5 million for operations of subsidiaries), even when commitments and/or purchase agreements and/or disposal agreements of this kind and of this extent may derive, during their development or at their end, from signing agreements on the exercise of rights related to these equity investments and operations that may directly or indirectly constitute or discontinue a position of control or joint control;
- i) the signing, amendment or resolution of agreements and/or shareholders' agreements relative to companies or joint ventures that may result in the acquisition or loss of a position of control or joint control;
- j) the acquisition, using any method, of new motorway concessions, the presentation of offers in order to take part in public tenders related to the awarding of new concessions, renewal or extension of the existing motorway concessions, the amendment of the concession agreements and updating of the economic and financial plans (EFPs) appended to the related agreements, if such amendments lead to a change compared to the provisions contained in the plans already submitted to the Issuer for review;
- k) with exclusive reference to the subsidiary Itinera S.p.A.: (i) projects or participation in tenders for projects whose equity value (for the pro-rata portion attributable to Itinera S.p.A.) exceeds EUR 300 million, or, with reference to each financial year, that may generate more than 15% of the consolidated revenues of Itinera S.p.A. and (ii) the issues of bonds or other financial instruments, guarantees furnished or new debt undertaken which is not envisaged in the strategic plan and/or annual budget of the Issuer and which, with reference to the last consolidated financial report approved by Itinera S.p.A., result in a consolidated net financial position of Itinera S.p.A. that is greater than its consolidated shareholders' equity;
- l) any other transaction that, according to the competent bodies of the Issuer or of the subsidiaries, has an impact on the strategic, economic and financial position and results of the Issuer.

With respect to the above, for a correct implementation of the procedure within the Issuer's Group, the Board immediately issued the necessary instructions.

As regards the decisions taken by the Board on the identification of significant transactions with related parties and implementing procedures, reference should be made to the specific information in paragraph 11.0 "Directors' interests and related party transactions".

*Assessment on the size, composition and functioning of the Board*

Article 4, recommendation 22 of the 2020 Code states that only large companies other than those with concentrated ownership must perform an annual assessment of the size, composition and functioning of the Board and of the board committees (board review). As mentioned in section 1.0, the Issuer is a "large company with concentrated ownership" and, therefore, could make use of the longer three-year deadline. In line with the best practices on corporate governance, it intends to conduct conducting the self-assessment each year in order to guarantee that the Directors, over the course of their mandate, have the option to verify on a recurring basis the overall operations and functioning of the Board and the Committees and to formulate their considerations in this regard.

In light of the above, the Board appointed on 12 February 2020, with the support of the Appointments and Remuneration Committee, completed an assessment in February 2021 of its own functioning and that of the board committees (Board Review) with the assistance of the independent consulting company Management Search, in relation to the year 2020.

The Board Review, acknowledged by the Board of Directors at the meeting on 15 March 2021, was conducted through the completion of a questionnaire by each member of the Board of Directors, who were then interviewed individually by the consulting company in order to expand on the most relevant aspects concerning: the structure and composition of the Board; the number and duration of the meetings; the completeness and timeliness of the information provided to the Directors in preparation for meetings; how the meetings and decision-making processes are carried out; the adequacy of the time dedicated by the Board to discuss all relevant issues for the Company and the Group, including aspects of risk control and long-term strategy; the functioning of the Committees and the effectiveness of their activity in support of the Board; the opinion expressed by the Directors on the work carried out by them as part of the Board and on their contribution to board debates and the decision-making process; the awareness of all Board members of ESG issues and Sustainability standards and how pervasive these topics are in the company organisation and integrated into the way of doing business.

The results of the Board Review showed a positive overview of the functioning of the Board and the Committees and confirmed that they operate in compliance with the legislation and regulations applicable to issuers, according to the best practices on corporate governance.

In particular, the findings showed that over the year, the Board met frequently and often, addressing highly relevant industrial and financial issues which required commitment from the Directors in terms of active participation in the meetings and proved the expertise of the Board and its operating efficiency. The meeting agenda reflected the genuine priority of the issues to be addressed and the time dedicated to debate – in relation to issues of governance, business management and the Company's strategy – was ample and adequate. The remote nature of the meetings did not influence the effectiveness of the decision-making process, despite the limits of this type of interaction. Director participation in the meetings was regular with a decisively high attendance rate (97%) which indicates the level of involvement with which all dealt with their role. The Directors attended meetings while demonstrating commitment to expanding upon the issues covered; discussions during the meetings were in-depth and characterised by responses through which all contributed in relation to their respective areas of expertise, thus offering constructive contribution. The functioning of the Board was facilitated by the fact that the Directors had extensive documentation available to them sufficiently in advance; the information flows available to the Board were adequate for Directors to make informed decisions.

The Board proceedings benefited from a positive internal atmosphere deriving from its collaborative spirit, the excellent relations between the various members, the excellent relation between the Chair and the Chief Executive Officer and their collaborative attitude with respect to the roles. The Committees met with adequate frequency in relation to their duties, performing their supporting role for the Board adequately including through frequent reporting on the work carried out, with extensive and in-depth information. The entire Board showed awareness of the Sustainability issues considered to underlie a strategy for long-term value creation, with these incorporated into the management team's incentive system and aligned with those of the Company's strategic plan.

Some of the strengths related to the functioning of the Board and the Committees included: (i) the adequate balance in the Board composition and the extensive expertise within it; (ii) the sense of belonging of the Directors united by commitment and a sense of responsibility; (iii) the positive atmosphere within the Board and the quality of board debate; (iv) the level of engagement in all relevant issues for the Company both operational and strategic; (v) the ability to analyse and study the issues addressed and the focus on risk control; (vi) the quality of work by the Committees and support provided by them to the Board's activity; (vii) the focus and constant commitment of the Board to improve the Group's operating and governance processes; (viii) the support provided to the Board's activity by the Company Secretary.

No particular areas for improvement were identified in ASTM's Board functioning other than the greater efficiency that can be achieved, once possible, through in-person participation by the

Directors at the meetings.

Non-competition clause pursuant to article 2390 of the Civil Code

The Meeting did not grant derogations from the non-competition clause set out in article 2390 of the Civil Code as a general and preventive measure.

#### **4.4 Delegated bodies**

Chief Executive Officer

Following the appointment of the governing body by the Shareholders' Meeting of 16 May 2019, the Board, on the same day, and in line with the previous board mandate, appointed Alberto Rubegni as Chief Executive Officer of the Issuer, conferring the relevant management powers.

Following the renewal of the Board of Directors by the Shareholders' Meeting held on 12 February 2020, the Board of Directors, on 18 February 2020, set out the Issuer's governance lines, adopting resolutions on corporate offices and the related management powers, in line with the previous financial year as regards the content of those powers.

At that meeting, the Board appointed Umberto Tosoni as Chief Executive Officer and General Manager of the Issuer, giving him the power to:

- a) carry out all company operations, save for limitations established by law and by the Articles of Association, with the exception of the following issues which are within the exclusive remit of the Board of Directors:
- sell, exchange and transfer real estate in incorporated companies or companies under incorporation;
  - transfer, sell, award and generally dispose of the equity investments held in subsidiaries so that the equity investment is lower than 50.1% of the Share capital;
  - approve and amend the budget and business plan of the Company;
  - appoint, manage and terminate employment with the General Manager (GM) and the chief financial officer (CFO) of the Issuer;
  - determine the criteria for the selection of the Issuer's Senior Management, and
  - give voting instructions to represent the Issuer in the Shareholders' meetings of IGLI S.p.A. or the Group company that holds, directly or indirectly, the capital of Primav Infrastruttura S.A. and Ecorodovias Infrastruttura e Logistica S.A. for resolutions regarding (i) capital increases for payment, (ii) issues of bonds and/or other financial instruments that can be converted into Shares, (iii) mergers, demergers, liquidation (or transfer of all, or essentially all, assets), (iv) amendments to the articles of association related to the composition of the Board of Directors and the Board of Statutory Auditors, (v) directors' remuneration,

approval or amendment to the incentive plans and remuneration policies.

- b) appoint and revoke appointment of proxies and attorneys by setting out their powers;
- c) file actions, petitions and complaints, promote and support legal actions on behalf of the company – acting as both claimant or defendant – at any court (civil, penal or administrative) and at any level of jurisdiction, in Italy and abroad, with the power to appoint and revoke lawyers and prosecutors to this end;
- d) prepare, in accordance with the general guidance established by the Board of Directors, the organisational programmes to be submitted in advance for review by the Board of Directors;
- e) oversee the execution by the structure of all ordinary administration acts in compliance with the criteria established by the Board of Directors;
- f) coordinate and oversee the organisation of employees, defining their tasks and competencies, as well as adopt disciplinary procedures in accordance with current provisions, the national collective bargaining agreement and company trade union agreements.

#### Chair of the Board of Directors

In line with the previous mandate, the Shareholders' Meeting of 16 May 2019 appointed Professor Gian Maria Gros-Pietro as Chair of the Board of Directors.

Following the renewal of the governing body by the Shareholders' Meeting of 12 February 2020, and in the absence of the appointment of the Chair of the Board of Directors by said Shareholders' Meeting, the Board of 18 February 2020 appointed Alberto Rubegni as Chair of the Issuer's Board of Directors. The Chair legally represents the Company before third parties and in court, and has the following powers to be exercised with separate signature: (i) setting the agenda of the Board of Directors' meeting, in agreement with the Chief Executive Officer, (ii) providing for external communication, together with the Chief Executive Officer, (iii) signing corporate mail and the documents related to the office and the exercise of powers.

#### Vice Chair

Following the appointment of the governing body by the Shareholders' Meeting of 16 May 2019, the Board, on the same day, appointed Daniela Gavio and Roberto Testore as the two Vice Chairs.

Subsequently, following the renewal of the governing body by the Shareholders' Meeting of 12 February 2020, during the meeting of 18 February 2020, the Board appointed Franco Moschetti as Vice Chair.

The Vice Chair has the same powers as the Chair, to be exercised with separate signature, in the absence or impediment of the Chair.

#### Executive Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

Based on the current organisational and operating structure of the Issuer, the Board of Directors did not appoint an Executive Committee.

#### Information to the Board

The Chief Executive Officer reports to the Board and the Board of Statutory Auditors on the activities carried out in the exercise of his/her powers, as well as on the overall performance and the outlook, and on major economic, financial and asset transactions effected by the Issuer or its subsidiaries during individual meetings, held at least every quarter.

#### **4.5 Other Executive Directors**

Currently, in addition to Chief Executive Officer Umberto Tosoni, pursuant to the definition contained in criterion 2.C.1. of the Former Code, Chair Alberto Rubegni is also an Executive Director, since he is the Chief Executive Officer of Nuova Argo.

With reference to the composition of the Board appointed by the Shareholders' Meeting of 16 May 2019, in addition to Chief Executive Officer Alberto Rubegni, the following Directors were also considered Executive Directors pursuant to the definition contained in criterion 2.C.1. of the Former Code:

- Beniamino Gavio, as Chair of the Board of Directors of Nuova Argo Finanziaria S.p.A.;
- Daniela Gavio, in her capacity as (i) executive of Itinera S.p.A. and (ii) Director of Nuova Argo Finanziaria S.p.A.;
- Marcello Gavio, in his capacity as (i) executive of Itinera S.p.A. and (ii) Director of Nuova Argo Finanziaria S.p.A.

#### **4.6 Independent Directors**

The information related to the Independent Directors that formed part (i) of the Board appointed by the Shareholders' Meeting of 16 May 2019 and which remained in office until 12 February 2020 and (ii) of the one appointed by the Shareholders' Meeting of 12 February 2020 and currently in office, is reported in two separate sections.

Note that, with reference to article 2, recommendation 7 of the 2020 Code – which requires that the Board define the quantitative and qualitative criteria for assessing the significance of commercial, financial or professional relations and the additional remuneration, which are relevant for the purposes of the assessments regarding the independence of its members – the Issuer does not deem it necessary, at this time, to identify fixed and predetermined quantitative and qualitative criteria so as to (i) guarantee greater flexibility in the assessments pertaining to the independence of the directors and (ii) be able to assess each situation individually considering the relevant circumstances of that specific case.

*Board appointed by the Shareholders' Meeting of 16 May 2019*

As regards the corporate structure of the Issuer appointed by the Shareholders' Meeting of 16 May 2019 and in office until 12 February 2020, 10 Directors (Caterina Bima, Arabella Caporello<sup>1</sup>, Giulio Gallazzi, Giuseppe Gatto – considering that the office of director was held by Giuseppe Gatto in the subsidiary Itinera S.p.A. (without any managerial or executive function) did not in any way affect his independent judgement – Venanzio Iacozzilli, Fabiola Mascardi, Barbara Poggiali, Luigi Roth and Roberto Testore) declared, upon acceptance of their appointment, that they met the independence requirements with reference to the Former Code and article 148, paragraph 3 of the TUF. Gian Maria Gros-Pietro declared to meet only the independence requirements with reference to article 148, paragraph 3 of the TUF.

After the appointment, the Board considered the above requirements as being met, also after consulting with the Board of Statutory Auditors, during the meeting held on 16 May 2019 (and disclosed to the market on the same day).

*Board appointed by the Shareholders' Meeting of 12 February 2020*

As regards the Issuer's corporate structure, 11 Directors (Caterina Bima, Giulio Gallazzi, Giuseppe Gatto, Patrizia Gianguialano, Venanzio Iacozzilli, Fabiola Mascardi, Valentina Mele, Franco Moschetti, Andrea Pellegrini, Barbara Poggiali and Micaela Vescia) declared, on their appointment, that they met the independence requirements envisaged by the Former Code and article 148, paragraph 3 of the TUF.

After the appointment, the Board considered the above requirements as being met, also after consulting with the Board of Statutory Auditors, during the meeting held on 15 March 2021.

In this respect, during the Board of Directors meeting of 15 March 2021, the Director Giuseppe Gatto announced that he held the office of non-executive director of the subsidiary Itinera S.p.A., specifying that (i) he did not, nor had not in the past, held any executive or managerial office in that company and (ii) for that office he received a gross annual remuneration of EUR 20,000 in addition to the attendance fees. The Board acknowledged Director Gatto's statement and, following the necessary assessments, confirmed the independence of Director Giuseppe Gatto, considering that the office held by him in the subsidiary Itinera S.p.A. (without any managerial or executive function) does not in any way affect his independent judgement.

All Directors undertook to report to the Issuer on any change of the information provided upon acceptance of the candidature, among which their independence.

In the framework of its specific powers and authorities, the Board of Statutory Auditors favourably examined and verified the correct application of the assessment criteria and procedures adopted

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<sup>1</sup> As previously mentioned, Arabella Caporello stepped down from the office of Director on 21 January 2020.

by the Board to assess the independence of its members.

#### Independent Directors' meeting

In accordance with application criterion 3.C.6 of the Former Code, the Independent Directors in office at the time met on 3 December 2020, who, among other things:

- considering the creation of three board committees – Audit and Risk Committee, Appointments and Remuneration Committee and Sustainability Committee, fully formed of different independent directors – the Chairs of which already have frequent contact with the Chair of the Board of Directors and the Chief Executive Officer, did not consider the appointment of a lead independent director to be relevant;
- expressed a substantially favourable opinion on the existing information flow which made it possible to adequately monitor the operations of the company, including thanks to the support and contribution provided to the board activities by the Audit and Risk Committee, which, in accordance with suggestions made by the Independent Directors in the previous financial year, undertakes a prior review of significant transactions even when the policyholder is not a related party.

#### **4.7 Lead independent director**

With reference to the current organisational structure of the Board, (i) the Chair of the Board is not the chief executive officer or the holder of relevant management powers and (ii) the office of chair is not held by the person who controls the Issuer, including joint control. Therefore, considering that pursuant to the 2020 Code the Issuer is a “large company”, the appointment of the “lead independent director” from the Independent Directors may be decided by the Board at the request of the majority of the independent directors. As mentioned in section 4.6 above, at the meeting held on 3 December, the Independent Directors did not, at the time, consider it necessary to appoint a lead independent director.

#### **5.0 HANDLING OF CORPORATE INFORMATION**

During the financial year, the Chief Executive Officer, in co-operation with the Investor Relations function and Corporate and Compliance function, were in charge of the management of corporate information, with particular reference to price sensitive information.

Documents and information on the Issuer and its subsidiaries are disclosed externally – in agreement with the Chief Executive Officer – by the Board’s Secretarial Department and the Corporate and Compliance Function for notices to relevant Authorities and Shareholders, and by the investor relations manager for notices to institutional investors.

In accordance with the current legislative provisions on “market abuse” (Regulation (EU) no.

596/2014) and the related guidelines formulated by the Supervisory Authorities, the Issuer has adopted a procedure (“MAR Procedure”) to guarantee (i) the internal management and external disclosure of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to inside information, and (ii) to keep an insider list, i.e. of persons that have access to inside information (as regards the latter aspect, the Issuer has a specific IT procedure, with contents and operating mechanisms that are aligned with the principles and objectives of applicable laws). In particular, the new procedure includes provisions pertaining to the internal handling and the external disclosure of corporate documents and information, with specific reference to inside information, and defines roles, responsibilities and operational methods for the management of such information, considering their identification and disclosure to the market, including, where applicable, the activation of the procedure for delayed disclosure to the market and the updating of the insider list.

Adopted for the first time in July 2016, the MAR Procedure was then updated and integrated to take into account, among other things, the “*Management of inside information*” guidelines published in 2017 by Consob and the provisions set out by Legislative Decree no. 107/2018 on the procedure to explain any delay in disclosing significant or inside information to the market, in order to (i) identify the functions or organisational units that, for various reasons, are involved, within the Issuer, in the processing of significant or inside information, (ii) map the potential types of significant or inside information and (iii) code provisions relative (x) to the internal management and external communication of corporate documents and information concerning the Issuer and its subsidiaries, with particular reference to significant and inside information and (y) keep and update the Insider List.

On 13 November 2020, the aforesaid procedure was updated to take into account, among other things, the completion of the Merger with consequent revision of the mapping of the possible relevant or inside information.

With respect to “*Insider Trading*” rules, which are governed by a dedicated procedure that was last updated on 13 November 2020, the Corporate Compliance Function is the unit responsible for receiving, managing and disclosing to the market any material transactions effected, on the Issuer’s Shares and of financial instruments linked to it, by “relevant persons” and “close associates”, as identified on the basis of current legal and regulatory provisions.

In order to promptly comply with disclosure requirements, a document is drawn up and given to relevant parties. This document contains (i) all legal and regulatory provisions that constitute the regulatory framework, (ii) the terms and conditions for communications to Consob, the Issuer and the market, (iii) a request to declare the close associates to the Issuer, for the purposes of adding them to the insider trading register.

This document also provides regulations on the black-out period, which is the time when significant entities may not carry out transactions in specific periods of the year (the 30 calendar days prior to the announcement of the accounting/financial information relative to the draft annual financial statements, the consolidated financial statements and the interim financial report).

#### **6.0 BOARD COMMITTEES (PURSUANT TO ART. 123-BIS, PARAGRAPH 2(D) OF THE TUF)**

Following the renewal of the governing body by the Ordinary Shareholders' Meeting of 12 February 2020, the Board, at the meeting held on 18 February 2020, considering the need to integrate corporate sustainability into the definition of strategies, including on the basis of an analysis of the significant factors that may impact the long-term generation of value, considered it necessary to assess the institution of a specific Committee dedicated to sustainability issues, the functions of which were previously attributed to the Audit, Risk and Sustainability Committee.

Consequently, the Board established three board committees: the Audit and Risk Committee, the Appointments and Remuneration Committee and the Sustainability Committee. The composition of the board committees complies with the provisions of the Former Code and article 16 of the Markets Regulation, since all members are non-executive directors and meet the independence requirements.

#### **7.0 APPOINTMENTS AND REMUNERATION COMMITTEE**

During the meeting held on 18 February 2020, the Board – in line with the provisions of the Former Code and the 2020 Code and market best practices – confirmed the decision already made in 2018 to (i) give a single committee the appointments and remuneration functions assigned by the Former Code and (ii) name this committee the “*Appointments and Remuneration Committee*”.

##### *Composition and functioning of the Appointments and Remuneration Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)*

As at 31 December 2019 and until the Shareholders' Meeting of 12 February 2020 (with the exception of Arabella Caporello, who resigned on 21 January 2020), the Appointments and Remuneration Committee was formed of the non-executive and independent Directors Arabella Caporello (Chair), Fabiola Mascardi and Barbara Poggiali, who all had adequate knowledge and experience in finance, remuneration policies and management recruitment.

The Board meeting held on 18 February 2020 appointed the new members of the Appointments and Remuneration Committee, in the persons of independent and non-executive directors Franco Moschetti (Chair), Giulio Gallazzi and Micaela Vescia, all with adequate knowledge of and experience in finance, remuneration policies and management team selection.

In line with recommendation 11 of the 2020 Code, the Board meeting on 13 November 2020 approved the Appointments and Remuneration Committee Regulation, the contents of which were

shared in advance with the Committee itself. The Regulation defines, among other things, the operating rules of the Committee, including how to minute the meetings and the procedures for information management.

The Appointments and Remuneration Committee is convened by its Chair and the invite for participation is extended to all members of the Board of Statutory Auditors. From time to time and possibly from outside the Committee, the Committee appoints a secretary, who is assigned the task of drafting the meeting minutes. The Committee's activities are coordinated by the Chair, who informs the Board at the next meeting. Pursuant to the recommendations contained in the Civil Code, the Directors do not attend the Committee's meetings during which proposals are made to the Board with regard to their remuneration.

The Appointments and Remuneration Committee held 9 meetings in the year, which lasted on average for approximately 1 hour and 24 minutes. During 2021, up to the date of this Report, the Appointments and Remuneration Committee held 2 meetings, which lasted on average for approximately 1 hour and 28 minutes.

The Appointments and Remuneration Committee requested non-members to attend meetings, concerning individual items on the agenda, and in particular (i) the members of the Board of Statutory Auditors and (ii) employees and consultants of the Issuer to assist activities or act as consultants for areas in their responsibility.

#### *Functions of the Appointments and Remuneration Committee*

The Appointments and Remuneration Committee provides proposals and consulting to the Board in relation to appointments and remuneration. In particular, it assists the Board:

- in relation to appointments: in the (i) self-assessment of the administrative body and its committees; (ii) definition of the optimal composition of the administrative body and its committees; (iii) identification of the candidates for the office of director in the event of co-option; (iv) possible submission of a list by the outgoing Board to be implemented according to methods that ensure it is transparently formed and submitted; (v) preparation, updating and implementation of any succession plan for the Chief Executive Officer of the company and the other Executive Directors.
- in relation to remuneration: in the (i) preparation of the remuneration policy; (ii) submission of proposals or opinions on the remuneration of executive directors and other directors who hold a particular office in addition to setting the performance objectives related to the variable component of said remuneration; (iii) monitoring of the application of the remuneration policy and verification, in particular, of the effective achievement of the performance objectives; (iv)

periodic assessment of the adequacy and overall consistency of the policy for the remuneration of executive directors and senior management (as defined by the 2020 Code).

The Appointments and Remuneration Committee also reports periodically to the Board on its activities and exercises any other function assigned to it by the Board of Directors.

To carry out its duties, the Appointments and Remuneration Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Issuer (recommendation no. 17 of the 2020 Code). To date, the Board has decided not to adopt a specific budget for the Appointments and Remuneration Committee.

## 8.0 DIRECTORS' REMUNERATION

### General remuneration policy

Pursuant to article 16 of the current Articles of Association, the Shareholders' Meeting resolves on the annual remuneration due to the members of the Board of Directors. This remuneration also remains valid for the financial years following the one for which it was resolved, until otherwise determined by the Shareholders' Meeting. The members of the Board are also entitled to the reimbursement of expenses incurred as a result of their office.

Without prejudice to the remuneration approved by the Shareholders' Meeting, the remuneration of directors holding corporate offices are established by the Board, upon proposal of the Appointments and Remuneration Committee and having consulted with the Board of Statutory Auditors, pursuant to article 2389 of the Civil Code, as well as, where applicable, with the Audit and Risk Committee, in compliance with the procedure on related party transactions adopted by the Issuer.

The Board also determines the compensation for members of the Supervisory Board, and for Committees and functions which are recommended by the Civil Code.

### Remuneration of executive directors

In light of major changes in the Company's and Group's strategy, and of business development initiatives including those on international markets and requests from investors, in 2017 the Company introduced a management incentive system aimed at promoting the achievement of increasingly outstanding results and creating a virtuous link between compensation and business performance. Specifically, (i) an annual incentive system was adopted based on achieving economic/financial and project/strategic objectives, as well as (ii) a long-term incentive system that ensures the alignment of managerial behaviour with the objectives of strategic plans.

#### Remuneration of key management personnel

The managerial incentive scheme for executive directors also extends to the Key Management Personnel identified by the Company.

#### Incentives for the internal audit manager and the manager in charge of drawing up the corporate accounting documentation

Incentives for the internal audit manager and the Financial Reporting Officer are defined in line with (i) policies adopted by the Issuer on the remuneration of management and (ii) the duties assigned to these functions.

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This issue is described in full in the “Report on the Remuneration Policy and Fees Paid” prepared in compliance with article 123-ter of the TUF and article 84-quater of the Consob Issuers’ Regulation and available on the Issuer’s website ([www.astm.it/en](http://www.astm.it/en)) under the terms defined by law.

## 9.0 AUDIT AND RISK COMMITTEE

During the meeting held on 18 February 2020, the Board established an Audit and Risk Committee, confirming that said Committee would be assigned the powers, duties and functions assigned to the “related-party transactions committee” pursuant to the related procedure adopted by ASTM in relation to related parties.

Until 12 February 2020, the Board also oversaw supervision of sustainability issues related to its operations and engagement with stakeholders, as well as review of the sustainability plan, the monitoring of its implementation and review of the sustainability report. This decision – approved by the Committee, as at the time it was considered functional for and compatible with the activities it already carried out – met the Issuer’s aim, now pursued through the institution of a specific committee, as part of its approach to Corporate Social Responsibility, of integrating its current governance structure and set of procedures, processes and structures of the operational organisation that monitor the production, reporting, measurement and representation of non-financial disclosure. As a result of these powers, the Committee, until 12 February 2020, had been named the “*Audit, Risk and Sustainability Committee*”.

#### Composition and functioning of the Audit and Risk Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

As at 31 December 2019 and until the Shareholders’ Meeting of 12 February 2020, the Audit, Risk and Sustainability Committee was formed of the independent directors Giuseppe Gatto (Chair), Luigi Roth and Roberto Testore, who all had adequate knowledge of and experience in accounting, finance and risk management, considered adequate by the Board at the time of their appointment.

The Board meeting held on 18 February 2020 appointed the non-executive and independent directors Andrea Pellegrini (Chair), Giuseppe Gatto and Patrizia Giangualano as members of the Audit and Risk Committee, all of whom have adequate experience in accounting, finance and risk management.

In line with recommendation 11 of the 2020 Code, the Board meeting on 13 November 2020 approved the Audit and Risk Committee Regulation, the contents of which were shared in advance with the Committee itself. The Regulation defines, among other things, the operating rules of the Committee, including how to minuted the meetings and the procedures for information management.

During the year, the Audit and Risk Committee held 15 meetings, which lasted on average for approximately 1 hour and 22 minutes. During 2021, up to the date of this Report, the Audit and Risk Committee held 3 meetings, which lasted on average for 1 hour and 50 minutes.

The Audit and Risk Committee is convened by its Chair and the invite for participation is extended to all members of the Board of Statutory Auditors. From time to time and possibly from outside the Committee, the Committee appoints a secretary, who is assigned the task of drafting the meeting minutes. The Committee's activities are coordinated by the Chair, who informs the Board at the next meeting.

The Audit and Risk Committee regularly requested non-members to attend meetings, concerning individual items on the agenda, and in particular (i) the members of the Board of Statutory Auditors and (ii) employees and consultants of the Issuer to assist activities or act as consultants for areas in their responsibility.

In relation to the above, the Audit and Risk Committee reports on the results of its activities on a half-yearly basis, during meetings held to approve the annual and interim accounting documents. As a result, at least 4 meetings have been planned for FY 2021, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

#### *Functions of the Audit and Risk Committee*

The Audit and Risk Committee provides proposals and consulting to the Board. In particular, it:

- assesses, having consulted the independent auditor and the Board of Statutory Auditors, the correct use of accounting policies and, in case of groups, their uniformity with regard to the preparation of the consolidated financial statements;
- assesses the suitability of the periodic financial and non-financial disclosure in terms of adequately representing the Company's business model and strategies, the impact of its activities and its performance, coordinating with the Sustainability Committee;
- examines the content of the periodic non-financial disclosure in terms of information on the

internal audit and risk management system;

- expresses opinions on specific aspects concerning the identification of main corporate risks and supports the assessments and decisions of the Board of Directors on the management of risks arising from detrimental events that have come to the attention of the Board;
- evaluates the periodic reports and those of significant importance prepared by the internal audit function;
- monitors the autonomy, adequacy, efficacy and effectiveness of the internal audit function;
- may appoint the internal audit function – where deemed necessary – to carry out audits on specific operating areas, by notifying this to the Chair of the Board of Statutory Auditors;
- reports to the Board, at least at the time of approval of the annual and interim financial reports, on its activity and the adequacy of the internal control and risk management system;
- exercises the powers, duties and tasks assigned to the “related-party transactions committee” pursuant to the related procedure adopted by the Company and the “related-party transactions” regulation issued by Consob with resolution no. 17221/2010;
- exercises any other function assigned to it by the Board of Directors

During the year, the Audit and Risk Committee carried out all above functions, and did not request the internal audit function to carry out audits on specific operating areas.

In this context, the Committee receives the following information flows:

- the Audit Plan from the Internal Audit function, to submit to the Board of Directors for approval, as well as the periodic report on audit results;
- from the Financial Reporting Officer, a report on the activities carried out to ensure the correctness, completeness and operating efficiency of the administrative and accounting procedures required to adequately prepare the Separate and Consolidated Financial Statements;
- from the Director of the SCIGR, the report on the adoption of the SCIGR guidelines and on the adequacy and effectiveness of the system overall, as well as any reports concerning problems and critical aspects identified during activities.
- according to the procedure on related party transactions adopted by the Issuer, the Audit and Risk Committee is in charge of analysing in advance and as applicable, related party transactions, in order to support the Board’s resolutions.

To carry out its duties, the Audit and Risk Committee has access to the necessary company information and functions and may use financial resources and external consultants, within the

terms established by the Board. To date, the Board has decided not to adopt a specific budget for the Audit and Risk Committee.

## 10.0 SUSTAINABILITY COMMITTEE

The Board meeting held on 18 February 2020 – in order to promote a greater integration of corporate sustainability into the definition of strategies, including on the basis of an analysis of the significant factors that may impact the long-term generation of value – resolved to establish the Sustainability Committee, which was assigned the sustainability functions previously overseen by the Audit, Risk and Sustainability Committee.

### Composition and functioning of the Sustainability Committee (pursuant to article 123-bis, paragraph 2(d) of the TUF)

To date, the Sustainability Committee is formed of the non-executive and independent Directors Fabiola Mascardi (Chair), Valentina Mele and Barbara Poggiali.

In line with recommendation 1.1 of the 2020 Code, the Board meeting on 13 November 2020 approved the Sustainability Committee Regulation, the contents of which were shared in advance with the Committee itself. The Regulation defines, among other things, the operating rules of the Committee, including how to minute the meetings and the procedures for information management.

The Sustainability Committee is convened by its Chair and the invite for participation is extended to all members of the Board of Statutory Auditors. From time to time and possibly from outside the Committee, the Sustainability Committee appoints a secretary, who is assigned the task of drafting the meeting minutes. The Committee's activities are coordinated by the Chair, who informs the Board at the next meeting.

During 2020, the Sustainability Committee held 7 meetings, which lasted on average for 1 hour and 56 minutes. During 2021, up to the date of this Report, the Sustainability Committee held 4 meetings, which lasted on average for one hour and 4 minutes.

The Sustainability Committee regularly requested non-members to attend meetings, concerning individual items on the agenda, and in particular (i) the members of the Board of Statutory Auditors and (ii) employees and consultants of the Issuer to assist activities or act as consultants for areas in their responsibility.

### Functions of the Sustainability Committee

The Sustainability Committee provides proposals and consulting to the Board on matters of sustainability.

In particular, in assisting the Board, the Sustainability Committee:

- a) offers supervision of sustainability issues linked to corporate activities and interaction dynamics with all stakeholders;
- b) examines the sustainability plan before it is submitted for approval to the Board of Directors and monitors its implementation;
- c) examines the content of the periodic non-financial disclosure before it is submitted for approval to the Board of Directors;
- d) exercises any other function assigned to it by the Board of Directors.

To carry out its duties, the Sustainability Committee has access to the necessary company information and functions and may use financial resources and external consultants, within the terms established by the Board. To date, the Board has decided not to adopt a specific budget for the Sustainability Committee.

#### **11.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

The Issuer's internal audit and risk management system (SCI GR) is formed of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the Issuer's sustainable success.

The System takes into adequate consideration the models of reference and the best practices existing nationally and internationally.

The procedures and significant roles are defined in the "Guidelines for the Internal Audit and Risk Management System" with the aim of summarising the standards regarding the coordination and information flows between the various parties involved in the SCI GR, so as to maximise the system's efficiency, reduce duplicate activities and guarantee an effective execution of the tasks specific to the Board of Statutory Auditors.

The Issuer has an adequate organisational structure for its profile as an industrial holding of a Group that carries out its activities through subsidiaries, which enjoy full management autonomy.

The SCI GR involves the following parties, each for their own areas of expertise as described in detail below:

- the Board of Directors, which guides and assesses the adequacy of the SCI GR;
- the chief executive officer, appointed with establishing and maintaining the SCI GR;
- the Audit and Risk Committee, fully formed of independent directors, which has the task of supporting the assessments and decisions of the Board of Directors in relation to the SCI GR and the approval of the periodic non-financial and financial disclosure;

- the Internal Audit Manager, appointed with checking that the SCIGR is functional, adequate and consistent with the guidelines defined by the Board of Directors;
- the Board of Statutory Auditors, which oversees compliance with the law and the memorandum of association, observance of the principles of proper management and the adequacy of the Issuer's organisational structure and the administrative and accounting system; the methods of implementing corporate governance rules in practice required by codes of conduct prepared by asset management companies in regulated markets or by trade associations, with which the Issuer publicly declares to comply, and the effectiveness of the SCIGR;
- the Manager in charge of drawing up the corporate accounting documentation, pursuant to article 154-*bis* of the TUF;
- the Supervisory Board of the Company, established pursuant to Italian Legislative Decree no. 231/2001;
- the other company functions involved in the controls, structured in relation to the size, sector, complexity and risk profile.

The Board of 20 January 2020 updated the SCIGR in light of the new organisational structure following the Merger, targeting the separation of the financial and compliance risks specific to holdings, monitored by the Issuer, and the risks related to the specific business activities managed autonomously by the individual subsidiaries.

The new SCIGR requires that each subsidiary have its own Internal Audit and Risk Management System, aimed at allowing for the identification, measurement, management and monitoring of the main corporate risks pertaining to the specific aspects of its business.

The new SCIGR requires:

- Coordinators (distributed between the Italian Concessions, Foreign Concessions, EPC and Technology & Innovation business areas), who support the Issuer's Chief Executive Officer in the coordination of the subsidiaries for the purposes of implementing the strategic guidelines promoted by the Issuer, safeguarding the specific aspects of the business and compliance with the legal and management autonomy of each company;
- periodic information flows between the Issuer and the subsidiaries, which send their reports on the internal audit and risk management system to the respective Coordinators. With particular reference to the activities of the licensees, each subsidiary operating in that sector provides the Coordinator with a quarterly statement on the safety status of its infrastructure (negative assurance) including on the basis of opinions issued by independent third parties;
- information flows between the Issuer's corporate functions, with the requirement of

information to be sent from the Coordinators to the Risk Manager, and from the Risk Manager to the Chief Executive Officer;

- the identification of ASTM's top risks and related mitigating actions, identified on the basis of an optimised risk assessment methodology that mainly consists of the identification of strategic objectives and the definition of a risk assessment scale in terms of probability of occurrence and impact.

As regards recommendations on whistleblowing in article 7 of the Former Code, the Issuer has adopted an internal procedure, as part of its Organisational Model pursuant to Legislative Decree 231/2001 and its Anti-Corruption Policy, to protect persons making reports (anonymous or otherwise).

During the year, a digital platform was also launched to manage reports pertaining to predicate crimes, violations of the Organisational Model, and irregularities or violations of the company procedures.

With specific regard to the main features of the existing risk management and internal audit systems concerning the (consolidated) financial reporting process, if applicable, reference is made to Annex 1.

### **11.1 Role of the Board of Directors**

The Board is responsible for the SCIGR; thanks to the support given by the Committee, it identifies its guidelines and regularly assesses its suitability and effectiveness, ensuring that the main corporate risks are identified and managed consistently with the strategic objectives identified.

In particular, in accordance with the provisions of the 2020 Code, the Board, with support from the Audit and Risk Committee:

- defines the guidelines of the SCIGR in line with the Company's strategies and at least once per year, assesses the adequacy of the SCIGR with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness;
- appoints and dismisses the Internal Audit Manager, defining his/her remuneration in line with company policies and ensuring that he/she has the adequate resources to undertake his/her duties;
- approves, at least annually, the work plan prepared by the Internal Audit function manager, after consulting with the Board of Statutory Auditors and the Chief Executive Officer;
- assesses the opportunity to adopt measures to guarantee the effectiveness and impartiality of judgement of the other company functions involved in the controls based on the size, sector, complexity and risk profile of the Company, checking that they have adequate professionalism

and resources;

- evaluates, after consulting with the Board of Statutory Auditors, the results of the independent auditors in their letter of findings and in the additional report addressed to the Board of Statutory Auditors;
- expresses its overall assessment of the adequacy of the SCIGR.

The Board also receives information flows from other entities of the SCIGR, specifically:

- a report from the Audit and Risk Committee on its activity and the adequacy of the SCIGR, at least on a half-yearly basis, at the time of the approval of the annual and interim financial reports;
- the report from the Chief Executive Officer, at least half-yearly, at the time of the approval of the annual and interim financial reports, on his/her role in identifying the main company risks. The CEO in turn receives from the Risk Manager the information flows pertaining to the risk assessment and the information sent by the Coordinators;
- from the Financial Reporting Officer, a report on the activities carried out to ensure the correctness, completeness and operating efficiency of the administrative and accounting procedures required to adequately prepare the Annual and Consolidated Financial Statements;
- from the Supervisory Board appointed pursuant to Legislative Decree 231/2001, the six-monthly report summarising the outcomes of audit activities carried out;
- through its Chair, the periodic report of the Internal Audit manager summarising the results of audits conducted at the Issuer and its subsidiaries and the assessment of the SCIGR.

The Board meeting held on 19 March 2021, having regard to the opinion expressed in the periodic report by the Audit and Risk Committee, considered the SCIGR to be adequate and effective with respect to the company's characteristics and risk profile undertaken.

#### **11.2 Director responsible for the internal audit and risk management system (identified as the Chief Executive Officer by the 2020 Code)**

As at 31 December 2019 and until the Shareholders' Meeting of 12 February 2020, Alberto Rubegni, Chief Executive Officer of the Company, held the role of Director of the SCIGR.

On 20 January 2020, at the proposal of the Chief Executive Officer and considering the completion of the Merger, the Board updated the SCIGR of the Issuer, giving the Issuer, in its capacity as an industrial holding, a key role in coordinating and promoting equity investments and identifying new investment opportunities. In this context, the Issuer:

- manages financial and compliance risks relative to the nature of the holding;

- defines the guidelines for the SCIGR of subsidiaries;
- monitors the implementation status of the group's strategic plan and main economic/financial indicators of its subsidiaries.

Moreover, the subsidiaries, in line with their legal and operational autonomy, are independently responsible for managing the operational risk of their own business activities.

The Board meeting held on 18 February 2020 appointed the current Chief Executive Officer and Managing Director, Umberto Tosoni, as Director of the SCIGR and Chief Executive Officer in accordance with the 2020 Code.

The Chief Executive Officer:

- oversees the identification of the main company risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and submits them at regular intervals to the Board, for review;
- adopts the guidelines defined by the Board, overseeing the planning, development and management of the SCIGR and verifying its adequacy and effectiveness on a continual basis, as well as adapting it to the dynamics of the operating conditions and the legal and regulatory framework;
- may appoint the internal audit function to perform checks on specific areas of operation and on compliance with the internal rules and procedures in conducting corporate operations, concurrently notifying the Chair of the Board, the Chair of the Audit and Risk Committee and the Chair of the Board of Statutory Auditors;
- promptly reports to the Audit and Risk Committee on issues and critical aspects identified in carrying out his/her activities or that in any case come to his/her knowledge, so that the Committee may act accordingly.

### 11.3 Internal Audit Manager

On the proposal of the Director of the SCIGR and after consulting with the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, the Board of Directors in office at the time proposed the appointment of Amelia Celia to the internal audit function, as from 1 January 2016. She had adequate professional experience in accounting, and in the mapping of key corporate processes and the assessment of relevant risks.

On 9 December 2020, Amelia Celia, also considering the role she held as Sustainability Function Manager, stepped down from the office of Internal Audit Manager of the Issuer, with effect from 31 December 2020.

On the proposal of the Director of the SCIGR and after consulting with the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, the Board meeting held on 18

December 2020 proposed the appointment of Pierluigi Francavilla to the Internal Audit function, as from 1 January 2021.

Pierluigi Francavilla has adequate professional experience in risk assessment and control systems deriving from financial, governance and compliance expertise acquired at major groups.

Pierluigi Francavilla does not hold any other role within the Issuer and is not responsible for any operating area.

The Internal Audit Manager:

- checks, on a continual basis and as regards specific needs, in compliance with international standards, the operation and suitability of the SCIGR, through an audit plan approved by the Board with the support of the Audit and Risk Committee and having consulted with the Board of Statutory Auditors and the Chief Executive Officer, based on a structured process that analyses and classifies main risks concerning the operations of the Issuer;
- performs the planned audit activities, supplementing the Audit Plan with any requests from the Chair, Chief Executive Officer, Audit and Risk Committee, Board of Statutory Auditors and the SB;
- collaborates with the Supervisory Board pursuant to Legislative Decree 231/01 through a structured information flow regarding the results of the audits for aspects within the scope of his/her responsibility, supports it in carrying out supervision over the Organisational, Management and Control Model pursuant to Legislative Decree 231/2001;
- launches and updates structured information flows with the managers of the function counterparts in charge of Internal Auditing at the relevant subsidiaries, a system intended to monitor their effective implementation and the effectiveness of the internal audit activities;
- proposes the issue and distribution of Internal Auditing guidelines, which must be followed by the subsidiaries, considering the specific aspects, independence and autonomy of each company;
- promotes – according to a risk prevention approach and considering the specific aspects, autonomy and independence of each Internal Audit function of the subsidiaries – the exchange of experience with a view to continuous improvement;
- prepares periodic reports containing adequate information on his/her activities, the procedures used to manage risks and compliance with plans defined to mitigate risks. The periodic reports contain an assessment of the suitability of the SCIGR;
- sends reports to the Chairs of the Board of Statutory Auditors, the Audit and Risk Committee and the Board of Directors, as well as the Chief Executive Officer, except in cases where the subject of such reports specifically concerns the activity of said parties;
- periodically informs the Chair, Chief Executive Officer, Chairs of the Audit and Risk Committee and the Board of Statutory Auditors, using specific reports containing the progress status of the Audit Plan and the indications deriving from investigations carried out on the risk management activity and compliance with containment measures;

- performs the planned audit activities, supplementing the Audit Plan with any requests from the Chair, Chief Executive Officer, Audit and Risk Committee, Board of Statutory Auditors and the SB;
- checks the reliability of information systems, including accounting systems, as part of the audit plan.

The Internal Audit Manager reports hierarchically to the Chair of the Board and has direct access to all information useful for his/her duties.

During the meeting on 19 March 2021, the Board – after consulting with the Audit and Risk Committee, the Board of Statutory Auditors and the Chief Executive Officer – approved the “2021 Audit Plan”, its methods of execution and related budget.

#### **11.4 Organisational model pursuant to Legislative Decree no. 231/2001**

The Issuer has adopted an Organisational Model pursuant to Legislative Decree no. 231/2001 (“**Model 231**”) aimed at preventing the possibility of committing the offences referred to in the aforementioned Decree and, therefore, at shielding the Issuer from administrative liability.

Model 231 – aligned with the principles in the “Confindustria Guidelines” approved in March 2002 and last updated in 2014 – was updated on an ongoing basis, as approved by the Board of Directors, both to take into account the many offences that were gradually included in the scope of the predicate crimes under Legislative Decree no. 231/2001 and to implement the necessary adjustments due to organisational changes over the years.

Model 231 was last updated on 3 August 2020, considering (i) the Issuer’s different organisational and corporate structure following the Merger and (ii) Law no. 157 of 19 December 2019, converting Decree Law no. 124 of 26 October 2019, which introduced a number of tax offences to the list of predicate crimes, and Legislative Decree no. 75 of 14 July 2020, which, in implementation of “European Directive (EU) 2017/1371”, added to the list of predicate offences the specific cases of fraud in public supplies (art. 356 of the Italian Criminal Code) and smuggling as per article 282 et seq. of Italian Presidential Decree no. 43 of 1973.

The Supervisory Board – appointed on 16 May 2019 for three years and, therefore, until the approval of the 2021 financial statements – was allocated the task of monitoring the operation, effectiveness of and compliance with “Model 231”, as well as proposing updates.

In accordance with the provisions of the 2020 Code and in order to ensure coordination between the different parties involved in the SCIGR, the SB is formed of three members, represented by the independent and non-executive director, Caterina Bima (Chair), Acting Auditor Piera Braja and Anna Chiara Svelto.

The SB held 11 meetings during the year and 7 meetings in 2021.

The Board did not consider it necessary to assign the SB's functions to the Board of Statutory Auditors since, as mentioned above, one of its members is Acting Auditor Piera Braja.

Finally, it should be noted that the main subsidiaries of the Issuer have adopted a Model 231 and appointed a Supervisory Board, which typically includes one member of the Board of Statutory Auditors and one independent non-executive director.

#### **11.5 Independent Auditors**

The Ordinary Shareholders' Meeting of ASTM of 28 April 2017, on the proposal of the Board of Statutory Auditors, appointed PricewaterhouseCoopers S.p.A., independent auditors registered in the Register of Statutory Auditors at the Ministry of Economy and Finance, to carry out the statutory auditing of the accounts of the Issuer for the 2017-2025 financial years.

#### **11.6 Manager in charge of drawing up the corporate accounting documentation and other corporate roles and functions**

With board resolution of 13 November 2020, after the favourable opinion of the Board of Statutory Auditors and in compliance with the professionalism requirements provided for by applicable regulations and the Articles of Association, Alberto Gargioni was appointed manager in charge of drawing up the corporate accounting documentation, for the same period of operation as the current board mandate and, therefore, until the approval of the 2022 annual financial statements. Alberto Gargioni, an executive of ASTM with the requirements of integrity required for the office, is tasked with preparing the separate and consolidated financial statements as well as the procedures, group instructions, reporting packages and management of the process that underlies the preparation of financial reports.

Until 13 November 2020, the role of manager in charge of drawing up the corporate accounting documentation was held by Alberto Pernigotti.

The Financial Reporting Officer has the power to obtain from the heads of each corporate department any information relevant to carry out his/her duties, as well as the power to: (i) structure and organise – within his/her own activities – the human resources available; (ii) liaise with the board of directors and statutory auditors, and participate *ad audiendum* in the Board's meetings held for the examination and approval of accounting documents; (iii) liaise with the Audit and Risk Committee and the Supervisory Board; and iv) take part in the design of information systems that have an impact on the economic and financial situation.

In particular, the Financial Reporting Officer reports periodically to the Audit and Risk Committee and the Board of Statutory Auditors concerning procedures to carry out the process to assess the SCIGR – only as regards aspects related to the preparation of accounting documents – as well as results of assessments made to support certification issued.

The function that prepares the periodic reporting of the ASTM Group is the Financial Reporting Officer and some staff, who prepare consolidated documents based on reporting packages received from subsidiaries, also providing assistance for compiling these documents.

The Board, moreover, approved financial provisions for the Financial Reporting Officer, that may be increased upon justified request of the individual in question.

During the year, the Financial Reporting Officer monitored the functioning of the control model pursuant to Law 262/2005 ("Model 262"). This model was adopted by the Issuer and its main subsidiaries based on a "cascade" approach, in order to align significant administrative/accounting procedures in relation to duties regulated by article 154-*bis* of the TUF.

Moreover, implementation of this model also entailed the appointment of dedicated managers by all Group companies involved.

With a view to optimising controls, within the financial provisions made available to each Manager, the assessment of the correct implementation of the aforementioned procedures was carried out, as in previous years, with the help of a leading consulting firm, based on the plan drawn up by each company, according to which tests shall be concentrated in the periods dedicated to the preparation of the Financial Statements and the Interim Financial Report. The results of these controls mainly confirmed the correct implementation of the administrative accounting procedures under review.

As part of the procedures concerning the "Control model 262", the Managers of all companies of the Issuer's group forwarded any related "statement" and "certification" concerning annual and interim accounting documents.

The Financial Reporting Officer reports on a half-yearly basis to the Audit and Risk Committee and to the Board on the outcomes of his/her activities and audits.

#### **11.7 Coordination between individuals involved in the internal audit and risk management system**

As described above, the functions and bodies that make up the SCIGR report on activities carried out in order to comply with their institutional tasks and related findings, according to the methods and deadlines set out by relative legal and regulatory provisions, as well as by the Former Code's recommendations providing for their establishment.

As regards the above, the Issuer analysed the relationships between the functions, with regard to their remit and operations, as well as the related information flows, in order to optimise the related system in a structured and efficient manner, for a timely monitoring and management of risks.

#### **12.0 DIRECTORS' INTERESTS AND RELATED PARTIES' TRANSACTIONS**

Since 1 January 2011 the procedure on related-party transactions ("Related Parties Procedure") has been in force. This procedure was approved by the Board on 26 November 2010 (and

subsequently amended on 9 November 2012, 6 March 2014, 23 January 2017 and 24 September 2020 with the favourable opinion of the Audit and Risk Committee) in compliance with the Consob Related Parties Regulation, having obtained the favourable opinion of a dedicated Committee, which is made up entirely of Independent Directors in office.

The Board of Statutory Auditors ascertained that the Related Parties Procedure is compliant with the aforementioned Regulation and acknowledged that it is adequate in order to ensure substantial and procedural transparency and correctness.

The procedure, available on the website of the Issuer in the section "Governance", identifies (i) the economic thresholds which, on the basis of the established significance indicators, make it possible to identify the transactions of minor and major significance, (ii) the operations excluded and therefore removed from the procedure required for their approval, with the exception of the Consob reporting obligations if of major significance, and (iii) the operations carried out by the subsidiaries which must be submitted for the prior approval of the Board, after consultation with the Audit and Risk Committee. This category includes:

- a) the acquisition or disposal of real estate whose value is higher than EUR 1 million;
- b) merger transactions, division by acquisition or non-proportional division transactions, if a company (which represents related parties' interests that can be defined as significant, as set out in the procedure) takes part in the transaction;
- c) transactions other than those mentioned above, with an individual value of over EUR 10 million (such as, by way of non-limiting example, acquisitions or disposals of equity investments, companies or business units, or granting of guarantees).

For a correct implementation of the procedure within the Issuer's Group, any relevant information and operational instructions were promptly notified to the subsidiaries.

Moreover, for the correct management of the procedure, the Issuer's related parties are recorded in a specific database created on the basis of the register of equity investments and statements made by said related parties.

As already mentioned above, the Audit and Risk Committee will issue an opinion on related party transactions, if requirements are met. For the orderly functioning of the Committee, an age-based replacement system has been created if some members are already involved in specific transactions.

Any Director who has an interest potential or indirect in corporate transactions shall promptly and fully inform the Board, showing willingness to withdraw from the meeting or refrain from any discussion and related resolution, in case such interest is considered "relevant" by the other Directors.

On 22 December 2020, Consob Resolution no. 21624 of 10 December 2020 (“RPT Resolution”) was published in Official Journal no. 317, regarding, among other things, the amendments to the Consob Related Parties Regulation issued in implementation, including at secondary legislation level, of the contents of Directive (EU) 2017/828 (Shareholder Rights Directive 2). In accordance with the RPT Resolution, the Issuer will adjust its Related Parties Procedure before the deadline of 30 June 2021.

### 13.0 APPOINTMENT OF AUDITORS

Pursuant to article 26 of the Articles of Association, the Board of Statutory Auditors is made up of three Acting Auditors and three Alternate Auditors.

Pursuant to article 27 of the Articles of Association and in order for an Acting and an Alternate Auditor to be elected from the minority, the Board of Statutory Auditors is appointed on the basis of lists submitted by the Shareholders, in which candidates are listed by name and marked with a progressive number.

The list is made up of two sections: one for candidates for the office of Acting Auditor, the other for candidates for the office of Alternate Auditor. The lists that, considering both sections, have a number of candidates greater than or equal to three must include candidates of different genders in the first two places for both the section for Acting Auditors and for Alternate Auditors, so as to ensure the presence of at least one third of members of the less represented gender (or of any greater quota established by the regulations, where applicable, on the subject of gender parity) in the composition of the Board.

In this regard, the new rules on gender parity (see section 4.1 above in this Report) were applied – at the time of the renewal of the Board of Statutory Auditors by the Shareholders’ Meeting held on 25 May 2020.

In this regard – following Communication no. 1/20 of 30 January 2020<sup>1</sup> – Consob, with Resolution no. 21359 of 13 May 2020, amended the provisions set out by paragraph 3 of article 144-*undecies*.1 of the Issuers’ Regulation, stating that, should application of the gender distribution criterion not result in a whole number of members of the administrative and governing bodies belonging to the less represented gender, this number would be rounded up to the next higher unit, with the exception of the corporate bodies formed by three members for which the number would be rounded down to the next lower unit<sup>2</sup>.

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<sup>1</sup> See Communication no. 1/20 of 30 January 2020 regarding “*Clarifications on the amendments to the provisions set out by articles 147-ter and 148 of Legislative Decree no. 58/98 (TUF) on gender parity in the corporate bodies of listed companies made by Law no. 160 of 27 December 2019 (“2020 Finance Act”)*”.

<sup>2</sup> Pursuant to paragraph 3 of article 144-*undecies*.1 of the Issuers’ Regulation, as last amended with Consob Resolution no. 21359 of 13 May 2020, “[s]hould application of the gender distribution criterion not result in a whole

Only shareholders who alone or together with others hold Shares representing the Shareholding in the Share capital, as set out by law, have the right to submit lists. In this regard, with resolution no. 44 of 29 January 2021 approved by the Head of the Corporate Governance Division, Consob confirmed the Shareholding required to present lists of candidates for the appointment of the Issuer's governing body to be 1% (one per cent) of the Share capital. The legal title to the above-mentioned Shareholding shall be proved according to the methods and time scales provided by the applicable law.

Each Shareholder, as well as Shareholders belonging to the same group and those who have entered into a Shareholders' agreement involving the Issuer's Shares may not submit or vote more than one list, neither through a third party or a trust company. Each candidate may be presented on one list only under penalty of ineligibility for election.

Those candidates who do not fulfil 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:

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

The outgoing auditors can be re-elected.

The lists submitted shall be filed at the Issuer's registered office within the terms and according to the methods set out by current regulations, as mentioned in the meeting's notice. The declarations by which candidates accept their candidacy and represent, under their own responsibility, that there are no reasons for their ineligibility and incompatibility, together with any document required by law, must be deposited with each list; they also confirm they comply with legislative and statutory requirements.

The list that does not comply with the aforementioned provisions shall be considered as not

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*number of members of the administrative and governing bodies belonging to the less represented gender, this number would be rounded up to the next higher unit, with the exception of the corporate bodies formed by three members for which the number would be rounded down to the next lower unit".*

submitted.

Election of Statutory Auditors will proceed as follows:

- 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;
- 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 Articles of Association and/or the current legislation on gender parity, 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 of 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 taken from the list which obtained the least votes will be replaced. For the appointment of auditors, for any reason, not appointed in the manner provided above, the Shareholders' Meeting decides with the legal majorities and in compliance with the Articles of Association and/or the current legislation regarding gender parity.

If legal and statutory requirements cease to apply, the Auditor forfeits his/her office.

In the event of replacement of an Auditor, the substitute auditor belonging to the same list of the one ceased from office shall be appointed, so as to comply with the provisions of the Articles of Association and/or those applicable from time to time with respect to gender parity, with respect to the composition of the Board of Statutory Auditors. If the above-mentioned replacement does

not allow for compliance with gender parity, the Shareholders' Meeting shall be convened as soon as possible so as to comply with the Articles of Association and/or the current regulations.

In case of integration of the Board of Statutory Auditors following termination of office of one of its members for any reason, the Meeting shall resolve according to the simple majority principle and ensure representation on the Board to the minority as set out in the Articles of Association, as well as compliance with the current regulations on gender parity.

#### **14.0 COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ART. 123-BIS, PARAGRAPH 2(D) OF THE TUF)**

##### *Composition and functioning of the Board of Statutory Auditors of the Issuer in office as at 31 December 2019 until 25 May 2020*

The Board of Statutory Auditors in office as at 31 December 2019 and until 25 May 2020 was appointed for the financial years 2017-2019 by the Ordinary Shareholders' Meeting of 28 April 2017, until the approval of the financial statements as at 31 December 2019.

The minimum Shareholding in the Share capital required in order to submit lists was set out by Consob by means of Resolution no. 19856 of 25 January 2017 and is equal to 2.5% of the Share capital. In the 25 days prior to the Shareholders' Meeting, one list was presented by the Shareholder Argo Finanziaria S.p.A. unipersonale (owning, at this date, an equity investment equal to 56.597% of the Share capital) with 4 candidates: Ernesto Ramojno and Piera Braja (as Acting Auditors), Roberto Coda and Annalisa Donesana (as Alternate Auditors).

Consequently the Issuer, in compliance with applicable regulations, notified the market of new terms for presenting additional lists, based on the minority threshold established by applicable laws (1.25% of the Share capital). As no other lists were filed within this new deadline, the Shareholder Argo Finanziaria S.p.A. unipersonale on 12 April 2017 proposed supplementing its own list of candidates for the Board of Statutory Auditors to be elected, with Marco Fazzini in a capacity as Chair and Massimo Berni as Alternate Auditor.

For the percentage of votes achieved by the list and the list of the names of the voters, please see the summary report of voting on agenda items of the Shareholders' Meeting of 28 April 2017, available on the Issuer's website ([www.astm.it/en](http://www.astm.it/en)) in the section Governance/Shareholders' meetings.

Following the resignation of Ernesto Ramojno on 24 October 2019, Massimo Berni took over as Acting Auditor and the subsequent shareholders' Meeting on 12 February 2020 appointed Massimo Berni as Acting Auditor and Gasparino Ferrari as Alternate Auditor.

##### *Composition and functioning of the Board of Statutory Auditors of the Issuer currently in office*

The Board of Statutory Auditors currently in office is formed of acting members Andrea Bonelli

(Chair), Piera Braja and Pellegrino Libroia.

The Board of Statutory Auditors, without prejudice to the information specified below, was appointed for the financial years 2020-2022 by the Ordinary Shareholders' Meeting of 25 May 2020 and, therefore, until the approval of the financial statements as at 31 December 2022.

The minimum Shareholding in the Share capital required in order to submit lists had been set out by Consob by means of Resolution no. 28 of 30 January 2020 and was equal to 1% of the Share capital.

The members of the Board of Statutory Auditors were taken:

- from the list presented by the group of asset management companies and institutional investors (holders at that date of 2.72% of the Issuer's Share capital), comprising 2 candidates: Paola Camagni (as Chair of the Board of Statutory Auditors) and Andrea Bonelli (as Alternate Auditor);
- from the list presented by Nuova Argo Finanziaria S.p.A. (holder at that date of 41.28% of the Issuer's Share capital), comprising 3 candidates: Piera Braja, Pellegrino Libroia (as Acting Auditors), Roberto Coda and Gasparino Ferrari (as Alternate Auditors).

For the percentage of votes achieved by each list and the list of the names of the voters, please see the summary report of voting on agenda items of the Shareholders' Meeting of 25 May 2020, available on the Issuer's website ([www.astm.it/en](http://www.astm.it/en)) in the section Governance/Shareholders' meetings.

Subsequently, following the resignation of Paola Camagni on 22 December 2020, Andrea Bonelli, Alternate Auditor taken from the same list that had included Paola Camagni, took over as Chair of the Board of Statutory Auditors.

Pursuant to law and the Articles of Association, Andrea Bonelli will remain in office until the date of the next Shareholders' Meeting called to approve the financial statements as at 31 December 2020, which must supplement the Board of Statutory Auditors via the appointment of an Acting Auditor, who will assume Chairship of the Board of Statutory Auditors and, where necessary, an Alternate Auditor. Since the provisions of the articles of association and legal provisions requiring the so-called list voting mechanism for the renewal of the entire Board of Statutory Auditors do not apply, the Shareholders' Meeting shall be convened, pursuant to Article 27 of the Articles of Association, to resolve by relative majority on the nominations submitted by the Shareholders for the purposes of the supplementation of the Board of Statutory Auditors, ensuring minority representation within the Board pursuant to law and the Articles of Association.

As regards the composition of the governing body, the current composition of the Board of Statutory Auditors, as in the past, has an adequate mix of members in terms of age, gender,

education and professional background.

Some short bibliographical notes on the members of the Board of Statutory Auditors are detailed below. Their full *curricula vitae* are published on the Issuer's website ([www.astm.it/en](http://www.astm.it/en)) in the section Governance/Board of Statutory Auditors.

**Andrea Bonelli:** Chartered Accountant and Independent Statutory Auditor. He gained professional experience in corporate consulting with particular specialisation in company assessment and restructuring and tax and corporate consulting. He is Associate at the Signori – Professionisti Associati Firm. He holds positions as member of the Board of Statutory Auditors in listed companies and major national firms, including Caltagirone S.p.A., Garofalo Health Care S.p.A. and Tecnimont S.p.A. An expert in corporate finance, he has participated in a number of M&A operations. He is the author of several publications on corporate law and company restructuring.

**Piera Braja:** born in Turin on 15 June 1964. Partner and founder of the association "Gallone Aschieri Braja e Associati - Associazione Professionale Dottori Commercialisti". She holds and has held the office of Chair of the Board of Statutory Auditors, Acting Auditor and Statutory Auditor in listed companies, other limited companies, foundations, associations and bodies. Offices held include: Fondazione Cassa di Risparmio di Torino; SITAF; SAGAT (operator of Turin Airport); PRAXI; SAIT; FARID; Jacobacci&Partner. She was Board Member of Centrale del Latte d'Italia. She is a member of the Supervisory Board in limited companies and chairs the Board of Statutory Auditors of the Association of Chartered Accountants and Accounting Experts in Turin. She is a corporate and tax consultant at limited companies and national and multinational groups in relation to ordinary, extraordinary and reorganisation operations.

**Pellegrino Libroia:** Chartered Accountant and Statutory Auditor. He is Chair of the Board of Statutory Auditors of Prysmian, Fininvest, Il Sole 24 Ore and Ethica Holding. In the past he has been Chair of Ernst & Young; Country Managing Partner for the Ernst & Young Italia network; Ernst & Young Mediterranean Sub Area Managing Partner (Italy, Spain and Portugal) with ordinary and strategic business operation duties and head of statutory auditing for major groups, including groups listed on the Italian Stock exchange.

**Roberto Coda:** born in Turin on 3 September 1959. He holds a Degree in Economics and Business Studies from the University of Turin. The member works as a chartered accountant and independent statutory auditor. He has gained experience in taxation and corporate affairs, specialising in corporate reorganisations, mergers, acquisitions and international tax planning. He is on the board of major industrial and utility companies. He also provides advisory services to companies and family groups on wealth management and succession planning. The member holds the following offices: Board member of Amministrazione di Consorzio Area PD, GI Pharma S.r.l.,

Logico S.r.l., New Bravo Seven, Centro Congressi Torino Metropoli S.p.A., Fondazione Torino Musei, Graglia Immobiliare S.s.; Acting Auditor and independent statutory auditor of Aurora Uno S.p.A., Arka Technologies S.r.l., Coopcasa Piemonte, Cooperativa Giuseppe di Vittorio, Cooperativa Quadrifoglio 91, Cooperativa San Pancrazio, Consorzio Valli di Lanzo, Foat Architetti, Gm S.r.l., Immobiliare Ropa S.p.A., Itinera S.p.A., Risorse Idriche S.p.A., Segreto Fiduciaria S.p.A., Ste S.p.A., S.I.I. S.p.A.; Acting Auditor of Associazione Primo Levi, Confservizi Piemonte Valle d'Aosta, Fast-Loc S.p.A., Finsoft S.r.l., Invicta S.p.A., Seven S.p.A., Sicogen S.r.l.; Sole Auditor of CIAC S.c.a.r.l.; Chair of the Board of Statutory Auditors and independent statutory auditor of Chieppa S.p.A., Cts Solutions S.r.l.; Chair of the Board of Statutory Auditors of Prima Electro S.p.A.; Independent Statutory Auditor of Consorzio Riva Sinistra Stura;

**Gasparino Ferrari:** he holds a degree in Economics and Business Studies from the University of Pavia and works as a chartered accountant and independent statutory auditor. He holds the office of Chair, Auditor and Statutory Auditor within a number of companies. He has also acted as curator, carrying out appraisals on behalf of the Courts of Alessandria and Pavia.

With regard to the above, Table 3A (included in the Appendix) provides a summary of the data concerning the Board of Statutory Auditors, which remained in office until 25 May 2020. On the other hand, Table 3B provides a summary of the data concerning the Board of Statutory Auditors in office, appointed on 25 May 2020 and subsequently supplemented as described above.

All members in office at the time took part in the 27 Board of Statutory Auditors meetings held during the year.

The duration of each meeting varied according to the issues discussed. As regards its institutional tasks and the frequency of its audits, the Board of Statutory Auditors plans to meet on at least a quarterly basis in 2021; 9 meetings have been held since the beginning of the 2021 financial year.

Compliance with the independence requirements for Auditors (stated upon acceptance of the candidature) was positively assessed following the appointment by both the Board of Statutory Auditors and the Board of Directors, as well as during the last annual assessment made on 19 March 2021.

If requirements are met, the Auditors shall promptly provide information on the transactions in which – on own account or on behalf of third parties – they have an interest, as provided for by the Civil Code.

The Board of Statutory Auditors monitored the independence of the company appointed to audit the accounts, assessing the nature and entity of services other than statutory auditing, provided to the Issuer and its subsidiaries, monitoring the adoption of the specific *“Procedure for the approval of services to assign to the independent auditors and its network”* – which the Board of

Statutory Auditors, as part of its functions pursuant to Legislative Decree 39/2010, approved – which, in accordance with applicable legislation, sets out the limits and conditions for services provided by the independent auditors other than statutory auditing. The results of these checks were disclosed by the Board of Statutory Auditors in the annual report to the Shareholders’ Meeting, pursuant to article 153 of the TUF.

As part of their duties, the Auditors have acquired information also through meetings with the Independent Auditors’ representatives, the Boards of Statutory Auditors of Subsidiaries, the Supervisory Board (of which Acting Auditor Piera Braja is a member) and by taking part in the meetings of the Appointments and Remuneration Committee, the Audit and Risk Committee (also in its capacity as Related Parties Committee) and the Sustainability Committee.

The members of the Board of Statutory Auditors also took part in Board meetings and the Shareholders’ Meetings held on 12 February 2020 and 25 May 2020.

## **15.0 RELATIONS WITH SHAREHOLDERS**

In order to make access to information quicker and easier, the Issuer pays particular attention to the creation and updating of its website, with specific reference to “financial information” and “corporate governance”.

Moreover, the website contains a descriptive profile of the Issuer's Group and its investee companies, as well as the annual Financial Statements and interim statements of the Issuer, the Articles of Association, the Regulations for Shareholders’ Meetings, press releases and reports on the issues discussed at the Shareholders’ Meetings, including notice of call and related minutes.

Upon the appointment of Corporate Bodies, the lists of candidates, together with personal and professional details, are made available on the website.

In any case, the Chair and the Chief Executive Officer in compliance with the procedure concerning the disclosure of documents and information on the Issuer have taken any necessary action so as to create and promote dialogue with the Shareholders and Institutional Investors, based on the understanding of reciprocal roles and functions.

To make sure that these relationships are professionally handled and managed, the Investor Relations Officer carries out intense and constant information activities with regard to the results, as well as the growth and development prospects of the Issuer and the group, through personal and institutional meetings with investors and analysts, both in Italy and abroad.

The Investor Relations Officer, Lawrence Kay, can be contacted at [investor.relations@astm.it](mailto:investor.relations@astm.it).

With regard to their roles, the Chair, the Chief Executive Officer and Investor Relations Officer were assisted by the Board's Secretarial Department and the Compliance and Corporate Function, especially as regards notices to relevant Authorities and Shareholders.

During the current year, the Issuer intends to adopt an engagement policy aimed at all stakeholders of the Company, which, in accordance with the provisions of the Corporate Governance Code, will govern, among other things, the management of dialogue with Shareholders in general.

#### **16.0 SHAREHOLDERS' MEETINGS (PURSUANT TO ART. 123-BIS, PARAGRAPH 2(C) OF THE TUF)**

The Shareholders' Meeting is the occasion when members may take an active part in the operations of the company, expressing their opinions according to the procedures and on the topics which, according to law and the Articles of Association, are in their remit. The Shareholders' Meeting meets on an ordinary and extraordinary basis.

The Shareholders' Meeting is convened by a notice published, within the terms established by applicable laws, on the Issuer's website, and according to other procedures established by Consob, including the publication of an excerpt in *Il Sole 24 Ore* and notification via the centralised storage platform authorised by Consob.

The Board notifies items on the agenda of the shareholders' Meeting to the public, according to the same procedures.

Procedures for Shareholders' to exercise their rights are governed by law and the Articles of Association.

In view of the Articles of Association and applicable laws and regulations, entities who have sent the Issuer notice, through the enabled broker, of their right to take part in and vote at the Shareholders' Meeting, based on evidence at the end of the accounting day of the seventh open trading day prior to the date scheduled for the Meeting, may take part in and vote at the meeting.

Those who are entitled to vote can be represented at the Meeting by written proxy or proxy sent electronically, in compliance with applicable regulations. The Chair shall ascertain the validity of proxies.

The electronic notification of the proxy must be made by using the dedicated section of the Issuer's website or the dedicated email address, according to the methods described in the notice of call.

For each Shareholders' Meeting, the Issuer can appoint – by specifying it in the notice of call – a person to whom the Shareholders can give a proxy with voting instructions on one or all issues on the agenda, according to the methods and terms set out by law and regulations. The proxy is valid only with regard to those issues for which voting instructions have been given.

The Meeting is chaired by the Chair of the Board of Directors. In case of absence or impediment, the meeting is chaired by the Vice Chair or, if both are absent, by another person appointed by the Meeting.

The Chair appoints the Secretary with the approval of the Meeting and, if necessary, two scrutineers, by choosing them among the Shareholders with voting right or their representatives. In the cases provided for by law, or if deemed appropriate by the Chair of the Meeting, the minutes are prepared by a Notary Public appointed by the Chair. In this case, it is not necessary to appoint a Secretary.

The (ordinary and extraordinary) Shareholders' Meeting is duly convened and takes resolutions according to the majorities set out by current regulations.

To date, the Issuer has not provided for the possibility of taking part in the Meetings by means of audio-visual connection systems, electronic vote or voting by correspondence.

#### Regulations for Shareholders' Meeting

To promote orderly, functional proceedings, Shareholders' meetings are governed by specific regulations, the contents of which are in line with the format produced by ABI and Assonime. More specifically, the aforementioned Regulations govern the operating methods for the Meeting's activities and the exercise of participants' rights. In particular:

- the Chair opens the discussion and calls those members who requested to speak according to a priority order; if necessary, the Chair may decide that speeches shall be booked in writing, with indication of the subject;
- each party entitled to take part in the Shareholders' Meeting may take the floor concerning issues on the agenda to be discussed and make observations and proposals;
- taking into account the subject and relevance of each single issue as well as the questions received before the Meeting and the number of persons who want to speak the Chair may predetermine the duration of speeches and answers by notifying the participants, so as to make sure that works are completed within one single meeting.

For further information on the rules governing the Issuer's meetings, reference should be made to the Regulations published on the Issuer's website in the Governance section.

#### Information for Shareholders

At the meetings, the Board provides the Shareholders with information on the Issuer, in compliance with the regulations on the disclosure of price sensitive information to the market.

During the meetings, the Chair and the Chief Executive Officer aim to provide the Shareholders with the information necessary or useful to pass resolutions.

More specifically – on the basis of the documents, concerning the points on the agenda, that are given to all participants – the main features of any transaction and resolution that shall be examined and approved by the Shareholders are explained. Maximum openness is ensured to talk

and discuss the requests for clarifications submitted by the participants.

6 Directors took part in the Ordinary Shareholders' Meeting on 12 February 2020, while 11 Directors took part in the Annual General Meeting on 25 May 2020.

In light of the health emergency linked to the COVID-19 pandemic, during the Meeting held on 25 May 2020, the Issuer made use of the option – set out by art. 106 of Decree Law no. 18/2020, converted into Law no. 27/2020 – to state in the meeting call notice that the Meeting would take place exclusively through the Appointed Representative of the Shareholders, as well as the option to state that the Directors and Auditors, in addition to the other parties permitted by law (including the Appointed Representative), other than those with voting rights, could take part in the Meeting using telecommunications tools which ensure that participants are identifiable and that they are able to participate and exercise their right to vote

Note that participation in the Meeting called to approve the financial statements for the year ended as at 31 December 2020 (in addition to any other meetings held before 31 July 2021) will take place using the methods indicated in the related meeting call notice in accordance with article 106 of Decree Law no. 18 of 17 March 2020, as amended.

#### Changes in capitalisation and shareholding structure

While still taking into account the Share capital increase attributable to the completion of the merger by incorporation of SIAS S.p.A. into ASTM, which took effect on 31 December 2019 and is described in section 2.0, the Directors believe that the provisions contained in the Articles of Association concerning percentages for the exercise of the actions and rights for the safeguard of minorities are in line with the current market capitalisation of the ASTM security.

#### **17.0 ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ART. 123-BIS, PARAGRAPH 2(A) OF THE TUF)**

No further corporate governance policies are reported other than those detailed in previous paragraphs and currently applied by the Issuer, except for the obligations set out by legal and regulatory provisions.

#### **18.0 CHANGES SINCE THE END OF THE FINANCIAL YEAR**

There were no changes to the Issuer's governance structure following the end of the financial year other than those described above.

#### **19.0 CONSIDERATIONS ON THE LETTER OF 22 DECEMBER 2020 OF THE CHAIR OF THE CORPORATE GOVERNANCE COMMITTEE**

On 22 December 2020, the Chair of the Board of Directors, the Chief Executive Officer and Chair of

the Board of Statutory Auditors of the Issuer were sent the letter of the Chair of the Corporate Governance Committee, along with the “2019 Report on developments in corporate governance of listed companies”.

As regards areas for improvement indicated in the letter, the Board of Directors made the following considerations:

- **Sustainability:** the Issuer continues to be committed to the improvement of the overall effectiveness of its operations, by placing long-term sustainable development at the centre of its structures and strategies, for the benefit and in the interests of Shareholders and all other stakeholders. These considerations led the Issuer to establish the Sustainability Committee on 18 February 2020, tasked with supporting the Board in the definition of corporate strategies with a view to improving stakeholder protection. The Chair, Chief Executive Officer and all the Directors consider sustainability topics to be central for the Issuer’s business, pervasive in the practices followed and fundamental for undertaking its strategy for development and long-term value creation.

The policies on remuneration and fees paid promote medium/long-term sustainability, providing for ESG sustainability objectives for both the annual and long-term incentive systems.

- **pre-board meeting disclosure:**

At the meeting on 13 November 2020, the Board approved its Regulation, establishing that, in line with existing provisions, any documentation related to the items on the agenda must be made available to the members at least two working days in general before the date of the meeting, except in urgent cases or for confidentiality requirements, in which case adequate and specific in-depth analyses are guaranteed during the meeting. Furthermore, the computer portal available to directors and auditors makes it easier to find, consult and file documentation.

Given that during the year, as confirmed by the findings of the annual board review, the aforementioned deadline was substantially met, the Board believe that, with particular reference to the illustration of the deadlines associated with participation in tenders, there were well-founded requirements of confidentiality that justified maintaining the option not to send documentation in advance of the deadlines shown above.

- **application of independence criteria:**

The Board is currently formed of 15 members, of which 11 meet the independent requirements established by the TUF and the Former Corporate Governance Code. No independence criteria were disregarded for any of the Independent Directors.

As regards the pre-definition of quantitative and/or qualitative criteria to be used to assess the significance of the relations in question, the Board does not deem it necessary, at this time, to provide for fixed and predetermined quantitative and qualitative criteria so as to (i) guarantee itself greater flexibility in the assessments pertaining to the independence of the directors and (ii) be able to assess each situation individually considering the relevant circumstances of that specific case.

– **Board Review:**

During 2021, the Company intends to approve a new strategic plan to replace the one approved in 2017, which will conclude with the current financial year. Through preliminary Board involvement in defining the guidelines of the new plan and providing for a new consulting and proposal role of the Audit & Risk and Sustainability Committees, the approval process of the new strategic plan envisages successful participation by all Directors in its preparation.

Furthermore, given that the board review on an annual basis was confirmed, even though pursuant to the Corporate Governance Code, the Company, as a “concentrated ownership” company, could have adopted a three-year frequency, for this activity the Board is supported by the Appointments and Remuneration Committee.

– **Appointment and succession of directors:**

The Appointments and Remuneration Committee was appointed on 18 February 2020, following the renewal of the Board approved by the Shareholders’ meeting on 12 February 2020.

In relation to the aforesaid renewal of the administrative body, the Appointments and Remuneration Committee previously in office had submitted a proposal to the Board for review, then published it at the same time as the call for the Shareholders’ Meeting, regarding guidance for Shareholders on the size and composition of the new Board of Directors.

During the year, the Appointments and Remuneration Committee, while exercising its duties in relation to appointments, supported the Board of Directors in the preparation and updating of a succession plan for the key figures of the Company and the Group and in the board review process conducted at the start of the year.

– **remuneration policies:**

(a) Explicit identification of the weighting of the variable component, distinguishing between components linked to annual and multi-year time periods: in the Report on Remuneration Policy and Fees Paid, the Issuer describes the short-term (MBO Plans) and long-term incentive tools (LTI Plan) assigned to its executive directors and other strategic

executives identified by the Board, also providing the pay mix and the specific weighting of the variable components.

- (b) Greater link between variable remuneration and long-term performance objectives, including non-financial parameters where relevant: the Issuer assigns its executive directors and other strategic executives identified by the Board long-term incentive plans, intended to realign remuneration with long-term performance and the interests of Shareholders and stakeholders. The non-quantitative objectives in the short and long-term plans include ESG objectives.
- (c) Limitation of ad hoc bonuses to exceptional cases: generally, the Remuneration Policy does not provide for monetary payments awarded on an occasional basis in the form of one-off bonuses and payments of a discretionary nature. As an exception and on a non-recurring basis, subject to the opinion of the Appointments and Remuneration Committee, the Board may derogate from the policy defined, without prejudice to application of the rules set out by the Procedure for Related-Party Transactions. Exceptional circumstances include, for example, special operations that were not previously planned, changes to the organisational, management and administrative structure of the Company such as to impact the economic and financial results and creation of value in the long-term, actions aimed at attracting or retaining the best talent, extraordinary events of a particularly serious nature.
- (d) Definition of criteria and procedures for assigning termination indemnities: the Company does not generally enter agreements that pre-establish handling of any early termination of the relationship on the initiative of the Company or the individual, without prejudice however to legal and/or national collective bargaining agreement obligations. At the date of the Report, no agreements exist with Directors or Key Management Personnel that pre-establish handling of indemnity in the case of resignation, dismissal or termination without just cause or following a takeover bid.
- (e) Adequacy of the fees paid to non-executive directors and members of the governing body: Including on the basis of checks performed by the Company, the Board of Directors considers that the fee paid to the non-executive directors is adequate for the expertise, professionalism and commitment required for the role, considering, among other things, the fact that said directors, in addition to the fixed annual remuneration established by the Shareholders' Meeting, are paid attendance fees for each meeting they attend, in addition to further fees if they are members of the board committees formed by the Board of Directors.

As regards the governing body appointed on 25 May 2020, the Shareholders' Meeting confirmed the fees assigned with reference to the previous mandate, providing for a

fixed fee and an attendance fee for auditor participation in meetings of the Board of Statutory Auditors, the Board of Directors and the Board Committees.

## TABLES

**TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE AT 26 MARCH 2021**

SHARE CAPITAL STRUCTURE				
	No. of Shares	% of Share capital	Listed	Rights and obligations
Ordinary Shares	140,514,895 <sup>(1)</sup>	100	MTA (FTSE Italia Mid Cap Index)	
Shares with more than one	=	=	=	=
Shares with limited voting	=	=	=	=
Shares without voting right	=	=	=	=
Other	=	=	=	=

<sup>(1)</sup> Pursuant to articles 2357-ter and 2359-bis of the Civil Code, voting rights are suspended as regards 8,488,544 Treasury Shares held directly by the Issuer, 21,500 Shares held by the subsidiary ATIVA S.p.A. and 2,149,408 held by the subsidiary SINA S.p.A. – Società Iniziative Nazionali Autostradali.

SIGNIFICANT EQUITY INVESTMENTS IN THE SHARE CAPITAL				
Declarant	Direct Shareholder	% Share of ordinary Share capital		% Share of voting Share capital
<b>Aurelia S.r.l.</b>	Aurelia S.r.l.	6.343		6.343
	Nuova Argo Finanziaria S.p.A.	41.634		41.235
	Nuova Codelfa S.p.A.	1.386		1.386
	<b>Total Group</b>	<b>48.964</b>		<b>48.964</b>
<b>ASTM S.p.A.</b>	ASTM S.p.A.	6.100	voting rights suspended pursuant to art. 2357-ter of Civil Code	6.100
	ATIVA S.p.A.	0.015	voting rights suspended pursuant to art. 2359-bis of Civil Code	0.015
	SINA S.p.A.	1.530	voting rights suspended pursuant to art. 2359-bis of Civil Code	1.530
	<b>Total Treasury Shares</b>	<b>7.645</b>		<b>7.645</b>
<b>Lazard Asset Management LLC</b>	Lazard Asset Management LLC	5.49		5.49
	<b>Total Lazard Asset Management LLC</b>	<b>5.49</b>		<b>5.49</b>
<b>Norges Bank<sup>(2)</sup></b>	Norges Bank	2.628%		2.628%
Norges Bank	<b>Total Norges Bank</b>	<b>2.628%</b>		<b>2.628%</b>

<sup>(2)</sup> The equity investment of Norges Bank is shown in order to meet the obligations of greater transparency in relation to relevant Shareholdings, introduced with Consob Resolution no. 21304/2020, which temporarily supplemented article 120, paragraph 2 of the TUF by reducing the relevance threshold to 1% for high current market value and a particularly widespread shareholder structure.

**TABLE 2A: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES OF ASTM AS AT 31 DECEMBER 2019 AND UNTIL 12 FEBRUARY 2020**

Board of Directors													Audit, Risk and Sustainability Committee		Appointments and Remuneration Committee	
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Executive	Non-executive	Independent pursuant to the Civil Code	Independent pursuant to the TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)
1) Chair	G. M. GROS.PIETRO	1942	20/04/2012	16/05/2019	12/02/2020	M		X		X	2 <sup>(1)</sup>	15/15				
2) Vice Chair	D. GAVIO	1958	24/03/1994	16/05/2019	12/02/2020	M	X				= <sup>(1)</sup>	15/15				
3) Vice Chair	M. GAVIO	1967	28/04/2010	16/05/2019	12/02/2020	M	X				1.5 <sup>(1)</sup>	15/15				
4) Vice Chair	R. TESTORE	1952	14/11/2018	16/05/2019	12/02/2020	M		X	X	X	3 <sup>(1)</sup>	14/15	19/19	M		
5) Chief Exec. Officer ♦ ●	A. RUBEGNI	1951	10/06/2013	16/05/2019	12/02/2020	M	X				3	14/15				
6) Director	J. ANGOITIA	1970	27/09/2018	16/05/2019	12/02/2020	M		X			1 <sup>(1)</sup>	11/15				
7) Director	C. BIMA	1960	10/03/2013	16/05/2019	12/02/2020	M		X	X	X	=	15/15				
8) Director	A. CAPORELLO	1972	14/11/2018	16/05/2019	21/01/2020	M		X	X	X	3 <sup>(1)</sup>	13/15			10/10	P
9) Director	G. GALLAZZI	1964	16/05/2019	16/05/2019	12/02/2020	m		X	X	X	1	9/9				
10) Director	G. GATTO	1944	28/04/2016	16/05/2019	12/02/2020	M		X	X	X	=	15/15	18/19	P <sup>(2)</sup>		
11) Director	B. GAVIO	1965	28/04/2016	16/05/2019	12/02/2020	M	X				1 <sup>(1)</sup>	13/15				
12) Director	V. IACCOZZILLI	1957	16/05/2019	16/05/2019	12/02/2020	m		X	X	X	=	9/9				
13) Director	F. MASCARDI	1962	16/05/2019	16/05/2019	12/02/2020	m		X	X	X	2	9/9			6/6	M <sup>(3)</sup>
14) Director	B. POGGIALI	1963	10/06/2013	16/05/2019	12/02/2020	M		X	X	X	3	13/15			10/10	M
15) Director	L. ROTH	1940	28/04/2010	16/05/2019	12/02/2020	M		X	X	X	4 <sup>(1)</sup>	13/15	12/12	M		
<b>Number of meetings held during FY 2019</b>						Board of Directors: 15					Audit, Risk and Sustainability Committee: 19		Remuneration Committee: 10			
<b>Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 147-ter TUF): 1.00%</b>																

**NOTES**

<sup>(1)</sup>Based on the data recorded in January 2019, with reference to the “Report on corporate governance and ownership structure” for the FY 2018, to which we refer you for a comprehensive list of the aforementioned offices.

<sup>(2)</sup>Until 16/05/2019, the position of Chair of the Audit, Risk and Sustainability Committee was held by Giuseppe Garofano, who attended all 7 meetings.

<sup>(3)</sup>Until 16/05/2019, the position of Member of the Appointments and Remuneration Committee was held by Anna Chiara Svelto, who attended all 4 meetings.

This symbol indicates the "Director responsible for the internal audit and risk management system".

This symbol indicates the main supervisor for the Issuer's management (Chief Executive Officer or CEO).

\*The date of first appointment of each Director means the date on which the Director was appointed for the first time (in absolute terms) to the Board of Directors of the Issuer.

\*\* This column indicates the list from which each Director was drawn ("M": majority list; "m": minority list; "C": co-option);

\*\*\*This column shows the number of offices held as Director or Auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises. The list in the Annex shows (based on the data as at January 2018, with reference to the parameters and calculation criteria provided for by the "procedure for the maximum number of offices held" adopted by the Issuer) the aforementioned companies, specifying whether they are part of the group to which the Issuer belongs,

(\*)This column shows the percentage of directors' attendance to the meetings of the Board of Directors and the Committees, respectively (no. of attendances/no. of meetings held during the term of office by the interested party).

(\*\*) This column shows the Director's office in the Committee: "P": Chair; "M": Member.

**Offices as director or auditor held by some Directors as at 31 December 2019 in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises**

Member	Company	Office held
J. Angoitia Grijalba	Ascendi SA	Director
C. Bima	-	-
A. Caporello	Italiaonline S.p.A. Sergio Rossi S.p.A. Credito Fondiario S.p.A.	Director Director Director
G. Gallazzi	Mediaset S.p.A.	Director
G. Gatto	-	-
B. Gavio	Aurelia S.r.l. <sup>(1)</sup> Ecorodovias Infraestructura e Logística	Chair of the BoD Director
D. Gavio	Aurelia S.r.l. <sup>(1)</sup>	Director
M. Gavio	Aurelia S.r.l. <sup>(1)</sup> Autosped G. S.p.A.	Vice Chair of the BoD Chair
G. M. Gros-Pietro	Intesa Sanpaolo S.p.A. Edison S.p.A.	Chair of the BoD Director
V. Iacozzilli	-	-
F. Mascardi	Ansaldo Energia S.p.A. ENAV S.p.A.	Director Director
B. Poggiali	Banca Farmafactoring Falck Renewables S.p.A. Elica S.p.A.	Director Director Director
L. Roth	Sec S.p.A. Alba Leasing S.p.A. Equita Sim S.p.A. Alkimis Sgr S.p.A.	Chair of the BoD Chair of the BoD Chair of the BoD Director
A. Rubegni	Tangenziale Esterna S.p.A. Ecorodovias Infraestructura e Logística Primav Infraestructura S.A.	Director Director Director
R. Testore	Endurance Technologies Limited AC Boiler S.p.A. Bonfiglioli Riduttori S.p.A.	Director Chief Executive Officer Director

Parent Company of the Issuer

**TABLE 2B: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES OF ASTM TO DATE**

Position	Members	Board of Directors											Audit and Risk Committee		Appointments and Remuneration Committee		Sustainability Committee	
		Year of birth	Date of first appointment *	In office since	In office until	List **	Executive	Non-executive	Independent pursuant to the Civil Code	Independent pursuant to the TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)
1) Chair	A. RUBEGNI	1951	10/06/2013	12/02/2020	Approval of 2022 Financial Statements	M	X				2.5	16/16						
2) Chief Exec. Officer °•	U. TOSONI	1975	23/10/2017	12/02/2020	Approval of 2022 Financial Statements	M	X				2	16/16						
3) Vice Chair	F. MOSCETTI	1951	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	6	15/16			7/7	p(2)		
4) Director	C. BIMA	1960	10/06/2013	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	1	16/16						
5) Director	G. GALLAZZI	1964	16/05/2019	12/02/2020	Approval of 2022 Financial Statements	m		X	X	X	1	14/16			7/7	M		
6) Director	G. GATTO	1941	28/04/2016	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	=	16/16	13/13	M				
7) Director	P. GIANGUALANO	1959	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	4	14/16	13/13	M				
8) Director	V. IACCOZZILLI	1957	16/05/2019	12/02/2020	Approval of 2022 Financial Statements	m		X	X	X	=	16/16						
9) Director	F. MASCARDI	1962	16/05/2019	12/02/2020	Approval of 2022 Financial Statements	m		X	X	X	2	16/16					5/5	P
10) Director	V. MELE	1973	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	=	16/16					5/5	M
11) Director	S. MION	1976	24/09/2020	24/09/2020	Approval of 2022 Financial Statements	C					1	3/3						
12) Director	A.G.F. PELLEGRINI	1964	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	3	15/16	13/13	p				
13) Director	B. POGGIALI	1963	28/04/2016	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	2	15/16					5/5	M
14) Director	G. QUAGLIA	1947	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M		X			=	16/16						
15) Director	M. VESCIA	1973	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M		X	X	X	=	15/16			7/7	M		
<b>DIRECTOR STEPPING DOWN FROM OFFICE DURING THE FINANCIAL YEAR UNDER REVIEW</b>																		
Director	R. MAZZA	1983	12/02/2020	12/02/2020	21/09/2020	M		X				13/13						
<b>Number of meetings held between 12 February 2020 and the date of the Report</b>						Board of Directors: 16			Audit and Risk Committee: 13			Appointments and Remuneration Committee: 7			Sustainability Committee: 5			
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 147-ter TUF): 1.00%																		

**NOTES**

- (1) Based on the data recorded in January 2021, with reference to the Report
- This symbol indicates the "Director responsible for the internal audit and risk management system".
- ◊ This symbol indicates the main supervisor for the Issuer's management (Chief Executive Officer or CEO).

- \* The date of first appointment of each Director means the date on which the Director was appointed for the first time (in absolute terms) to the Board of Directors of the Issuer.
- \*\* This column indicates the list from which each Director was drawn ("M": majority list; "m": minority list; "C": co-option);
- \*\*\* This column shows the number of offices held as Director or Auditor in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises. The list in the Annex shows (based on the data as at January 2021, with reference to the parameters and calculation criteria provided for by the "procedure for the maximum number of offices held" adopted by the Issuer) the aforementioned companies, specifying whether they are part of the group to which the Issuer belongs,
- (\*) This column shows the percentage of directors' attendance to the meetings of the Board of Directors and the Committees, respectively (no. of attendances/no. of meetings held during the term of office by the interested party).
- (\*\*) This column shows the Director's office in the Committee: "P": Chair; "M": Member.

Offices as director or auditor held by some Directors as at [26] March 2021 in other companies listed on regulated markets (including foreign markets), in financial, banking, insurance or large enterprises

Member	Company	Office held
C. BIMA	Casa di Cura "La Madonnina" S.p.A.	Director
G. GALLAZZI	Mediaset S.p.A.	Director
G. GATTO	–	–
P. GIANGUALANO	Arnoldo Mondadori Editore S.p.A. Leonardo S.p.A. PBI S.p.A. SEA Aeroporti S.p.A.	Director Director Director Director
V. IACCOZZILLI	–	–
F. MASCARDI	Ansaldo Energia S.p.A. ENAV S.p.A.	Director Director
V. MELE	–	–
S. MION	Ardian US LLC	Director
F. MOSCETTI	Clessidra Capital Credit S.p.A. Diasorin S.p.A. Fideuram Investimenti SGR S.p.A. OVS S.p.A. Pellegrini S.p.A. Zignago Vetro S.p.A.	Director Director Vice Chair Chair Director Director
A.G.F. PELLEGRINI	Maire Tecnimont S.p.A. Dea Capital A.F. SGR S.p.A. SIA S.p.A. Fondo Interbancario di Tutela dei Depositi - FITD	Director Director Director Director
B. POGGIALI	Banca Farmafactoring S.p.A. Elica S.p.A.	Director Director
G. QUAGLIA	-	–
A. RUBEGNI	Ecorodovias Infrastruttura e Logística S.A. Tangenziale Esterna S.p.A. Primav Infrastruttura e Logistica S.A.	Director Director Director
U. TOSONI	Ecorodovias Infrastruttura e Logística S.A. Tangenziale Esterna S.p.A.	Alternate Director Director
M. VESCIA	–	–

**TABLE 3A: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS OF THE ISSUER**

Appointed by the Ordinary Shareholders' Meeting of 28 April 2017

Board of Statutory Auditors									
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independent pursuant to the Civil Code	Attendance to Board of Statutory Auditors' Meetings ***	Number of other offices ****
Chair	M. FAZZINI <sup>(1)</sup>	1974	29/04/2011	28/04/2017	Approval of 2019 Financial Statements	M	x	13/13	4
Acting Auditor	P. BRAJA	1964	22/04/2014	28/04/2017	Approval of 2019 Financial Statements	M	x	13/13	16
Acting Auditor	M. BERNI <sup>(1)</sup>	1949	22/06/1999	28/04/2017	Approval of 2019 Financial Statements	M	x	13/13	10
Alternate Auditor	R. CODA	1959	29/04/2005	28/04/2017	Approval of 2019 Financial Statements	M	x	–	32
Alternate Auditor	G. FERRARI	1957	12/02/2020	12/02/2020	Approval of 2019 Financial Statements	M	x	–	21
Alternate Auditor	A. DONESANA	1966	22/04/2014	28/04/2017	Approval of 2019 Financial Statements	M	x	–	9
AUDITORS STEPPING DOWN FROM OFFICE DURING THE FINANCIAL YEAR UNDER REVIEW									
Acting Auditor	E. RAMOJNO	1949	29/04/2011	28/04/2017	24/10/2019	m	X	19/19	22 <sup>2</sup>
Number of meetings held during FY 2020: 13									
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 of the TUF): 2.5%									

**NOTES**

(1) During the previous term of office, these referred to minorities, in the list of the Shareholder Assicurazioni Generali S.p.A.

(2) Based on the data recorded in January 2019, with reference to the Report on corporate governance and ownership structure for the FY 2018

\* The date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the Issuer.

\*\* This column indicates the list from which each Auditor was drawn ("M": majority list; "m": minority list).

\*\*\* This column shows the percentage of Auditors' attendance to the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held during the term of office by the interested party).

\*\*\*\* This column shows the number of offices as Director or Auditor held by the interested party, pursuant to Article 148-*bis* of the TUF and the relevant implementing provisions contained in the Consob Issuers' Regulation. The full list of offices is published by Consob on its website, pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulation. Moreover, given that, following the amendments introduced by the Consob Resolution no. 18079 of 20 January 2012 to the Consob Issuers' Regulation, which entered into force on 22 February 2012, the regulations on the limitation on total mandates for the members of control bodies is valid only for those who hold an office in more than one listed or widely distributed issuer, the number of "other offices" reflects the assessment launched in January 2020 with the interested parties.

**TABLE 3B: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS OF ASTM AS AT 31 DECEMBER 2020**

Board of Statutory Auditors									
Position	Members	Year of birth	Date of first appointment *	In office since	In office until	List **	Independent pursuant to the Civil Code	Attendance to Board of Statutory Auditors' Meetings ***	Number of other offices ****
Chair	A. BONELLI	1967	22/12/2020	22/12/2020	Approval of 2022 Financial Statements	m	x	0/0	17
Acting Auditor	P. BRAJA	1964	22/04/2014	28/04/2017	Approval of 2022 Financial Statements	M	x	14/14	15
Acting Auditor	P. LIBROIA	1946	25/05/2020	25/05/2020	Approval of 2022 Financial Statements	M	x	14/14	4
Alternate Auditor	R. CODA	1959	29/04/2005	28/04/2017	Approval of 2022 Financial Statements	M	x	–	31
Alternate Auditor	G. FERRARI	1957	12/02/2020	12/02/2020	Approval of 2022 Financial Statements	M	x	–	16
AUDITORS STEPPING DOWN FROM OFFICE DURING THE FINANCIAL YEAR UNDER REVIEW									
Chair	P. CAMAGNI	1970	25/05/2020	22/05/2020	22/12/2020	m	X	14/14	6 <sup>1</sup>
Number of meetings held during FY 2020: 14									
Quorum required in order for minorities to submit lists for the appointment of one or several members (pursuant to article 148 of the TUF): 1%									

**NOTES**

- \* The date of first appointment of each Auditor means the date on which the Auditor was appointed for the first time (in absolute terms) to the Board of Statutory Auditors of the Issuer.
- \*\* This column indicates the list from which each Auditor was drawn (“M”: majority list; “m”: minority list).
- \*\*\* This column shows the percentage of Auditors’ attendance to the meetings of the Board of Statutory Auditors (no. of attendances/no. of meetings held during the term of office by the interested party).
- \*\*\*\* This column shows the number of offices as Director or Auditor held by the interested party, pursuant to Article 148-bis of the TUF and the relevant implementing provisions contained in the Consob Issuers' Regulation. The full list of offices is published by Consob on its website, pursuant to Article 144-*quinquiesdecies* of the Consob Issuers' Regulation. Moreover, given that, following the amendments introduced by the Consob Resolution no.

18079 of 20 January 2012 to the Consob Issuers' Regulation, which entered into force on 22 February 2012, the regulations on the limitation on total mandates for the members of control bodies is valid only for those who hold an office in more than one listed or widely distributed issuer, the number of "other offices" reflects the assessment launched in January 2021 with the interested parties.

(1) Duties identified during appointment of the office on 25 May 2020

## ANNEX 1

**Paragraph on “Main features of risk management and internal audit systems with respect to the financial disclosure process”, pursuant to article 123-bis, paragraph 2(b) of the TUF.**

### **1) Foreword**

The internal audit and risk management system (SCIGR) is formed of the set of rules, procedures and organisational structures aimed at an effective and efficient identification, measurement, management and monitoring of the main risks, in order to contribute to the Issuer’s sustainable success.

With regard to the financial reporting process, these objectives may be the reliability, accuracy and timeliness of reporting.

Based on the system used – which includes rules, procedures and guidelines – the Issuer ensures a suitable information flow and data exchange with its subsidiaries, through constant and timely coordination and update activities. In this context, reference is made to both the regulation on the application of reference accounting standards (essentially referring to Group instructions for preparing the financial statements) and the procedures governing the preparation of the Consolidated Financial Statements and the periodic accounting statements, which include those for the management of the consolidation system and intercompany transactions. Any related document is distributed by the Issuer so that subsidiaries can implement it.

### **2) Description of the main features of the existing risk management and internal audit system with regard to the financial reporting process**

The assessment, monitoring and update of the SCIGR with regard to financial reporting entails an analysis (at Group level) of the organisational and operating structures according to a risk identification/assessment procedure based on a “risk scoring” administrative and accounting method. Thanks to this activity, assessments can be carried out focusing on those areas characterised by higher risks and/or relevance, or on the risks of major errors (also as a consequence of frauds) in the items of financial statements and any related information document. To this end, the Financial Reporting Officer:

- (i) updated the list of subsidiaries included in the scope of consolidation considered “significant”, grouping them based on the business segment;
- (ii) analysed the Separate and Consolidated Financial Statements as at 31 December 2020 of ASTM and the provisional figures for FY 2021, in order to identify the main balance sheet entries/accounting areas at risk and the related relevant administrative processes, on the basis of the following criteria:
  - relevance of the individual balance sheet entry, in relation to the Group significance thresholds;
  - variability of the value of the individual balance sheet entry, compared to the previous year;
  - complexity of the calculation;
  - subjectivity of the estimates made to determine the balance sheet entry;
  - subjective assessment by the Financial Reporting Officer;
- (iii) identified the significant Companies;

- (iv) correlated the balance sheet entries identified with the financial statement assumptions;
- (v) identified the significant accounting processes/flows used for each significant balance sheet entry/financial information.

The process adopted allows the identification of organisational structures, processes and any related accounting item, as well as any specific activity, which can give rise to major potential errors. For each administrative accounting process, testing activities are carried out with regard to “key controls” that, according to international best practice, essentially fall into the categories detailed below:

- controls at Group level or for each single subsidiary, such as the assignment of responsibilities, powers and proxies, the separation of duties and rights to access IT applications;
- controls at process level, such as the issue of authorisations, the implementation of reconciliations and consistency assessments, etc. This category includes controls on operational and accounting closing processes. These controls can be "preventive", i.e. aimed at preventing any anomaly or fraud that could give rise to errors in the financial reporting, or "detective", i.e. aimed at identifying existing anomalies or frauds. These controls can be "manual" or "automatic" (e.g. application controls that refer to the technical and setting features of the information systems supporting business activities).

Testing activities are carried out by a major consulting firm, with the help of the employees of each subsidiary, by using sampling techniques recognised by international best practice.

If the operating efficiency of a control receives a negative assessment, compensating controls, corrective actions or improvement plans are identified.