



**Diversity Policy of Astaldi S.p.A's Board of Directors and
Board of Statutory Auditors**

Introduction

In recent years, companies of larger size or that operate in particular sectors have been gradually developing significant sensitivity in the matter of non-financial disclosure. This is in the conviction that the spread of information related to the environment, to the defence of human rights, and to gender diversity might be appreciated by all stakeholders and therefore generate positive effects for the company itself.

Legislative Decree no. 254 of 30 December 2016 implemented in our legal system Directive 2014/95/EU as regards disclosure of non-financial and diversity information.

The regulatory provision operates on two fronts. On the one hand, it imposes upon listed companies, banks, and large-sized insurance companies¹ the obligation to draw up and publish, for each financial year, a statement, of a separate² or consolidated³ nature, containing a set of information related to environmental and social issues, personnel, respect for human rights, and anti-corruption and bribery matters.

From a different standpoint, the regulatory provision imposes obligations of information transparency with regard to the diversity policies adopted by the listed issuers, in the intent to enhance the diversity profiles of the members of the Board of Directors and of the Board of Statutory Auditors. In this sense, art. 10 of Legislative Decree no. 254 of 2016 dedicates a provision to “diversity policies.” The Article has modified art. 123-*bis* of the consolidated finance act (TUF) – “Report on corporate governance and ownership structure” – by introducing letter *d-bis*). In application of the new regulation, companies issuing securities are required to provide “a description of diversity policies, applied in relation to the composition of the Board of Directors and the Board of Statutory Auditors, with regard to such aspects as age, gender composition, and educational and professional background, as well as a description of the objectives, modes of implementation, and results of said policies.”

If no policy is applied, the company is required to clearly and articulately justify the reasons for this choice.

¹ The scope of application is that of “Public-interest entities” pursuant to art. 16, subsection 1, of Legislative Decree no. 39 of 27 January 2010.

² Subject to the obligation of drawing up the separate statement are companies included among the “Public-interest entities” pursuant to the aforementioned art. 16, subsection 1, of Legislative Decree no. 39 of 27 January 2010, and that at the same time have certain characteristics that place them among large undertakings. Pursuant to art. 2, subsection 1, of Legislative Decree no. 254/2016, large undertakings are those undertakings that have had, on average, during the financial year, a number of employees exceeding 500, and that, at the year-end reporting date, have exceeded at least one of the following size limits: *a*) total statement of financial position: € 20,000,000; *b*) total net revenue from sales and services: € 40,000,000.

³ The consolidated statement, on the other hand, contains non-financial information regarding a group dimension. “Public-interest entities” that are Parents of a large-sized group are required to draw up the consolidated non-financial statement. Considered as large-sized groups are groups consisting of a Parent and one or more subsidiaries that have had, on average, on a consolidated basis, during the financial year, a number of employees exceeding 500, and whose consolidated financial statements meet at least one of the following criteria: *a*) total assets of the statement of financial position exceeding € 20,000,000; *b*) total net revenue from sales and services exceeding € 40,000,000.

The provisions contained in Legislative Decree no. 254/2016 apply with reference to the financial years starting from 01 January 2017. On the occasion of the approval of the “Report on corporate governance and ownership structure” for the 2017 financial year, Astaldi S.p.A. shall be required to provide the description of:

- the diversity policies applied in relation to the composition of the Board of Directors and the Board of Statutory Auditors, with regard to such aspects as age, gender composition, and educational and professional background;
- the objectives of these policies;
- the modes of implementation;
- the results of these policies.

1. Process

Astaldi S.p.A. has initiated an analysis process to assess the profiles and parameters to be considered for the purpose of adopting “Diversity policies of the Board of Directors and the Board of Statutory Auditors” (hereinafter, the “Policies”).

This process consists of recognising the regulations and principles of self-regulation, as well as the clauses of the Bylaws of Astaldi S.p.A. for the purposes of assessing these Policies’ consistency with respect to the Company’s needs, taking into consideration such indices as type of business, international vocation, and operation on specific markets.

The Diversity Policies document was first examined by the Appointments and Remuneration Committee in the presence of the Board of Statutory Auditors, and was then approved by the Board of Directors at the meeting of 14 November 2017.

2. Diversity policies for the appointment of the members of the Board of Directors and the Board of Statutory Auditors

Art. 123-*bis*, subsection 2, letter *d-bis*) of the consolidated finance act (TUF), as supplemented by art. 10 of Legislative Decree no. 254/2016, asks Companies to adopt policies with regard to such aspects as age, gender composition, and educational and professional background.

These aspects are provided by way of example and not limitation, as the Company, in its organisational autonomy, may well introduce other parameters to be considered in structuring and defining its policies.

The Policies in the Italian legislative context are to be defined in consideration of the regulatory and self-regulatory paradigm of reference, as well as in light of the provisions of the Bylaws adopted by Astaldi S.p.A. in keeping with its organisational autonomy.

2.1. Gender diversity

The approval of law no. 120/2011 introduced the principle of gender balance in the Board of Directors and the Board of Statutory Auditors.

In application of the new regulations, starting August 2012, a specific component of the Board of Directors and the Board of Statutory Auditors of listed companies must belong to the less-represented gender.

The breakdown criterion applies for three consecutive terms; at the moment of initial renewal, the ratio must be equal to at least one fifth, while for the following two terms the ratio must be equal to one third. Once that timeframe has passed, the gender representation within the corporate bodies returns to being a free determination by the individual issuer.

In order to guarantee, with a view to substantial equality, gender balance and at the same time foster access to corporate offices by the less represented gender, Astaldi S.p.A.'s Bylaws provide that one fifth of the members of the Board of Directors to which the mandate was conferred on the occasion of the first renewal of the Board of Directors following 12 August 2012, and one third of the members to be appointed for the next two terms, belongs to the gender less represented within Board of Directors (art. 16).

A similar clause in the Company's Bylaws refers to the Board of Statutory Auditors (art. 25).

2.2. Educational and professional background

Members of the Board of Directors

Art. 2382 of the Italian civil code recognises the independence of the Bylaws to subordinate the assumption of the office of director to possession of special prerequisites of integrity, professionalism, and independence.

In implementation of the legislative provisions, art. 16, paragraph 12 of the Bylaws of Astaldi S.p.A. states, with specific reference to the members of the Board of Directors, that "Pursuant to Article 2387 of the Italian Civil Code, candidates for administration offices may only be parties who:

- a) have accumulated overall experience of at least one three-year period in the exercise of:
 - administration or auditing activities, or executive duties with joint-stock companies with a share capital of no less than two million euros;
 - professional or regular university teaching activities in legal, economic or financial subjects, or technical/scientific subjects pertaining to the sector of building and construction in general, public and private works, and the taking on and performance of works under concession;
 - executive posts with public bodies or public administrations operating in the credit, financial, or insurance sectors, or in any case, in the sectors as per the above point;
- b) are not directors or employees of the Company's rivals, nor do they have any consulting or co-working contracts with said rivals;
- c) have no interest in disputes in progress against the Company or companies belonging to the Company's group;

- d) hold the prerequisites required by the codes of conduct which the Company complies with.”

Again with reference to the members of the Board of Directors, the Code of Conduct asks issuers to adopt a body composed of executive and non-executive directors endowed with suitable skill and professionalism (*Principle 2.P.1.*).

Moreover, also with a view to fostering effective, pro-active internal board committees, the Code recommends, with reference to the Remuneration Committee, that “At least one member of the committee possesses appropriate knowledge and experience in matters of finance or of remuneration policies” (*Principle 6.P.3.*), and with reference to the Control and Risks Committee that “At least one member of the committee possesses appropriate experience in the matters of accounting and finance, or of risk management” (*Principle 7.P.4.*).

Members of the Board of Statutory Auditors

As regards the members of the Board of Statutory Auditors, art. 2397 of the Italian civil code, in providing that this body be composed of three or five standing members and two alternate members, establishes that at least one standing member and one alternate member must be chosen from among the chartered accountants. Moreover, the remaining members must be chosen from among those entered in the professional registers identified with the decree of the Ministry of Justice, or among faculty-level university professors in economic or legal subjects (art. 2397, subsection 2, of the Italian civil code).

With specific reference to listed companies, art. 148 of the consolidated finance act (TUF) entrusts the company’s memorandum of association with establishing, for the Board of Statutory Auditors, a number of no fewer than three standing members and two alternate members, and requires – under penalty of forfeiture of the assignment – specific prerequisites of integrity and professionalism⁴. The regulation dictated by the consolidated finance act (TUF) requires the presence of a minority auditor and a gender representation under the terms specified earlier.

In implementation of the legislative provisions, the Bylaws of Astaldi S.p.A. (Art. 25) provides for the composition profiles and the election mechanism of the Board of Statutory Auditors.

This body is composed of three standing auditors and three alternate auditors, and the minority is reserved the election of one standing auditor acting as Chairman, and of one alternate auditor. At least one standing auditor and at least one alternate auditor must be entered in the register of chartered accountants, and must have performed statutory audits of accounts for a period of no less than three years.

Statutory auditor candidates not holding the above requirement shall be chosen from among those that are able to boast at least one three-year period in the exercise of:

- a) administration or auditing activities, or executive duties with joint-stock companies with a share capital of no less than two million euros;

⁴ Art. 148, subsection 4, of the consolidated finance act (TUF) and Ministry of Justice regulation no. 162 of 30 March 2000.

- b) professional or regular university teaching activities in legal, economic or financial subjects, or technical/scientific subjects pertaining to the sector of building and of construction in general, public and private works, and the taking on and performance of works under concession;
- c) executive functions with public bodies or public administrations operating in the credit, financial, or insurance sectors, or in any case in the above sectors.

2.3 Age

The Italian regulatory system has no specific provision setting age limits for the offices of director and auditor.

The Corporate Governance Committee's Code of Conduct, in recommending the performance, at least once a year, of an evaluation of the board itself and of its committees, as well as of their size and composition (the "board evaluation"), asks issuers to take into account such elements as professional characteristics, experience including managerial experience, and the gender of their membership, as well as seniority (*Application criterion 1.C.1, letter g*).

The concept of age is understood as period of activity carried out in the company as director.

The Code makes no explicit recommendations aimed at precluding the appointment for members that have exceeded specific age thresholds.

3. Diversity applied in Astaldi S.p.A.'s Board of Directors and Board of Statutory Auditors

The application of the provisions of laws and regulations on the one hand, and of the provisions of the Company's Bylaws on the other, guarantees a sufficiently high degree of levels of diversification of diversity profiles within the Board of Directors and the Board of Statutory Auditors for each of the elements indicated by the new art. 123-bis, subsection 2, *letter d-bis*, of the consolidated finance act (TUF) (age, gender, educational and professional background).

3.1. Gender diversity

Ever since the April 2013 renewal of Astaldi S.p.A.'s Board of Directors, a balanced gender representation has been guaranteed, responding to the provisions of law and of the Company's Bylaws. Out of 13 members, three belonged to the female gender – a representation complying with the portion of at least one fifth as required by law.

On the occasion of the renewal of the Board of Directors in April 2016, the proportion – equal to one third – was guaranteed.

As concerns the Board of Statutory Auditors, gender representation was complied with before the new regulations entered force. On the occasion of the renewal in April 2012, the chairmanship of the Board of Statutory Auditors was reserved for the female candidate from the funds slate (the "minority slate"), while an alternate auditor belonging to the less represented gender was drawn from the majority slate.

On the occasion of the renewal of the Board of Statutory Auditors for the 2015-2017 period, gender representation was complied with, as regards both standing and alternate auditors.

3.2. Educational and professional background

The implementation of rigorous provisions in the Company's Bylaws in terms of experience and professionalism is sufficient to guarantee a careful choice in the process of the selection, candidacy, and appointment of the members of the Board of Directors and the Board of Statutory Auditors.

The current Board of Directors is composed of nine members; all members hold a university diploma.

There is also balanced representation of diversity in terms of skills and experience: 3 directors, including the Chairman and Deputy Chairman, hold university diplomas in economic subjects; 3 directors in legal subjects; 2 directors – including the Chief Executive Officer – in engineering, while one director holds a university diploma in communications sciences. Continuing the line of the previous Board of Directors, one of the members – who also serves as Deputy Chairman – has held the position of Ambassador.

As for the Board of Statutory Auditors, both the standing and alternate members are entered in the Register of Statutory Auditors. One of the standing auditors is a tenured professor of commercial law.

3.3 Age

The average age of the current Board of Directors is 61 years of age, and is included within a range of between 46 and 79 years of age.

The board members belonging to the less represented gender are on average 47 years of age.

The average age of the current Board of Statutory Auditors is 54 years of age, and is included within a range of between 47 and 59 years of age.

4. Analysis and comparison of leading peers

Lastly, to assess the efficiency and effectiveness of the current governance rules adopted by Astaldi S.p.A. in the matter of composition of the Board of Directors and the Board of Statutory Auditors, the analysis process examined the compositions of these bodies in their leading competitors in Italy and abroad.

On the Italian market, it was noted that the average size of the Board of Directors of companies operating in the same sector, albeit larger than that of Astaldi S.p.A., shows similar profiles in terms of average age and experience.

The same considerations apply to the members of the Board of Statutory Auditors.

As regards the analysis of international competitors, albeit in consideration of the greater size, the observation could be made that the board's composition is marked by a balanced gender diversity and by the presence of representatives of different nationalities.

5. Adoption of diversity policies at Astaldi S.p.A.

In light of the analysis that was done, it was established that the adoption of rules in the Company's Bylaws, and compliance with regulatory and self-regulatory provisions, guarantee a more than adequate level of diversity among members of the Board of Directors and the Board of Statutory Auditors, in relation to the requirements of competence, professionalism, and gender.

These Policies confirm this arrangement.

During this phase of initial application of the new regulations, Astaldi S.p.A. does not deem it appropriate to adopt, within these Policies, requirements linked to the age of the members of the Board of Directors and Board of Statutory Auditors, holding it to be non-determinant for the purposes of informed participation in the proceedings of these bodies, and at any rate not provided for by Italian regulations.

For the same reasons, these Policies contain no requirements beyond those indicated by art. 10 of Legislative Decree no. 254 of 30 December 2016.

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