

## ATLANTIA SPA

### GUIDANCE ON THE RE-ELECTION OF THE BOARD OF DIRECTORS FOR THE THREE-YEAR PERIOD 2019-2021

#### Preamble

This guidance plays an important role in enabling the outgoing Board of Directors to provide shareholders with guidance regarding the qualitative and quantitative composition of the new Board of Directors.

In line with the recommendations in the Atlantia's Corporate Governance Code, in view of the imminent re-election of the Company's corporate officers, Atlantia's Board of Directors has, following the prior issue of the opinion of the Nominations Committee, developed guidance regarding the future size and composition of the new Board. The guidance will be provided to shareholders in preparation for the Annual General Meeting to be held on 18 April 2019, which will be requested to approve, among other things, the new Board of Directors for the three-year period 2019-2021.

In developing this guidance, Atlantia's Board of Directors has also taken into account the outcome of its self-assessment process, in addition to making reference to the relevant benchmarks and good corporate practices at national and international level.

Among other things, the guidance covers the professional and independence requirements to be met by candidates, bearing in mind that their authoritativeness and expertise must be commensurate with the roles that Directors are required to fulfil, partly in view of the size and complexity of the Company and the Group to which it belongs, its business objectives and strategic vision.

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Art. 20 of the articles of association of Atlantia SpA (the "**Company**" or "**Atlantia**") requires that the entire Board of Directors must be elected on the basis of slates submitted by members and by the outgoing Board of Directors.

Borsa Italiana SpA's Corporate Governance Code for Listed Companies (the "**Corporate Governance Code**") recommends that the procedure for electing Directors should be transparent and that there should be balance in the composition of the Board of Directors.

At a meeting held on 14 December 2007, Atlantia's Board of Directors decided to adopt the recommendations in the above Corporate Governance Code for Listed Companies, following its approval in 2006, and voted to implement the Company's own Corporate Governance Code by adapting the general principles in Borsa Italia's code to meet Atlantia's specific requirements. Subsequently, on 18 January 2019, Atlantia's Board of Directors adopted a new revised version of the Company's Corporate Governance Code that takes into account the amendments to the Corporate Governance Code introduced by the Corporate Governance Committee (the "**Atlantia Code**").

The Atlantia Code requires the Company's Nominations Committee to provide the Board of Directors with its opinion on the size and composition of the Board, and to make recommendations to the Board of Directors regarding the appropriate professional expertise that members of the Board ought to possess, assessing

application of the diversity requirements referred to in art. 123-bis, paragraph 2.d-bis) of the Consolidated Finance Act.

## **1. QUANTITATIVE ASPECTS**

### **1.1. The size of the Board of Directors**

Article 19 of Atlantia's articles of association establishes that the Company's affairs must be conducted by a Board of Directors consisting of not less than seven and no more than fifteen members.

In accordance with best practice, the number of members of the Board of Directors must be adequate for the size and complexity of the Company's organisational structure, in order to ensure that the Company is effectively managed. The correct size of a board of directors also depends on the number and composition of board committees, in which members meeting the independence requirements play a decisive role. The presence of committees with a consultative, advisory and investigative roles is an organisational arrangement that is a well-accepted practice at national and international level, capable of increasing the efficiency and effectiveness of the board's decision-making.

A survey of an Italian peer group reveals a variety of approaches, with boards ranging from a minimum of 8 members to a maximum of 19.

The size of Atlantia's Board of Directors appears to be in line with the expectations of the financial community. Furthermore, the self-assessment process also confirmed the Board's view, backed by the opinion issued by the Nominations Committee, that 15 is the correct number of Directors to be elected for the three-year period 2019-2021. The process also confirmed that, within this number, the majority of Directors should qualify as independent in accordance with both the Consolidated Finance Act and the Atlantia Code, not least in respect of their participation in Board Committees.

In view of the above and the Board's positive performance over the previous three-year period, the Board of Directors advises that, when formulating proposals to put before the Annual General Meeting, shareholders should confirm that the number of Directors to be elected for the three-year period 2019-2021 is to be 15, with at least 8 of them to be independents.

## **2. QUALITATIVE ASPECTS**

### **2.1. The composition of the Board of Directors**

The Corporate Governance Code recommends that – in relation to the issuer's activities – the composition of the Board of Directors should adequately represent the various components (executive, non-executive and independent) and the necessary professional and managerial expertise and experience, including that of an international nature. It also recommends that the potential benefits of gender diversity should also be taken into account, in addition to geographical and cultural origin, training, age and length of service. According to the Code, the number, expertise, authoritativeness and availability of non-executive directors should be such as to ensure that their opinions carry significant weight in the Board's decision-making.

As regards the general and personal characteristics of the members of Atlantia's Board of Directors, the Board of Directors advises that, when formulating proposals to put before the Annual General Meeting, shareholders should ensure that:

- there is a balanced combination of professional profiles, expertise, capabilities and business experience, with a particular focus on aspects of a corporate, strategic, managerial and financial nature;
- the contribution from independent Directors is guaranteed via an adequate presence of such Directors, in accordance with the criteria set out in the Corporate Governance Code, with at least eight Directors being independent, thereby enabling, on the judgement of the Board of Directors from time to time in office, adequate distribution of membership of the various Board Committees among the independent Directors;
- due consideration is given to limits on the total number of positions held and the time that candidates for the role of Director can contribute, given that these are key components in effectively carrying out their role;
- due account is taken of the need to have a range of backgrounds, above all in terms of international experience (regardless of the nationality of the Directors) and gender diversity;
- there is a range of seniorities and ages among Directors, in the belief that there is added value in age diversity.

## **2.2. Key characteristics of Directors**

In terms of professional expertise, without prejudice to any regulatory requirements from time to time in force, the Board of Directors advises that, when formulating proposals to put before the Annual General Meeting, shareholders should ensure, as far as possible, that Atlantia's Directors collectively possess the following characteristics:

- experience and expertise in the sector in which Atlantia operates;
- expertise in strategy and business development;
- experience in legal and/or corporate governance matters, including at international level;
- experience in corporate and/or regulatory affairs;
- experience in accounting, risk management, auditing;
- expertise in human resources and organisational management;
- backgrounds in technology, research and development, innovation and information & communication technology;

also ensuring, as recommended by the Atlantia Code, the presence of at least one Director with financial expertise.

Other capabilities should regard: the ability to work in a team; balance in seeking a consensus; openness to dialogue and feedback and the ability to take a constructive approach to handling conflict; the ability to face up to new challenges, innovating and promoting change; the ability to collaborate, understanding the importance of diversity; the ability to work closely with management; willingness, also in view of other professional commitments, to participate in Board Committees.

The presence on the Board of Directors with the above expertise and experience facilitates discussion and the functionality of the Board.

The Atlantia Group is a world leader in managing transport infrastructure, with a portfolio of diversified assets in 15 countries, operating approximately 14,000 km of motorway and handling 60 million passengers at its Rome and Nice airports. International business experience is, therefore, an essential characteristic to take into account when choosing candidates for election to Atlantia's Board of Directors. By international experience, we do not necessarily mean candidates whose citizenship is not Italian, but major managerial, professional or corporate experience gained overseas and/or in key positions in companies with a significant international footprint.

### **2.3. Continuity and renewal**

Regardless of their previous experience, a new Director will need time to gain adequate knowledge of the environment in which Atlantia operates in order to make a significant contribution to the work of the Board of Directors and any Board Committees of which they are a member.

The average seniority of members of the Board of Directors must be such as to enable all the Directors to expand their expertise, including those with less experience. This will also make it possible to bring the necessary expertise and experience to bear in facing the potential challenges Directors may meet from the beginning of their term of office.

The Board believes that the distribution of Directors by age and seniority should be balanced to ensure an effective exchange of experience within the Board of Directors.

### **2.4. Gender quotas in the Board of Directors**

The Board recommends that, in line with the provisions in the Atlantia's by-laws and Corporate Governance Code, at least one third of the Board of Directors should consist of directors belonging to the least represented gender.

### **2.5. Independence**

In accordance with best practice, the presence of Directors qualifying as independent is an appropriate solution to guarantee that the Board's composition serves the interests of all shareholders, whether majority or minority.

At least one member of the Board of Directors, or two if the Board of Directors has more than seven members, must meet the independence requirements established for Statutory Auditors by art. 148, paragraph 3 of the Consolidated Finance Act.

Pursuant to art. 2.2 (letter c) of the Atlantia Code, given that the Company is listed on the FTSE-Mib index, at least a third of the Board of Directors consists of independent Directors.

The Corporate Governance Code and the Atlantia Code (art. 3) set out the non-obligatory conditions to be applied in assessing Directors' independence, without prejudice to the fact that the Board of Directors has responsibility for assessing the independence of its members.

A significant presence of Directors qualifying as independent enables the Board to select the members of its Board Committees from among a wider number of Directors, allowing it to choose the most suitable members on the basis of individual expertise and not simply based on independence.

When the previous Board took up office, approximately 53%<sup>1</sup> of the members of Atlantia's Board of Directors were independents.

Given the above, we believe that the appropriate composition of the Board in order to meet the above requirements - provided by Consolidated Finance Act and the Atlantia's Code - should be namely at least 8 members (out of 15).

## **2.6. Limits on the total number of positions held**

The time available to dedicate to their roles is a key requirement for Directors to meet, taking into account their eventual membership of Board Committees.

Directors must, therefore, assess the adequacy of the time they have available to dedicate to their role, taking into account their other professional commitments and positions held in other companies.

In this regard, given that it is acknowledged that the number of other existing roles held is a significant indicator of the time available to dedicate to their role in Atlantia, we recommend that, at the time of their candidacy – including their eventual election to Atlantia's Board of Directors and taking into account the positions eventually held in Companies belonging to the same Group – candidates should hold up a maximum number of positions that for nature, complexity and importance of the functions carried out is compatible with the effective fulfilment of their role as a Director of the Company, taking into account their membership in Board Committees.

## **2.7. Composition of Committees**

The Board of Directors deems it appropriate to confirm the duties and the size of the existing Committees:

- Control, Risk and Corporate Governance Committee, currently composed of 3 non-executives and independents directors;
- Human Resources and Remuneration Committee, composed of 5 non-executives directors, 4 of whom are currently independents;
- Committee of Independent Directors with responsibility for Related Party Transactions, composed of 3 non-executives and independents directors;
- Nominations Committee, composed of 5 directors, the majority of whom are independents and 4 of whom are currently non-executives.

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<sup>1</sup> At 31 December 2018, 54% of the Directors were independents.