



ASTM S.P.A.

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

(traditional management and control model)

2021

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## GLOSSARY

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

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

**Shareholders**: ASTM shareholders.

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

**Chief Executive Officer**: the Managing Director charged with the identification of the main business risks and the planning, creation and management of the Internal Control and Risk Management System.

**Code/CG Code**: the Corporate Governance Code of listed companies approved in January 2020 by the Corporate Governance Committee.

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

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

**Corporate Governance Committee**: the Italian Corporate Governance Committee of listed companies, promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.

**CR Committee**: the Audit and Risk Committee, which also performs the functions of the Related Party Transactions Committee pursuant to the relative procedure adopted by ASTM.

**Remuneration Committee**: the Remuneration Committee of ASTM.

**Sustainability Committee**: the ASTM Committee that performs the functions pertaining to corporate sustainability issues.

**Board**: the Board of Directors of ASTM.

**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 current legislation, have the power and responsibility, directly or indirectly, to plan, manage and control the activities of ASTM. On 13 November 2020, the Board identified the Chief Financial Officer and Financial Reporting Officer Alberto Gargioni, the Manager of the Administration, Budget and Control unit Alberto Pernigotti and the Manager of the Finance unit Stefano Viviano as Key Management Personnel.

**ASTM or Company:** ASTM S.p.A. with registered office in Turin, Corso Regina Margherita, 165, share capital EUR 36,788,507.50, Turin Register of Companies, Italian tax code and VAT number IT 00488270018.

**Year:** the financial year 2021 to which the Report refers.

**Merger:** the merger by incorporation of NAF 2 S.p.A. into ASTM, which took effect on 5 November 2021.

**MTA:** the Electronic Stock Market organised and managed by Borsa Italiana, now Euronext Milan.

**NAF 2:** NAF 2 S.p.A., with registered office in Tortona (AL), Corso Romita 10, Alessandria Register of Companies, Italian tax code and VAT number IT 11507630967, incorporated into ASTM with the merger agreement of 2 November 2021, with effect from 5 November 2021.

**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 ASTM pursuant to art. 2497 of the Italian Civil Code.

**PTO:** voluntary public tender offer on ordinary ASTM shares presented by NAF 2 S.p.A. on 20 February 2021 pursuant to art. 102 et seq. of the TUF.

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

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

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

**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 ASTM has produced pursuant to article 123-*bis* of the TUF.

**ICRMS:** the Internal Control and Risk Management System of ASTM.

**Articles of Association:** the current Articles of Association of ASTM.

**Consolidated Law on Finance/TUF:** Italian Legislative Decree no. 58 of 24 February 1998.

## FOREWORD

As described in more detail below, as of today the Company, following the delisting of its shares on 4 June 2021 and due to the bonds issued and traded on Euronext Dublin, is classified as a “listed issuer with Italy as member state of origin”. In virtue of this classification and the provisions of paragraph 5, art. 123-bis of the TUF, in its “Report on Corporate Governance and Ownership Structure” ASTM may omit the disclosure of information pursuant to paragraphs 1 and 2 of art. 123-bis of the TUF, with the exception of information regarding “the main characteristics of the internal risk management and control system in place in relation to the financial reporting process, including consolidated reports, where applicable” (paragraph 2, letter b) of art. 123-bis of the TUF).

In line with its previous reporting, ASTM therefore intends to provide appropriate disclosure on its corporate governance system which is inspired by best practices and, in particular, by the Corporate Governance Code provided for listed companies, in order to ensure compliance with the ethical principles and values to which ASTM aspires in its relations with all of its stakeholders.

As well as containing the information required by paragraph 2, letter b) of art. 123-bis of the TUF, this report also provides - on a voluntary basis and where compatible with the business of ASTM - the other information pursuant to paragraphs 1 and 2 of art. 123-bis of the TUF. Moreover, for ease of consultation the report is produced, where applicable, according to the format recommended by Borsa Italian (January 2022 edition) for listed companies.

## 1.0 COMPANY PROFILE

### a) Profile and structure

#### ASTM's business

ASTM was established in 1928 –and is an industrial holding which, through its investee companies, is active in the management of motorway networks under concession and the planning and development of major infrastructure works and technology applied to transport mobility.

Through its Italian subsidiaries, ASTM is the country's second largest motorway operator, managing approximately 23% of the national network, and through the 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 around 4,900 km.

In the planning and development of major infrastructure works, ASTM 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 the subsidiary Halmar International LLC, one of the biggest companies in the metropolitan area of New York for the development of transport infrastructure.

As regards technology, ASTM 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.

#### Legal framework

ASTM's shares were traded on the MTA organised and managed by Borsa Italiana from 1969 to 4 June 2021, when, following the completion of the voluntary total Public Tender Offer by NAF 2 S.p.A., Borsa Italiana delisted the company's shares.

As at the date of this Report, ASTM, as an issuer of bonds traded on the Euronext Dublin, qualifies as (i) a "listed issuer with Italy as Member State of origin" pursuant to art. 1, paragraph 1, lett. w-quater) of the TUF and (ii) an "entity of public interest" pursuant to art. 16 of Italian Legislative Decree 39/2010. Consequently, ASTM is a company subject to the related legal obligations in Italy and in the countries where its bond loans are placed.

### ASTM's Governance

The Company'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.

ASTM has adopted a corporate governance system inspired by the highest standards of transparency and correctness and the CG Code in order to ensure compliance with the principles and ethical values to which ASTM aspires in relations with all stakeholders.

This Report aims to illustrate the "corporate governance" system adopted subsequent to the delisting.

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

The Company 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.

As an "entity of public interest", ASTM is required to prepare and publish a non-financial statement pursuant to Legislative Decree no. 254/2016. With the Sustainability Report - accessible on the Company's website at [www.astm.it](http://www.astm.it) in the "Sustainability" section, the Company aims 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.

On 16 December 2021 the Board approved the new version of the Group Code of Ethics which summarises the founding elements of the Groups identity and culture, aspiring to ESG values and integrating the principles enshrined in the Sustainability Policy.

The Company has also adopted the (i) Human Rights Policy, which in line with international best practices aims to ensure full protection of human rights at company and Group level, optimising the measures established to prevent discriminatory conduct or actions and to ensure the right to occupational health and safety, fair pay and freedom of association; (ii) the Anti-Corruption Policy aimed at preventing corruption in any form, as well as minimising the risk of conduct that may be associated with corrupt acts; and (iii) the Biodiversity Policy, which formalises the commitment of ASTM to contribute to the conservation and protection of biodiversity and ecosystem services, promoting a positive balance between environmental aspects - protection of biodiversity, climate change, the management of natural resources, protecting the landscape - and social factors, such as the development of local communities.



## 2.0 INFORMATION ON OWNERSHIP STRUCTURE AS AT THE DATE OF THIS REPORT

### a) Share capital structure

The share capital, subscribed and paid up, equal to EUR 36,788,507.50 consists of 73,577,015 ordinary shares. This share capital composition is the result of the conclusion on 5 November 2021 of the merger by incorporation of NAF 2 into ASTM and, therefore, the cancellation of the 66,937,880 ordinary shares in ASTM held by NAF 2 at the conclusion of the PTO.

The Company's shares, which have no par value, are registered shares and are represented by share certificates.

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.

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

As at the date of this report, Nuova Argo, net of the treasury shares held directly and indirectly by ASTM (10,741,948, representing approximately 14.60% of the share capital) holds all ASTM shares with voting rights in the ordinary Shareholders' Meeting.

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

ASTM 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)

ASTM 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.

ASTM 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)

Without prejudice to the following, ASTM is not aware of any shareholders' agreements.

On 20 February 2021, Aurelia S.r.l. ("Aurelia") and Mercure Investment S.à r.l. ("Mercure") signed an agreement in which they agreed - subject (i) to the approval of the respective competent bodies; (ii) the positive conclusion of the PTO presented by NAF 2 on ASTM ordinary shares; and (iii) the conclusion of the merger by incorporate of NAF 2 into ASTM - the transfer

from Aurelia to Mercure of a number of shares in Nuova Argo such to represent, for Aurelia and Mercure respectively, an equity investment in Nuova Argo of 50.5% and 49.5% of the share capital, without prejudice to the controlling investment held solely by Aurelia in Nuova Argo and, indirectly, in ASTM.

On 2 April 2021, NAF 2 published the public tender offer document pursuant to art. 102 of the TUF in which it disclosed that, on 20 February 2021, Aurelia and Mercure agreed upon certain guidelines, effective subject to the delisting of the ASTM ordinary shares, regarding certain amendments to the shareholders' agreement signed on 27 September 2018 by Aurelia and Mercure, amended on 13 June 2019 and published pursuant to articles 122 of the TUF and 130 of the Issuers' Regulation ("Shareholders' Agreement"), which have no negative effect on the governance and structure of ASTM - which is solely controlled by Aurelia - and consider only the reclassification of ASTM as a non-listed company. These guidelines were not published by Aurelia and Mercure.

However, as far as ASTM is concerned, following the delisting on 5 August 2021 Aurelia and Mercure signed a new shareholders' agreement which considered, *inter alia*, (i) the termination of effectiveness of the Shareholders' Agreement; (ii) the governance of Nuova Argo and ASTM; and (iii) the transfer of the shares of Nuova Argo and ASTM (the "New Shareholders' Agreement").

On the same date, the ASTM Shareholders' Meeting approved the new text of the Articles of Association in order to implement the provisions of the parts of the New Shareholders' Agreement that concern ASTM.

**h) Change of control clauses (pursuant to article 123-bis, paragraph 1(h) of the TUF)**

Certain loan contracts signed by ASTM and Group companies, as well as contractual documentation of bond loans issued by ASTM in 2021, contain the usual clauses that provide for, subject to the approval of the lenders, the early repayment of debt in the event of a change of control (as defined from time to time in the relative contractual documentation) over ASTM and/or the subsidiary company(ies) These clauses are also included (i) in the majority of ISDA agreements governing derivative contracts signed by companies of the 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 Group.

The "Standard Agreements" in force, which were signed by the licensees of the 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-Santheta, 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.

**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.

The ordinary Shareholders’ Meeting of ASTM did not resolve to authorise the purchase of treasury shares pursuant to art. 2357 of the Italian Civil Code.

As of today, ASTM holds a total of 10,741,948 treasury shares in the portfolio (around 14.60% of the share capital), of which 8,571,040 shares directly and 21,500 shares indirectly through the subsidiary ATIVA S.p.A. and 2,149,408 through the subsidiary SINA S.p.A..

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

Pursuant to art. 2497 *et seq.* of the Italian Civil Code, ASTM is subject to management and coordination by Nuova Argo, a company which, as at the date of this report, holds 62,835,067 ordinary ASTM shares (85.4% of the share capital) which, net of treasury shares directly or indirectly owned by ASTM, represent 100% of the ASTM shares with voting rights in the ordinary Shareholders’ Meeting.

The unitary management by Nuova Argo is based on the need to promote the consolidation of ASTM 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. Reaching these objectives calls for the periodic monitoring of the achievement of the Group's business and financial targets and its general strategy, as well as a prior review of certain strategic management actions prepared by the administrative body of the Company. 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 governance of ASTM (the "**Regulation**").

The Regulation aims to establish the role of strategic guidance and governance of Nuova Argo through the review of the strategic guidelines approved by ASTM and the general performance of ASTM and of the Group.

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

- examines the strategic, business and financial plans, including multi-year plans, of ASTM, as well as the annual budget of ASTM after their approval by the ASTM Board of Directors;
- periodically assesses the adequacy of information flows concerning the relationship between Nuova Argo and ASTM;
- periodically assesses the consistency between performance and the plans approved by ASTM;
- may take action and decisions concerning operations that are significant for ASTM and its subsidiaries.

Finally, it is noted that (i) decisions regarding the adoption and amendment of the strategic, business and financial plans and the annual budget of ASTM remain the sole responsibility of the administrative body of ASTM and (ii) the information flows are performed in full compliance with the current legal provisions on market abuse (EU Regulation no. 596/2014, "**MAR**") as well as with the procedures for the management, processing and disclosure of insider information adopted by the Company.

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

Following the PTO and the delisting, ASTM is no longer subject to the regulations for listed companies. Nevertheless, when defining its corporate governance system ASTM continues to aspire to the highest standards of transparency and integrity and, in particular, the CG Code.

ASTM is a company incorporated under the laws of Italy and is not subject to laws of other countries

affecting its corporate governance structure.

## 4.0 BOARD OF DIRECTORS

### 4.1 Role of the Board of Directors

The Board has the broadest powers for the ordinary and extraordinary administration of the Company, and may take all actions deemed necessary to achieve the corporate purpose, with the sole exception of actions reserved by law for the Shareholders' Meeting.

As provided for by art. 25 of the Articles of Association, certain resolutions are the exclusive responsibility of the Board and may not be delegated to individual directors and/or to committees. Such resolutions may be adopted by majority vote of the directors in office and, in certain cases, a vote in favour may also be required from at least one B Director (other than the Independent B Director) and one A Director (other than the Independent A Director).

The Board guides the Company in the pursuit of sustainable success and defines the strategies of the Company and the Parent Company, monitoring the implementation thereof. In particular, without prejudice to the matters reserved pursuant to art. 25 of the Articles of Association, the Board:

- a) examines and approves the strategic, business and financial plans of the Company and its Group and, having taken into account the information provided by the Chief Executive Officer regarding the exercise of relevant management powers, assesses the general results of operations on an ongoing basis;
- b) periodically monitors the implementation of the business plan and assesses the general results of operations, periodically compared the results achieved with those envisaged;
- c) defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all elements of pertinence to the Company's sustainable success;
- d) defines the corporate governance system of the Company and the structure of the Parent Company, assessing the adequacy of the organisational, administrative and accounting structure of the Company and of its subsidiaries, with particular reference to the internal control and risk management system;
- e) resolves on operations of the Company and of its subsidiaries of strategic, economic, equity-related or financial relevance.

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

Pursuant to articles 20 and 21 of the Articles of Association, ASTM is governed by a Board of Directors composed of 7 or 9 members, as determined by the Shareholders' Meeting, ensuring the presence of a suitable number of independent directors and those of different genders.

It being understood that as of the date of this report the share capital of Nuova Argo is divided into 31,234,328 special shares, of which 15,773,336 are category "A" ("A Shares") representing 50.5% of the share capital, and 15,460,992 are category "B" ("B Shares") representing 49.5% of the share capital, the appointment of the Board of Directors is based on the following provisions:

- (a) in the event that B Shares represent a percentage of the share capital of Nuova Argo with voting rights equal to or greater than 25%:
  - (i) 4 (in the event of a Board of Directors composed of 7 members) or 5 (in the event of a Board of Directors composed of 9 members) directors are appointed among holders of "A Shares" ("A Directors"). Of these, (a) at least one must meet the requirements of independence pursuant to art. 148, paragraph 3 of the TUF - as reiterated in art. 147-ter, paragraph 4 of the TUF, and to the Code ("Independence Requirements") and (b) in order to ensure gender balance, at least one director must be selected from the least represented gender;
  - (ii) 3 (in the event of a Board of Directors composed of 7 members) or 4 (in the event of a Board of Directors composed of 9 members) directors are appointed among holders of "B Shares" ("B Directors"). Of these, (a) at least one must meet the requirements of independence and (b) in order to ensure gender balance, at least one director must be selected from the least represented gender;
- (b) in the event that B Shares represent a percentage of the share capital of Nuova Argo with voting rights of less than 25% but above 12.5%: (i) the number of A Directors pursuant to point (a)(i) above will be increased to 5 (in the event of a Board of Directors composed of 7 members) or 7 (in the event of a Board of Directors composed of 9 members), of which at least one A Director must meet the Independence Requirements and at least two A Directors must be selected from the least represented gender, while (iii) the number of B Directors pursuant to point (a)(ii) above will be reduced to two, of which at least one Director must meet the Independence Requirements.
- (c) in the event that B Shares represent a percentage of the share capital of Nuova Argo with voting rights equal to or less than 12.5% but above 5%: (i) the number of A Directors pursuant to point (a)(i) above will be increased to 6 (in the event of a Board of Directors composed of 7 members) or 8 (in the event of a Board of Directors composed of 9 members), of which at least two A Directors must meet the Independence Requirements and at least two A Directors must be selected from the least represented gender, while (iii) the number of B Directors pursuant to point (a)(ii) above will be reduced to one. In this case, it is not necessary to appoint a B Director that meets the Independence Requirements.
- (d) in the event that B Shares represent a percentage of the share capital of Nuova Argo with

voting rights equal to or less than 5%, all of the Company's directors shall be A Directors, without prejudice to the appointment of at least two directors that meet the Independence Requirements and at least two Directors appointed from among the least represented gender.

With reference to the above, for the sake of completeness it is noted that the appointment of A Directors and B Directors is resolved upon by the Shareholders' Meeting of the Company based on the proposal and with the favourable vote of the representative of Nuova Argo, to whom the NAF Directors, appointed by holders of category A and category B NAF shares, confer specific voting instructions pursuant to the Articles of Association of Nuova Argo.

If, in the course of the year, one or more Directors leave office for any reason (including death, withdrawal, expiry or resignation), provided that the majority is still made up of directors appointed by the Shareholders' Meeting and unless a replacement is chosen by the Shareholders' Meeting, the Board of Directors of the Company will replace the director through co-optation, pursuant to article 2386, paragraph 1 of the Italian Civil Code, with a resolution passed with the majorities provided for by law. In the event that the director to be replaced is a B Director, the co-optation resolution by the Board of Directors is taken exclusively in the presence and with the favourable vote of the majority of directors in office, of which at least one must be a B Director (other than an Independent B Director). In any case, the co-option and the subsequent resolution of the Shareholders' Meeting must consider the need to ensure that the correct number of Directors meet the requirements of independence and of gender diversity, in line with the provisions outlined above.

If, in case of resignation or other reasons, the majority of Directors appointed by the Shareholders' Meeting cease to be members of the Board of Directors, the whole Board shall resign and its termination shall be effective from the moment when the Board of Directors will be reconstituted, following the appointments to be made by the Shareholders' 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.

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

On 8 November 2021, due to the statutory effectiveness of the Merger and the entry into force of a specific transitional clause contained in the new Articles of Association approved by the extraordinary Shareholders' Meeting of 5 August 2021, the mandate of the administrative body appointed on 12 February 2020 for FY 2020-2022 was terminated ahead of schedule and the Shareholders' Meeting resolved to (i) appoint a new administrative body for FY 2021-2023 and (ii) appoint the Chairperson and Deputy Chairperson.

In detail, the Shareholders' Meeting of 8 November 2021:

- identified Alberto Rubegni, Umberto Tosoni, Caterina Bima, Giuseppe Gatto and Andrea Pellegrini as A Directors;
- identified Franco Moschetti, Stefano Mion, Luca Pecchio and Federica Vasquez as B Directors;
- identified Alberto Rubegni as Chairman of the Board of Directors
- identified Franco Moschetti as Deputy Chairman of the Board of Directors
- confirmed Umberto Tosoni as General Manager, assigning to the Board of Directors the power to confer powers and duties to said General Manager.

Caterina Bima, Giuseppe Gatto, Franco Moschetti and Andrea Pellegrini accepted their appointments and declared themselves to meet the Independence Requirements.

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

In the meeting of 8 November 2021, the newly elected Board defined the organisation of the corporate duties, (i) confirming Umberto Tosoni as Chief Executive Officer; (ii) conferring to Umberto Tosoni management powers as Chief Executive Officer and as General Manager of the Company; (iii) ascertaining that Directors Caterina Bima, Giuseppe Gatto, Franco Moschetti and Andrea Pellegrini meet the Independence Requirements; and (iv) establishing the following internal committees, composed thus:

- Audit and Risk Committee: Andrea Pellegrini (Chairman), Stefano Mion and Alberto Rubegni;
- Remuneration Committee: Franco Moschetti (Chairman), Caterina Bima and Giuseppe Gatto;
- Sustainability Committee: Andrea Pellegrini (Chairman), Giuseppe Gatto and Federica Vasquez.

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 ASTM website, under the "Governance" section.

**Mr Alberto Rubegni (Chair):** born in Pisa on 15 March 1951. He obtained a degree in Civil Engineering (Structures) and boasts long-statutory 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. During his professional career he has held several prestigious positions in the infrastructure sector and 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 later merged with Impregilo, the leading general contractor in Italy and one of the biggest construction groups in the world, where he stayed for over 30 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 Chairman of Itinera S.p.A., a subsidiary of the Issuer and a leading construction company in Italy.

He has been Chairman of ASTM since 18 February 2020, subsequent to holding the position of CEO between 2015 and 2020, achieving significant results, including the industrial and strategic reorganisation process focused on the "One Company" business model, which reached completion with the merger of the subsidiary SIAS into ASTM, the consolidation of the Italian market and the growth on international markets which have made the Group the world's second largest player in the management of motorway concessions today, entry of the Ardian fund, one of the world's leading private equity investment companies, into Nuova Argo Finanziaria. He is currently Chief Executive Officer of Nuova Argo Finanziaria S.p.A. and Chairman of the Board of Directors of NAF 2 S.p.A. and Director of EcoRodovias Infrastruttura e Logistica S.A.

Currently, he also sits on the boards of directors of several of the Group's subsidiaries and investee companies in the motorway concessions, engineering and technology sectors.

**Mr 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 beginning his professional career in Texas Instruments, gaining important experiences in Italy and abroad, he has covered different positions, starting from the technology sector, where in a few years he became CEO of Sinelec, the Group's technology hub. He then moved on to the Motorway Concessionaires sector, holding the position of CEO of SATAP, Torino-Milano, Autostrada dei Fiori, Autostrada Asti Cuneo, and SITAF Traforo del Frejus. He reached the position of CEO in 2018 of SIAS SpA, the Group's holding company in the sector, listed on the Milan Stock Exchange. Following the merger by incorporation of SIAS into ASTM in December 2019, he was appointed CEO of ASTM.

**Mr Franco Moschetti (Deputy Chairman):** born in Tarquinia (VT) 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 specialising in strategy, business and finance. His current positions include Chairman of OVS (since 2019), Deputy Chairperson of Fideuram Asset Management (since 2016), and Director of DiaSorin,

Zignago Vetro, Clessidra Capital Credit SGR and Pellegrini. He was also CEO of Il Sole24Ore (from 11/2016 to 06/2017), Chief Executive Officer of the Amplifon Group (from 2004 to 2016), and after various senior positions in Italy in France, he was CEO of Air Liquide Italia from 1999 to 2004. In the ASTM Group he was Deputy Chairman of the AIAS, and has also served as Chairman of the Appointments and Remuneration Committee.

**Ms. 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. She is currently Deputy Chairwoman of Fondazione Cassa di Risparmio di Torino and Chairwoman of the Audit Committee. She has previously been a board member for Banca Fideuram, Impregilo SpA and Unicredit Leasing, and Deputy Chairwoman 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.

**Mr 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 some of Italy's leading construction companies (Impresit, Girola, Lodigiani and Cogefar), he was CEO and Deputy Chairman until 2002.

**Mr Stefano Mion:** born in Roma on 29 November 1976. He holds a degree in Business Administration from Luigi Bocconi University in Milan and an MBA from The Wharton School of Business, University of Pennsylvania. He is Senior Managing Director and Co-Head of Ardian Infrastructure Americas. At Ardian, he manages and oversees investments both US and Europe in wide range of infrastructure sectors. Currently, he is also a Director of Ardian US, Windpower Ltd and Maple Canada Solutions. Previously, among others, he served on the Boards of: 2iReteGas, SEA (Chairman of the Remuneration Committee), 3New, HISI. He joined Ardian in 2007. Previously, he worked at Merrill Lynch, in the European Leveraged Finance team in London, UBS Investment Bank in Milan, in the Corporate Finance team, and J.P. Morgan, in the TMT team in London.

**Mr Luca Pecchio:** born in Rome on 12 October 1953. He is currently Chief Executive Officer of HISI, a holding company that invests in risk capital in healthcare and public infrastructure concessions. He is also Chief Executive Officer of HISI Management, which manages controlled concessions on behalf of HISI, and Chairman of Genesi Uno and Genesi Due, healthcare concessions in Legnano and Alba-Bra.

He was appointed to the Board of Directors of ASTM in 2021 and has been a director of Itinera since 2018.

He has held numerous positions in the infrastructure sector, including Head of Concessions at Techint, CEO of ICOMA, and founding partner and director of European Towers SpA. He was previously Assistant to the Chief Executive Officer of CogearImpresit.

Educational background: He graduated in Civil Engineering in 1976 from La Sapienza University, Rome (Unitelma Sapienza).

**Mr Andrea Pellegrini:** born in Milan on 10 October 1964. He holds a degree in Business Economics from Luigi Bocconi University and earned a Masters in Science of Management (MBA) from the Sloan School of Management of the Massachusetts Institute of Technology – MIT. In ASTM he is Chairman of the Audit and Risk Committee and Chairman of the Related Parties Committee. He is also a Director of Fondo Interbancario di Tutela dei Depositi – FITD, DeA Capital Alternative Funds SGR and Maire Tecnimont. He is a founding partner of Thalia Advisors srl. Previously he was Vice Chairman of Italian Hospitality Collection and Director of SIA and SIAS. He spent his career in investment banking working for Barclays Bank, Lehman Brothers, Merrill Lynch and Nomura in New York, London and Italy. He has also been senior advisor to Long Term Partners and Cassa Depositi e Prestiti.

**Ms. Federica Vasquez:** born in Catania in 1984, Federica Vasquez graduated with honours in Economics and Finance from LUISS Guido Carli University in Rome.

She has been Director of Ardian Infrastructure in Milan since 2021.

Previously, she spent over 14 years in Investment Banking at Deutsche Bank, in the Italian Investment Banking team in Milan and the Global Industrial & Infrastructure team in London.

During her career, she has worked on several extraordinary finance transactions in Italy and Europe, with a strong focus on mergers and acquisitions, and with a specialisation in the energy and infrastructure sectors.

#### *Diversity policies and criteria in the composition of the Board of Directors and the corporate organisation*

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.

Come già evidenziato al paragrafo 4.2, lo Statuto sociale prevede specifiche disposizioni in materia di equilibrio tra i generi nella composizione degli organi sociali, in base alle quali, in occasione della nomina del nuovo Consiglio in data 8 novembre 2021, sono stati nominati n. 2 amministratori

appartenenti al genere meno rappresentato, di cui una risulta altresì dotata dei Requisiti di Indipendenza.

Also on the topic of diversity and inclusion, on 14 March 2018, a policy was approved 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, ASTM 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.

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

The Board of Directors meets whenever the Chairperson deems it necessary, or on the request of (i) the Deputy Chairperson; (ii) at least one third of the members of the Board or (iii) of the Board of Statutory Auditors, in the cases provided for by law.

In order to facilitate the participation of Directors in corporate activities, pursuant to article 24 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.

Board meetings may also take place exclusively via audio and/or video-conference, provided that:

- (a) the plenary method and the principles of good faith and equal treatment of directors are observed;

- (b) the chairperson of the meeting is able to ascertain the identity of the participants, moderate the conduction of the meeting, and acknowledge and announce the results of the voting;
- (c) the secretary appointed to take the minutes is able to follow the events of the meeting to be recorded in the minutes;
- (d) attendees are able to participate in the discussion and the simultaneous voting on the items on the agenda, as well as view, receive or send documents.

If a physical location for the meeting must be specified, the meeting is considered held in the location where the secretary is present. The chairperson and the secretary may be located in different places.

At the meeting of 16 December 2021, the Board approved the new version of the regulation that governs, *inter alia*, the methods of convocation and conduction of Board meetings (“Regulation”).

In line with previous years, the Regulation provides that any documentation relative to the items on the agenda must be made available to members at least two business days before the date of the meeting, except in the event of emergencies or confidentiality requirements. In the event that it is not possible to provide the information within the deadline, the timeliness and comprehensiveness of the information flows must not be compromised and adequate and prompt information must be provided during the meeting. During the year, the above deadline was largely met.

In 2021 the Board of Directors met 17 times.

In 2022, at least two Board meetings are scheduled for the approval of the draft budget and the interim financial report. Since the beginning of 2022, four meetings have already been held, of which three were not included in the aforementioned schedule.

#### **4.5 Role of the Chairperson of the Board of Directors.**

The Chairperson plays a connecting role between Executive Directors and Non-Executive Directors, and is responsible for the effective performance of the Board's duties. The Chairperson calls the Meeting, defines the agenda in concert with the CEO and sends the same to Directors and Statutory Auditors at least three days prior to the date set for the meeting, except in the case of emergency, in which case notice of one day will suffice.

Moreover, the Chairperson 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 Chairperson may request executives and managers of specific corporate functions of ASTM 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 ASTM’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 of the above parties attend Board meetings solely for the discussion of issues within their purview and are bound by confidentiality.

#### **4.6 Executive Directors**

##### Chief Executive Officer

Following the renewal of the Board of Directors by the Shareholders' Meeting of 8 November 2021 - which, among other things, confirmed Umberto Tosoni in the role of General Manager of the Company and requested that the administrative body grant the power to determine powers and duties, the Board of Directors, on the same date, set out the Company'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 the Board meeting of 8 November 2021 the Board:

- appointed Umberto Tosoni as CEO of ASTM, conferring to him the following powers to be exercised with separate signature:
  - a) carry out all ordinary and extraordinary 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;
  - b) appoint and revoke appointment of proxies and attorneys by setting out their powers;
  - c) prepare budgets and/or business plans to be presented for approval by the Board of Directors;
  - d) determine the powers of the Chief Financial Officer (CFO) and Senior Management personnel, as well as provide for the management and termination of their employment;
  - e) hire, promote, dismiss, appoint and revoke management and non-management personnel;
  - f) file actions, petitions and complaints, promote and support legal actions on behalf of the company – acting as either claimant or defendant – at any court (civil, penal, fiscal 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;
- appointed Umberto Tosoni as “Employer” “Chief Environmental Officer”, “Client” pursuant to

reference legislation and, on the subject of privacy, the “Data Controller” with the powers to exercise the rights of the Company;

- conferred to Umberto Tosoni, as General Manager of the Company, the following powers to be exercised with separate signature:
  - a) organise the operating structures of the Company and oversee the execution by the same of all ordinary administration operations in compliance with the criteria established by the Board of Directors;
  - b) coordinate and oversee the organisation of employees (not including the Chief Financial Officer and Senior Management), 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.
  - c) sign the correspondence of the Company, including correspondence deriving from resolutions and management decisions approved by the corporate bodies;
  - d) sign communications to, for example, chambers of commerce, business registers, stock exchanges, ministries and other public or private entities, regarding the obligations imposed on the Company by laws or regulations;
  - e) sign agreements with trade union representatives and workers’ associations as well as conclude negotiations with trade unions;
  - f) within the scope of his responsibility, promote actions and defence before judicial or administrative authorities, present disputes, grant powers of attorney over disputes, with a general mandate.

#### Chairman of the Board of Directors

The Shareholders’ Meeting of 8 November 2021, in line with the previous mandate, appointed Alberto Rubegni as Chairman of the Board of Directors.

The Chairperson 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.

Chairman Alberto Rubegni is classified as an executive director in view of his role as CEO of Nuova Argo.

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

Pursuant to art. 23 of the current Articles of Association, the Board may not delegate its duties to an executive committee or to a strategic commitment.

#### Information to the Board from directors/delegated bodies

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 Company or its subsidiaries during individual meetings, held at least every quarter.

#### Other Executive Directors

Currently, other than the CEO Umberto Tosoni and the Chairman Alberto Rubegni, there are no other executive directors.

For completeness, it is noted that the Shareholders' Meeting of 8 November 2021, in line with the previous mandate, appointed Franco Moschetti as Deputy Chairman of the Company, conferring to him the same powers as those granted to the Chairman, to be exercised, with separate signature, in the event of the absence or impediment of the Chairman himself.

#### **4.7 Independent Directors**

As regards the corporate structure of the Company, four Directors (Caterina Bima, Giuseppe Gatto, Franco Moschetti and Andrea Pellegrini) declared, on their appointment, that they met the independence requirements envisaged by the Code and article 148, paragraph 3 of the TUF.

Having consulted with the Board of Statutory Auditors, the fulfilment of these requirements was confirmed by the Board in the Board Meeting held immediately after the Shareholders' Meeting of 8 November 2021 which appointed the new administrative body and, subsequently, at the Board Meeting held on 25 March 2022.

In this respect, during these Board Meetings, 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 Company 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 by the Board to assess the independence of its members.

## 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 Company and its subsidiaries are disclosed externally, in agreement with the CEO, by the Investor Relations and Corporate and Compliance function for notices to relevant Authorities and Shareholders, and by the Investor Relations function for notices to institutional investors.

In compliance with the new legal provisions on market abuse (Regulation (EU) No 596/2014) and the associated guidelines provided by the Supervisory Authorities, the Company has adopted a procedure ("MAR Procedure") to guarantee (i) the internal management and external disclosure of corporate documents and information concerning the Company 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, ASTM 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.

The MAR procedure first adopted in 2016 contains provisions aimed, *inter alia*, at: (i) identifying the functions or organisational units involved, within the Company, in the processing of insider information; (ii) mapping the potential types of insider information and (iii) codifying the relative provisions (x) relative to the internal management and external disclosure of company documents and information regarding ASTM and its subsidiaries, with particular reference to insider information as well as (y) maintaining and updating the list of persons with access to such information.

On 16 December 2021 the above-mentioned procedure was updated to consider, *inter alia*, the delisting operation and the conclusion of the Merger with the consequent revision of the mapping of potential insider information.

With respect to "Insider Trading" rules, which are governed by a dedicated procedure that was last

updated on 16 December 2021, the Corporate Compliance Function is responsible for receiving, managing and disclosing to the market any material transactions effected on the Company's debt instruments or on tradeable derivative or financial instruments linked to them, 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, ASTM and the market, (iii) a request to declare the close associates to ASTM, 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)**

Pursuant to the provisions of art. 23.3 of the Articles of Association and following the renewal of the administrative body by the ordinary Shareholders' Meeting of 8 November 2021, the Board, in the meeting held on the same date, established three internal committees: the Audit and Risk Committee, the Remuneration Committee and the Sustainability Committee, the members of which were selected from among the directors that meet the Independence Requirements and/or non-executive directors and/or executive directors.

## **7.0 SUCCESSION OF DIRECTORS - APPOINTMENTS COMMITTEE**

### **7.1 Succession plans**

The Company has adopted a succession plan for each key position in all of the main Group companies.

For each key role, the Company has analysed and measured the risk profile, calibrating 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 positions that may be covered by external candidates.

Considering the recent appointment as CEO of Umberto Tosoni, a young manager, a succession plan for the position of CEO has not been defined as the organisational structure is robust with a broad coverage of the key positions able to guarantee the temporary operational control of the main functions, possibly with the establishment of an emergency management task force. In this regard, as part of its "operating procedure for crisis management", ASTM adopted a contingency plan intended to ensure the continuity of management control during exceptional and unforeseeable

events involving senior management.

## 7.2 Appointments Committee

Considering that all shares with voting rights are held by Nuova Argo and in view of the provisions of the Articles of Association regarding the appointment and replacement of directors (see paragraph 4.2), the Board has not deemed it necessary to establish an internal Appointments Committee.

## 8.0 REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE

### 8.1 Directors' Remuneration

Pursuant to art. 26 of the current Articles of Association, the members of the Board of Directors receive, as well as reimbursement for expenses incurred during the exercise of their duties, a gross annual fee determined by the Shareholders' Meeting.

The Shareholders' Meeting may determine the total amount of remuneration for all directors, included those vested with specific roles, to be divided by the Board.

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 Remuneration Committee and having consulted with the Board of Statutory Auditors, pursuant to article 2389 of the Civil Code, and having consulted with the Audit, Risk and Sustainability Committee in its capacity as Committee for Related Party Transactions.

The Board also determines the compensation for members of the Supervisory Board and of the internal Committees.

#### Remuneration policy

The Remuneration Policy adopted by the Company aims to:

- defining salary packages that can: (i) acknowledge the managerial value of individuals and their contribution to company growth, in relation to their duties and functions; (ii) attract, retain and motivate people with the professional skills and abilities that meet the company's needs;
- align the interests of the executive directors with the priority of creating medium/long-term value for shareholders;
- ensure connection between remuneration of managers and actual Company performance;
- promote medium/long-term sustainability, with particular focus on the interests of all stakeholders.

Some years ago, the Company introduced a managerial incentive system aimed at promoting the achievement of increasingly outstanding results and creating a virtuous link between compensation and business performance. The remuneration policy applied is therefore targeted towards

rewarding sustainable performance and achievement of strategic priorities both in the short term and in the long term. Specifically, the following were adopted: (i) an annual incentive system and (ii) a long-term incentive plan which ensures alignment of managerial conduct with the objectives of the strategic plans, both based on achievement of targets of a financial and ESG sustainability nature, in line with the strategic importance that ASTM attributes to Corporate Social Responsibility policies. Verification of positioning in terms of remuneration is performed relative to benchmarks aligned with the characteristics of ASTM and the roles in question.

The remuneration policy for Directors vested with specific roles, for General Managers and for Key Management Personnel is proposed by the Remuneration Committee and introduced following a decision of the Board of Directors.

As part of this process, the Remuneration Committee and the Board of Directors are aided by the contribution and opinions of the Board of Statutory Auditors and, pursuant to the procedure on related-party transactions, adopted by the Company and by the Audit and Risk Committee Committee in its capacity as Committee for Related Party Transactions.

The Human Resources, Corporate Governance and Compliance, and Administration, Budget and Audit units are also involved.

#### Remuneration of executive directors and senior management personnel

The current remuneration system for executive directors and senior management personnel provides for (i) fixed remuneration; (ii) an annual managerial incentive system; (iii) a long-term managerial incentive system; (iv) benefits.

Specifically, the managerial incentive system includes:

- short-term and long-term variable remuneration, associated with achievement of specific company performance parameters;
- pre-established targets that are directly linked to the process of defining corporate and sustainability targets for business growth in the medium/long term, also via synchronisation of targets with the development of strategic plans approved by the Company.

Accrual of the incentives depends on fulfilment of Gate Conditions (structured as “on/off” conditions) and of certain economic/financial and sustainability targets, each of which has a relative weight (the sum of the weights assigned to the various targets is 100% of the incentive assigned to the beneficiary).

The economic and financial targets are measurable through quantitative indicators achievable with different result levels. The incentive amount accrued for each quantitative target varies on the basis of the result, between a predetermined “threshold” and a “maximum” for the target:

- threshold: the level below which no incentive is awarded and at which 50% of the base incentive is achieved;
- target: the level at which the base incentive is awarded;
- maximum: the level above the target at which the base incentive increased by 50% is awarded.

Results “between the threshold and the target” or “between the target and the maximum” generate an incentive calculated by linear interpolation.

The managerial incentive system includes:

- repayment mechanisms (“*claw back*”) for bonuses after disbursement in the event that the Board ascertains (i) fraudulent or grossly negligent conduct by the beneficiary to the detriment of the Company; (ii) conduct, either wilful or through gross negligence that led to a significant deterioration in the equity, financial or reputational situation of the Company; (iii) disbursement of the bonus based on data that is later discovered to be incorrect and/or false;
- the right of the Board of Directors not to proceed, fully or partially, with payment of the incentive in cases of extraordinary, proven circumstances—potentially damaging third parties—as verified on a case by case basis by the Board itself, which seriously compromise the Company and/or its reputation or image.

#### Share-based remuneration plans

The remuneration plans currently in place are not based on shares.

#### Remuneration of non-executive directors

On 8 November 2021, the Shareholders’ Meeting set the annual fee payable to members of the Board of Directors, which will remain valid until a new decision is issued by the Shareholders’ Meeting.

For directors not vested with specific roles, the remuneration policy of ASTM provides exclusively for fixed forms of remuneration and does not currently include variable forms of remuneration linked to achievement of specific performance targets or assignment of shares, options, other financial instruments or other variable remuneration components;

Remuneration is considered as sufficient to attract, retain and motivate directors with the professional qualities required for successful management of the Company.

#### Maturation and disbursement of remuneration

Achievement of the targets, required to determine the incentive accrued, is verified following approval of the Company's consolidated financial statements. The Administration, Budget and Audit, Human Resources and Internal Audit functions are involved in verifying achievement of the targets.

Directors' indemnity in case of resignation, dismissal or termination of the employment relationship (pursuant to Article 123-bis, paragraph 1(i) of the TUF)

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 to legal and/or national collective bargaining agreement obligations.

As at the date of this Report there were no agreements with Directors or Key management personnel that pre-establish the handling of indemnity in the case of resignation, dismissal or termination without just cause.

It is also noted that, at the date of the Report, ASTM does not have any non-competition agreements with Directors entailing the payment of a sum in respect of the obligation arising from the aforementioned agreements.

## **8.2 Remuneration Committee**

At the meeting of 8 November 2021, the Board, in line with the previous mandate, appointed the Remuneration Committee with the functions provided for by the Code.

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

The Remuneration Committee is composed of Franco Moschetti (Chair), Caterina Bima and Giuseppe Gatto, all of whom meet the independence requirements and have adequate knowledge and experience of finance and remuneration policies.

On 16 December 2021 the Board approved the new version of the Remuneration Committee Regulation, the content of which was shared with the Committee and which defines, *inter alia*, the rules for the functioning of the Committee, including the methods of recording the minutes and the procedures for the management of information.

The Remuneration Committee was convened by the Chairperson and all members of the Board of Statutory Auditors were invited to attend. The Committee appoints, including on a case by case basis, a secretary, who may or may not be a member of the Committee, who is responsible for recording the minutes of the meetings. The Committee's activities are coordinated by the Chairwoman, who informs the Board at the next meeting. In compliance with 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.

In 2021, the Remuneration Committee met on six occasions, while in 2022, as at the date of this Report, one meeting had been held.

The 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 ASTM to assist activities or act as consultants for areas in their responsibility.

#### Functions of the Remuneration Committee

The Remuneration Committee provides advisory and consultancy services to the Board on the subject of remuneration and, in particular, assists the Board:

- by preparing the remuneration policy;
- by presenting proposals or expressing opinions on the remuneration of executive directors and other directors with special roles, as well as on the definition of performance targets linked to the variable component of this remuneration;
- by monitoring the concrete application of the remuneration policy and checking in particular the effective achievement of the performance targets;
- by periodically assessing the adequacy and overall consistency of the policy for the remuneration of directors.

The Remuneration Committee also periodically reports to the Board on the activities carried out and exercises any other function entrusted to it by the Board of Directors.

To carry out its duties, the Remuneration Committee uses corporate resources and may be assisted by external consultants, whose costs are to be borne by the Company. To date, the Board has decided not to adopt a specific budget for the Remuneration Committee.

## **8 BIS.0 SUSTAINABILITY COMMITTEE**

At the meeting of 8 November 2021, in order to promote the greater integration of sustainable business activities in the definition of corporate strategies, in line with the previous mandate the Board resolved to establish the Sustainability Committee, attributing to it the functions relating to sustainability described below:

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

As of the date of this Report, the Sustainability Committee is composed of Andrea Pellegrini<sup>1</sup> (Chairman), Giuseppe Gatto and Federica Vasquez.

On 16 December 2021 the Board approved the new version of the Remuneration Committee Regulation, the content of which was shared with the Committee and which defines, *inter alia*, the

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<sup>1</sup> Who meets the Independence Requirements.

rules for the functioning of the Committee, including the methods of recording the minutes and the procedures for the management of information.

The Sustainability Committee was convened by the Chairperson and all members of the Board of Statutory Auditors were invited to attend. The Sustainability Committee appoints, including on a case by case basis, a secretary, who may or may not be a member of the Committee, who is responsible for recording the minutes of the meetings. The Committee's activities are coordinated by the Chairwoman, who informs the Board at the next meeting.

In 2021, the Sustainability Committee met on eight occasions, while in 2022, as at the date of this Report, one meeting had been held.

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 Company to assist activities or act as consultants for areas in their responsibility.

#### Functions of the Sustainability Committee

The Sustainability Committee provides advisory and consultancy services to the Board on matters related to sustainability.

In particular, in its work to assist the Board the Committee:

- a) plays a supervisory role over matters related to sustainability associated with the performance of its business and the dynamics of interaction with its stakeholders;
- b) reviews the sustainability plan to be presented for approval by the Board and monitors its implementation;
- c) reviews the content of the periodic non-financial reports to be presented for approval by the Board, including the review of the sustainability plan, the monitoring of its implementation and the review of the sustainability report;
- d) exercises any other function attributed to it by the Board of Directors.

To exercise its duties the Sustainability Committee is entitled to access the information and company functions necessary for the performance of its duties and may use financial resources or consult with external consultants, according to the conditions established by the Board. To date, the Board has decided not to adopt a specific budget for the Sustainability Committee.

## **9.0 INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM - AUDIT AND RISK COMMITTEE**

The Company's Internal Audit and Risk Management System (SCIGR) is composed of the set of rules, procedures and organisational structures established to enable the effective and efficient identification, measurement, management and monitoring of the main risks in order to promote the



sustainable success of the Company.

At the meeting of [25 March 2022] the Board, considering the opinion of the Audit and Risk Committee contained in the periodic report, deemed the SCIGR - which takes into adequate consideration reference models and national and international best practices - to be appropriate to the characteristics of the business and the risk profile adopted, and confirmed its efficacy. At the same meeting, the Board approved the “Risk Management Model of ASTM S.p.A. - Version 4”, updated to take into account the delisting, the completion of the Merger and the structured process of ecological and digital transition.

ASTM has adopted an organisational structure appropriate to its nature as an industrial holding and parent company of a Group that conducts its business through subsidiaries, which enjoy full management autonomy.

In particular, the SCIGR is based on the separation of financial and compliance risks of the holdings, monitored by ASTM, and the risks associated with the specific nature of its business, managed independently by the individual subsidiary companies.

The 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 its specific business activity.

The SCIGR involves, each within their purview and as described in more detail below, the following components:

- the Board of Directors, which plays a guiding role and assesses the adequacy of the SCIGR;
- the Chief Executive Officer, responsible for the establishment and maintenance of the SCIGR;
- the Audit and Risk Committee, responsible for supporting the assessments and decisions of the Board of Directors regarding the SCIGR and the approval of the periodic financial and non-financial reports;
- the Internal Audit Manager responsible for verifying that the SCIGR is functioning, adequate and consistent with the guidelines defined by the Board of Directors;
- the Board of Statutory Auditors, which oversees compliance with the law, the memorandum of association and the principles of sound administration, and verifies the adequacy of the Company's organisational structure and administrative and accounting system, the methods of implementing corporate governance rules and the efficacy of the SCIGR;
- the Financial Reporting Officer responsible for drawing up the corporate accounting documentation, pursuant to art. 154-bis of the TUF;
- the Supervisory Body of the Company, established pursuant to Legislative Decree 231/2001;

- the Coordinators (divided into the business areas Italian Concessions, Foreign Concessions, EPC and Technology & Innovation), personnel that provide support to the CEO of the Company in the coordination of subsidiary companies for the purposes of the implementation of the strategic directions and guidelines promoted by ASTM, protecting the specific nature of the businesses and respecting the legal and management autonomy of each company;
- the other company departments involved in the audits, structured in relation to size, sector, complexity and risk profile.

The SCIGR envisages:

- periodic information flows between ASTM 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;
- the information flows between the Company'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 CEO;
- 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.

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

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

- defines the SCIGR guidelines in line with the strategies of the Company and assesses, at least once a year, the adequacy of the SCIGR with regard to the characteristics of the business and the risk profile adopted, as well as its efficacy;
- appoints and revokes the Internal Audit Manager, defining the remuneration in line with company policy and ensuring that the Manager is provided with adequate resources to perform the associated duties;
- approves, at least annually, the work plan prepared by the Internal Audit function manager, after consulting with the Board of Statutory Auditors and Chief Executive Officer of the SCIGR;

- assesses the opportunity to adopt measures to guarantee the efficacy and impartiality of judgement of the other company departments involved in the audits based on the size, sector, complexity and risk profile of the Company, verifying that they have access to appropriate professional profiles and resources;
- assesses, having the Board of Statutory Auditors, the results published by the independent auditor in the letter of suggestions and the supplementary report addressed to the Board of Statutory Auditors;
- provides a comprehensive assessment of the adequacy of the SCIGR.

The Board also receives information flows from other entities of the SCIGR and in particular:

- from the Audit and Risk Committee, at least every six months at the time of approval of the annual and interim financial reports, a report on the activities performed and the adequacy of the SCIGR;
- from the CEO, at least every six months at the time of approval of the annual and internal financial reports, a report in his/her capacity as Executive responsible for identifying the principal risk managers, who in turn receives from the Risk Manager the relative information flows regarding the risk assessment and the information submitted by 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;
- to the Chairperson, the periodic report of the Internal Audit Manager which summarises the activities carried out, the results of the audits performed on the Company and the assessment of the SCIGR.

On the topic of whistleblowing, ASTM has adopted, in the context of the Organisational Model pursuant to Legislative Decree no. 231/2001 and its own Anti-corruption Policy, an internal procedure to protect anonymous and non-anonymous whistleblowers. From 2020 a digital platform has been in operation to manage reports pertaining to predicate crimes, violations of the Organisational Model, and irregularities or violations of the company procedures.

Lastly, 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.

## 9.1 Chief Executive Officer

In line with the provisions of the Code, the Board has identified the Director Umberto Tosoni as Chief Executive Officer.

The Chief Executive Officer:

- oversees the identification of main company risks, taking into account the characteristics of activities carried out by the Company and its subsidiaries, and submits them at regular intervals for review by the Board;
- 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 ensuring its adaptation to the dynamics of operating conditions and the legal and regulatory framework;
- may appoint the Internal Audit department 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 of Directors, 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 come to their knowledge, so that the Committee may act accordingly.

## 9.2 Audit and Risk Committee

In the course of the meeting held on 8 November 2021, the Board established an Audit and Risk Committee which, pursuant to art. 23.3 of the Articles of Association, also acts as the “Committee for Related Party Transactions” pursuant to the relative procedure adopted by ASTM for related parties.

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

The Audit and Risk Committee is composed of Andrea Pellegrini (Chairman), Stefano Mion and Alberto Rubegni, all of which have adequate experience in accounting, finance and risk management.

On 16 December 2021 the Board approved the new version of the Audit and Risk Committee Regulation, the content of which was shared with the Committee and which defines, *inter alia*, the rules for the functioning of the Committee, including the methods of recording the minutes and the procedures for the management of information.

In 2021, the Committee met on nine occasions, while in 2022, as at the date of this Report, four meetings had been held.

The CR Committee was convened by the Chairperson and all members of the Board of Statutory Auditors were invited to attend. The Committee appoints, including on a case by case basis, a secretary, who may or may not be a member of the Committee, who is responsible for recording the minutes of the meetings. The Committee's activities are coordinated by the Chairwoman, 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 ASTM 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 consequence, at least two meetings have been planned for 2022, without prejudice to further meetings concerning any preliminary assessment of transactions with related parties.

#### Functions of the Audit and Risk Committee

The CR Committee provides advisory and consultancy services to the Board and, in particular:

- assesses, having consulted with the CFO, the independent auditor and the Board of Statutory Auditors, the correct use of the reporting standards and their uniform application in the drafting of the consolidated financial statements;
- assesses the adequacy of the periodic, financial and non-financial information to correctly represent the business model, the Company's strategies, the impact on its business and the performance achieved, coordinating with the Sustainability Committee;
- reviews the content of the periodic non-financial report relevant to the internal control and risk management system;
- expresses opinions on specific aspects regarding the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors on the management of risks associated with harmful events of which the Board becomes aware;
- reviews the periodic report and those of particular relevance prepared by the Internal Audit department;
- monitors the autonomy, adequacy, efficacy and efficiency of the Internal Audit department;
- may appoint the Internal Audit department - should it deem it necessary - to conduct audits on specific operating areas, informing the same to the Chairperson 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 the activities carried out as well as the adequacy of the internal control and risk management system;

- exercises the powers, duties and functions assigned to the “Committee for Related Party Transactions” pursuant to the relative procedure adopted by the Company.

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 Chief Executive Officer 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 Company, 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 exercise its duties the CR Committee is entitled to access the information and company functions necessary for the performance of its duties and may use financial resources or consult with external consultants, according to the conditions established by the Board. To date, the Board has decided not to adopt a specific budget for the Audit and Risk Committee.

### **9.3 The Internal Audit Manager**

On 18 December 2020, on the proposal of the CEO and after consulting with the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors, the Board proposed the appointment of Pierluigi Francavilla to the Internal Audit function, as from 1 January 2021.

Mr Francavilla has adequate professional experience of risk assessment and control systems thanks to the knowledge developed in finance, governance and compliance at leading industrial groups.

Mr Francavilla does not hold any other positions within the Company and is not a manager of an operational 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 CEO, based on a structured process that analyses and prioritizes the main risks concerning the operations of the Company;
- conducts planned audits, integrating the Audit Plan with requests received from the Chairperson, the Chief Executive Officer, the Audit and Risk Committee, the Board of Statutory Auditors and the Supervisory Body;
- collaborates with the Supervisory Body pursuant to Legislative Decree no. 231/01 through a structured information flow concerning the outcome of the audits for the matters in its purview and, where requested, supports it in the fulfilment of its supervisory duties over the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001;
- activates and updates structured information flows with the equivalent internal audit managers of the relevant subsidiaries, a system established in order to monitor the effective implementation and efficacy of the internal audit activities;
- proposes the issue and distribution of guidelines on internal auditing to be adopted by the subsidiaries, considering the specific nature, independence and autonomy of each company;
- promotes, based on a logic aimed at risk prevention and considering the specific nature, autonomy and independence of the internal audit departments of each subsidiary, the sharing of experiences with a view to continuous improvement;
- prepares periodic reports containing adequate information on their activities, the procedures used to manage risks, as well as compliance with plans defined to mitigate them. The periodic reports contain an assessment on the suitability of the SCIGR;
- submits its reports to the Chairs of the Board of Statutory Auditors, the Audit and Risk Committee and the Board, and to the CEO, except in the case that the subject of the report refers specifically to the activities of said persons;
- informs, periodically and via reports describing the status of the Audit Plan and the indications deriving from the assessments conducted on risk management measures and compliance with mitigation measures, the Chairperson, the CEO, and the Chairs of the Audit and Risk Committee and the Board of Statutory Auditors;
- checks the reliability of information systems, including accounting systems, as part of the audit plan.

The Internal Audit Manager reports to the Chairperson of the Board and has direct access to all information useful to the performance of their role.

At the meeting of 25 March 2020, 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 - approved the

“2022 Audit Plan”, the methods of execution and the relative budget.

Organisational model pursuant to Legislative Decree no. 231/2001

ASTM 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 Company from administrative liability.

Model 231 – aligned with the principles in the “Confindustria Guidelines” approved in March 2002 and last updated in 2021 – 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.

The 231 Model was last updated on 16 December 2021, in consideration of:

- (i) the new types of offence introduced:
  - (a) by Directive (EU) 2017/1371 ( PIF), effective from 30 July 2020, on crimes against the public administration, tax offences and smuggling;
  - (b) by Italian Legislative Decree 184/2021, implementing Directive (EU) 2019/713 on fraud offences and the falsification of a non-corporeal non-cash payment instruments, effective from 14 December 2021;
  - (c) by Italian Legislative Decree 195/2021, implementing Directive (EU) 2018/1673 on money laundering and self-money laundering, effective from 15 December 2021;
- (ii) the organisation and procedural changes introduced by the recent update of 3 August 2020;
- (iii) the delisting and the classification as a “listed issuer with Italy as Member State of Origin” assumed due to the listing of bond loans issued as part of the EMTN Programme on the Euronext Dublin regulated market.

The Supervisory Body, appointed on 16 May 2019 for three years and, therefore, until the approval of the 2021 financial statements, was asked to monitor the operation, effectiveness of and compliance with "Model 231", as well as to propose updates.

In line with the provisions of the CG Code and in order to ensure the coordination between the various subjects involved in the SCIGR, the SB is composed of three members: the independent and non-executive director Caterina Bima (Chair), Statutory Auditor Piera Braja and Anna Chiara Svelto.

On 25 March 2022 the Board of Directors confirmed for another three years and, therefore, until the approval of the 2024 financial statements, the appointments of Caterina Bima, Piera Braja and Anna Chiara Svelto as members of the SB and Caterina Bima as Chair of the SB.

The SB held 13 meetings during the year and 3 meetings in 2022.



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 ASTM have adopted a Model 231 and appointed a Supervisory Board, which typically includes one member of the Board of Statutory Auditors and a non-executive and independent director.

#### **9.4 Independent Auditor**

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.

#### **9.5 Manager in charge of drawing up the corporate accounting documentation and other corporate roles and functions (Financial Reporting Officer)**

In consideration of the appointment of the new administrative body, with the resolution of 8 November 2021 the Board, having obtained the approval of the Board of Statutory Auditors and in line with the requirements of professionalism envisaged by current law and the Articles of Association, confirmed Alberto Gargioni as the Financial Reporting Officer, until the approval of the 2023 Annual Financial Statements. Mr Gargiano, who is a director of ASTM and meets the requirements of integrity required by the role, is responsible for the preparation of the annual and consolidated financial statements, as well as for the procedures, Group instructions, reporting packages and the management of the process underlying the preparation of the financial reports.

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 ASTM 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 ASTM 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.

#### **9.6 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 Code's recommendations providing for their establishment.

As regards the above, ASTM 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.

The relevant procedures and roles were defined in the "Internal Control and Risk Management System Guidelines" in order to summarise the principles that regard the coordination and the financial flows between the various parties involved in the SCIGR, with a view to maximising the efficiency of the system, reducing system redundancies and guaranteeing the effective performance of the duties of the Board of Statutory Auditors.

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

On 16 December 2021 the Board, having obtained the approval of the Audit and Risk Committee of

ASTM in its capacity as Committee for Related Party Transactions, and having consulted with the Board of Statutory Auditors, approved the new version of the procedure for the management of operations with related parties ("RPT Procedure") in order to consider the delisting and, therefore, the non-application of the Related Parties Regulation and the provisions of the new Articles of Association approved by the Shareholders' Meeting.

Available on the Company's website [www.astm.it](http://www.astm.it) in the "Governance" section, the RPT procedure sets out the rules governing the approval and management of related-party transactions carried out by ASTM, directly or through subsidiaries, in order to guarantee the transparency and procedural and substantive fairness of transactions. In particular, in line with the provisions of art. 25.3 of the Articles of Association, the approval of related party transactions of values that exceed, in each year, a total of € 1 million, is reserved to the Board which resolves, based on the reasoned opinion of the Audit and Risk committee, and in the presence with the favourable vote of the majority of directors in office, of which at least one must be a B Director (other than a B Director who meets the Independence Requirements) and 1 must be an A Director (other than an A Director who meets the Independence Requirements). Operations which are exempt and therefore not subject to the aforementioned procedure are: (i) operations between the same subsidiaries, provided that Aurelia S.r.l. and the physical persons who are direct or indirect shareholders of Aurelia S.r.l. do not hold, directly or indirectly, an equity investment of more than 2% of the share capital of said subsidiaries.

To ensure the correct implementation of the procedure within the Group, ASTM prompted notified any relevant information and operational instructions to the subsidiaries.

Moreover, for the correct management of the procedure, the Company'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, it being understood that the new unrelated director shall be selected, respectively, from the A Directors, or from the B Directors, depending on whether the director to be replaced is an A Director or a B Director.

Directors with an interest - including of a potential or indirect nature - in corporate transactions must give prompt and comprehensive notice thereof to the Board, in line with the provisions of art. 2391 of the Italian Civil Code.

## **11.0 BOARD OF STATUTORY AUDITORS**

### **11.1 Appointment and Replacement**

Pursuant to article 28 of the Articles of Association, the Board of Statutory Auditors is made up of

three Acting Auditors and two Alternate Auditors.

Therefore, in line with the provisions of art. 40 of the Articles of Association, the Board of Statutory Auditors maintains the structure established at the date of adoption of the new Articles of Association - by the resolution of the Shareholders' Meeting of 5 August 2021 - and is therefore composed of three statutory auditors and three alternate auditors until the expiry of the mandate (approval of the financial statements as at 31 December 2022) or until the date of termination of office of one of the alternate auditors, if earlier.

Statutory and alternate auditors must meet the requirements of integrity, professionalism and independence pursuant to applicable law upon penalty of ineligibility or, if already appointed, upon penalty of dismissal from office.

Pursuant to art. 29 of the Articles of Association, and it being understood that as of the date of this report the share capital of Nuova Argo is divided into 31,234,328 special shares, of which 15,773,336 are category "A" ("A Shares") representing 50.5% of the share capital, and 15,460,992 are category "B" ("B Shares") representing 49.5% of the share capital, the appointment of the Board of Statutory Auditors is based on the following provisions:

- (a) in the event that B Shares represent a percentage of the share capital of Nuova Argo with voting rights that is greater than 5%:
  - (i) two statutory auditors and one alternate auditor shall be elected from among the holders of A Shares ("A Auditors"), of which at least one statutory auditor must be selected from the least represented gender;
  - (ii) one statutory auditor and one alternate auditor shall be appointed from among the holders of B Shares ("B Auditors");
- (b) in the event that B Shares represent a percentage of the total share capital of Nuova Argo with voting rights equal or less than 5%, all statutory and alternate auditors will be B Auditors and, in order to ensure gender balance, at least one statutory auditor must be elected from the least represented gender.

With reference to the above, for the sake of completeness it is noted that the appointment of A Auditors and B Auditors is resolved upon by the Shareholders' Meeting of the Company based on the proposal and with the favourable vote of the representative of Nuova Argo, to whom the NAF Directors, appointed by holders of category A and category B NAF shares, confer specific voting instructions pursuant to the Articles of Association of Nuova Argo.

Without prejudice to the provisions of art. 2401 of the Italian Civil Code for the replacement of outgoing statutory auditors and provided that B Shares represent a percentage of the share capital of Nuova Argo with voting rights that is greater than 5%, in the appointment resolution to terminate

the office, for any reason, of a statutory or alternate auditor, at the ASTM Shareholders' Meeting the representative of Nuova Argo shall cast their vote, in line with the specific instructions received as above, in order to ensure that the Board of Statutory Auditors is composed as above.

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

The Board of Statutory Auditors currently in office is composed of three statutory auditors, Andrea Bonelli (Chair), Piera Braja and Pellegrino Libroia, and the alternate auditors Roberto Coda, Gasparino Ferrari and Luisa Marina Pasotti.

The current composition of the Board reflects the resolutions adopted by the Shareholders' Meeting on 25 May 2020 - during which the Board of Statutory Auditors was appointed for the years 2020-2021-2022 and, therefore, until the approval of the financial statements as at 31 December 2022 - and on 29 April 2021, during which, on a proposal of a group of AMCs and institutional investors, Andrea Bonella was confirmed in the post of Chairman of the Board of Statutory Auditors as appointed following the resignation of Paola Camagni on 22 December 2020, and Luisa Marina Pasotti was appointed as alternate auditor.

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 25 March 2022.

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.

As regards the composition of the control body, the current composition of the current 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 (Chairman):** born in Rome on 9 September 1967. He holds a degree in Law and Business from La Sapienza University of Rome. 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 roles as member of the Board of Statutory Auditors

in various companies of the ASTM Group as well as in listed and major national companies, including Caltagirone S.p.A., Garofalo Health Care S.p.A. and Tecnimont S.p.A. He is an expert in corporate finance and has participated in numerous M&A transactions. He is the author of several publications on corporate law and corporate restructuring.

**Piera Braja (Statutory auditor):** born in Turin on 15 June 1964. Partner and founder of the association “Gallone Aschieri Braja e Associati - Associazione Professionale Dottori Commercialisti”. Her current and previous positions include the office of Chairwoman of the Board of Statutory Auditors, Statutory Auditor and Auditor in foundations, listed companies, other corporations, associations and bodies, including Fondazione Cassa di Risparmio di Torino, SITAF, SAGAT, PRAXI, SAIT, FARID, and Jacobacci&Partner. She has been a Board Member of Centrale del Latte d’Italia. She is member of the Supervisory Board of corporations and chairs the Board of Auditors of the Order of Chartered Accountants of Turin. She is a consultant to corporations and multinationals on corporate and fiscal matters and ordinary, extraordinary and reorganisation operations.

**Pellegrino Libroia (Statutory auditor):** born in Milan on 28 September 1946. He graduated with a degree in Economics and Business from the University of Pavia. He is a Chartered Accountant and Statutory Auditor. He is Chairman of the Board of Statutory Auditors of Prysmian, Fininvest, Il Sole 24 Ore, Ethica Holding and Daphne 3. In the past he has been Chairman 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 (Alternate auditor):** 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 industrial and utility companies. He also provides advisory services to companies and family groups on wealth management and succession planning. He holds the following offices: Member of the Board of Directors of 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 and Graglia Immobiliare S.s. He serves as Alternate Auditor for various companies including Arka Technologies S.r.l., Coopcasa Piemonte, Itinera S.p.A., Risorse Idriche S.p.A., Associazione Primo Levi, Invicta S.p.A. e Seven S.p.A.; è Presidente del Collegio Sindacale di Chieppa S.p.A. and Cts Solutions S.r.l.

**Gasparino Ferrari (Alternate auditor):** born on 2 November 1957 in Tortona. 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 Chairman, 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.

**Luisa Maria Pasotti (Alternate auditor):** born on 6 August 1961 in Gallarate (VA). She graduated with a degree in Business Economics at the Luigi Bocconi University. She is a Chartered Accountant registered in the Register of Chartered Accountants of the Varese Court. She is a founding partner of Studio Associato Pasotti. She is a member of the Board of Directors of Banca Carige.

During the year, the Board of Statutory Auditors held 16 meetings, with all members taking part.

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 2022; 3 meetings have been held since the beginning of the 2022 financial year.

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.

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 Statutory Auditor Piera Braja is a member), the Internal Auditing Manager, as well as by taking part in the meetings of the Remuneration Committee, the Audit and Risk Committee (also in its capacity of Committee for Related Party Transactions) and the Sustainability Committee.

The members of the Board of Statutory Auditors also took part in Board meetings and the Shareholders' Meetings held on 29 April, 5 August and 8 November 2021.

## **12.0 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 called by the Board of Directors of the Company on the proposal of the Chairperson of the Board of Directors when they deem it necessary, or upon the written request

(specifically indicating the topics to be included on the agenda) of at least two serving directors.

The Shareholders' Meeting is called through the issue of a notice via a means that provides proof of receipt (including email), received at least eight days prior to the date of the meeting itself.

The ordinary and extraordinary Shareholders' Meeting may be held, where permitted by applicable law, both partially and exclusively via audio- or video-conference, with attendees participating from multiple locations, provided that the plenary method is observed. In particular, the following conditions must be met:

- (a) the chair of the meeting is able, either through their own office as chair or via appointed delegated, to ascertain the identity and legitimacy of the participants, to moderate the performance of the meeting, and to verify and announce the results of the voting;
- (b) the secretary appointed to take the minutes is able to follow the events of the meeting to be recorded in the minutes;
- (c) attendees are able to participate in the discussion and intervene on the items on the agenda in real time; and
- (d) the use of such methods must be specified in the Meeting Notice.

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

#### **13.0 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 ASTM, except for the obligations set out by legal and regulatory provisions.

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

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



## ANNEX 1

### **“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*

In relation to the financial disclosure process, the objectives for the effective identification, measurement, management and monitoring of the main risks pursued by the SCIGR may be ascertained from the reliability, accuracy, credibility and timeliness of the disclosure itself.

Based on the system used – which includes rules, procedures and guidelines – ASTM 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 ASTM for implementation by the subsidiaries.

#### 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 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 data 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) identification of the Company and the relevant information systems;
- (iv) correlated the balance sheet entries identified with the financial statement assumptions;
- (v) identified the significant accounting processes/systems/flows used for each significant balance sheet entry/financial information.

The process adopted allows the identification of organisational structures, processes and any related accounting items, the IT systems used to process them, 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.