

**ATLANTIA S.P.A BOARD OF DIRECTORS' REPORT ON ITEM 4. ON THE AGENDA OF THE ORDINARY GENERAL MEETING TO BE HELD ON 18 APRIL 2019, ON SINGLE CALL: ELECTION OF THE BOARD OF DIRECTORS AND DETERMINATION OF REMUNERATION:**

- A) DETERMINATION OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS ;**
- B) APPOINTMENT OF THE DIRECTORS FOR THE YEARS 2019-2020-2021;**
- C) APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS;**
- D) DETERMINATION OF THE REMUNERATION TO BE PAID TO THE MEMBERS OF THE BOARD OF DIRECTORS**

**A) Determination of the number of members of the Board of Directors**

Dear Shareholders,

Today's Annual General Meeting marks the expiration of the term of office of the Board of Directors for the financial years 2016 - 2017 - 2018.

Under Articles 19 of the Articles of Association (the "**Articles of Association**"), the Board of Directors consists of no less than seven and no more than fifteen members elected by the General Meeting which, before appointing the Directors, determines their number. Directors can be re-elected.

The General Meeting of 21 April 2016 set the number of Directors at 15.

The departing Board of Directors - in keeping with article 1.6 of the Company's Corporate Governance Code, with the consent of the Nomination Committee and taking into account the outcomes of the self-assessment process and the benchmark test as well as domestic and international good practices – provided a "Guidance for the re-election of the Board of Directors for the three year-period 2019-2021" (the "**Guidance**") for the Shareholders on the composition and size of the next Board of Directors. This Guidance has been promptly made available to the public in the specific section of the Company's website and is attached herewith.

The Board of Directors, also in light of the views outlined in the Guidance, proposes to keep at 15 the number of directors to be elected at the General Meeting of Shareholders.

**Proposed resolution**

Dear Shareholders,

Also in light of the views outlined in the Guidance, we ask you to adopt the following resolution:

*"Setting at fifteen the number of directors to be elected at the General Meeting of Shareholders."*

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**B) Appointment of the directors for the years 2019-2020-2021**

Dear Shareholders,

In accordance with the laws and regulations in force and Article 20 of the Articles of Association, the election of the members of the Board of Directors will take place on the basis of the slates

submitted by the Shareholders and by the departing Board of Directors, where candidate will be listed with a sequential number.

Only Shareholders who, individually or jointly with other Shareholders and on the date the slates are filed with the Company, represent at least 1% of the issued capital may submit a slate (by virtue of the combined provisions of Consob director resolution no. 13 of 24 January 2019 and article 20 of the Articles of Association). The slates submitted by Shareholders must be filed with the registered office, or sent by certified electronic email to [atlantia@pecserviziolitoli.it](mailto:atlantia@pecserviziolitoli.it), by 24 March 2019, to be extended to 25 March 2019, which is the first following working day, together with information enabling the persons filing the slates to be identified and the additional documentation required by the laws and regulations in force.

The Company will make the slates available for inspection by 28 March 2019 at the registered office, on the Company's website at <https://www.atlantia.it/en/investors/general-meetings>, and on the storage platform called IInfo ([www.IInfo.it](http://www.IInfo.it)).

The outgoing Board of Directors does not intend to exercise the option of submitting its own slate of candidates for election to the Board of Directors. However, in view of the election of the new Board of Directors, the departing Board has issued, in keeping with article 1.6 of the Company's Corporate Governance Code, the above-mentioned Guidance on the composition and size of the new Board. This document – which is available to the public in the specific section of the Company's website and is attached herewith – outlines the personal and professional characteristics deemed significant to serve on the Company's Board of Directors.

Each Shareholder has the right to submit one slate only either individually or jointly with other Shareholders, and any candidate included in more than one slate will be disqualified. No slate may contain more than fifteen candidates. Each slate must include at least two candidates who meet the independence requirements established by law and by the Company's Corporate Governance Code (published on the Company's website at <https://www.atlantia.it/en/corporate-governance/articles-codes-procedures>) and one of these candidates must be listed in first place on the slate.

More specifically, pursuant to article 2.2 of the Company's Corporate Governance Code, each slate must comply with the requirement to include an adequate number of independent Directors, to ensure that at least a third of the members of the Board of Directors are independent. Moreover, it's noted that the exiting Board of Directors in its Guidance pointed out that, a composition of the new Board of Directors which can be regarded as adequate in relation to the purposes indicated in the Guidance itself, implies a presence of independent directors – pursuant to the Consolidated Finance Act and Company's Corporate Governance Code – equal to at least 8 members (out of 15).

Slates containing three or more candidates must also ensure that at least a third of the candidates belong to the least represented gender, in application of Law 120 of 12 July 2011.

Each Shareholder submitting a slate must file and/or deliver to the Company's by 28 March 2019 a certificate issued by intermediaries in accordance with the law and regulations in force, attesting that the Shareholder holds the minimum percentage shareholding required to submit a slate. Whether the minimum percentage shareholding requirement is met is determined with reference to the shares that, on the day the slates are filed with the Company, are listed as registered in the name of the Shareholder who submitted the slate.

Each slate must be accompanied by: (i) exhaustive information regarding the candidates' personal and professional details; (ii) declarations from the individual candidates accepting their candidature

and providing a personal warranty that no fact or deed exists that could give rise to their disqualification and that they meet the legal requirements for holding the office, and that, where applicable, they meet the independence requirements established by the laws and regulations in force and/or by Article 3.1 of Atlantia's Corporate Governance Code; (iii) the identity of the Shareholders that submitted the slates and the their combined equity interests.

In addition, in compliance with the provisions of CONSOB Ruling DEM/9017893 of 26 February 2009, minority slates must be accompanied by a declaration certifying the absence of any association, indirect or otherwise, as defined by Article 147-ter, paragraph 3 of the Consolidated Finance Act (the "CFA") and Article 144-quinquies of the Regulations adopted with CONSOB Resolution 11971 of 14 May 1999, with Shareholders that hold, either individually or jointly, a controlling or relative majority interest, if such Shareholders can be identified on the basis of filings of significant shareholdings under article 120 of the CFA or the publication of shareholder agreements pursuant to article 122 of the CFA. The declaration must also specify any existing relations, where significant, with Shareholders that hold, either individually or jointly, a controlling or relative majority interest, where identifiable, and the reasons these relations are not considered to determine the existence of the above association, or an indication that no such relations exist. More specifically, such relations should include, if significant, at least those indicated in the foregoing Consob Ruling (available on [www.consob.it](http://www.consob.it)).

Any slates that do not comply with the above requirements will be considered to have not been submitted.

Under Article 20 of the Articles of Association, and in accordance with the laws and regulations in force with regard to the balance between gender quotas, members of the Board of Directors are to be elected in the following manner:

- a) slates that do not obtain a percentage of votes that corresponds to at least half of the percentage required to submit slates will not be taken into account for the purposes of allocating the Directors to be elected;
- b) four fifths of the Directors to be elected will be taken in sequential order from the slate receiving the majority of votes cast by the holders of shares carrying voting rights, and in compliance with the applicable laws concerning gender quotas. Any fractions will be rounded down to the nearest whole number;
- c) the other Directors will be taken from other slates that are not in any way connected, even indirectly, with the shareholders who submitted or voted for the slate that obtained the most votes. For this purpose, the votes cast for other slates will be subsequently divided by one, two, three up to the number of Directors to be elected. The resulting quotients will be allocated to the candidates on each slate who will then be ranked in decreasing order by the total quotients allocated to them. The candidates elected will be those with the highest quotients, provided that the required balance between gender quotas is complied with; and
- d) if the outcome of the vote and above procedures is that the legislation concerning the balance between gender quotas was not complied with, the candidates who appear to be elected from the various slates will be placed in one single decreasing ranking list, based on the quotients calculated in accordance with the procedure described in letter c). The candidate in that ranking list who is from the most represented gender and has the lowest quotient in the ranking will be replaced by the first of the candidates from the least represented gender who was not elected

and belongs to the same slate. If there are no other candidates in this slate, the General Meeting will approve this replacement with the majority required by law.

If the replacement of the candidate from the most represented gender with the lowest quotient in the ranking does not, however, enable the minimum quota required by the legislation in force to be reached, the above replacement process will also be applied to the candidate from the most represented gender with the penultimate quotient, and so on starting from the lowest-ranked candidate.

If any candidates have equal quotients, the candidate on the slate from which no Director has already been elected or with the lowest number of Directors elected will be elected, provided that the applicable laws concerning the balance between gender quotas are complied with. In the event of a tied vote between slates, and, therefore, equal quotients, the General Meeting will hold a new election and the candidate who receives the majority of votes will be elected.

If only one slate is submitted, or if no slates are submitted, or if, for any reason, it is not possible to appoint one or more Directors in accordance with Article 20 of the Articles of Association, the General Meeting will decide with the majority required by law, ensuring in any event that the necessary number of Directors meets the independence requirements established by law and that the applicable laws concerning the balance between gender quotas are complied with.

Lastly, pursuant to article 19 of the Articles of Association, Directors cannot be elected for more than three financial years and their terms of office expire on the date the of the General Meeting convened to approve the financial statements for the last year of their term of office. Directors can be re-elected.

The Board of Directors proposes to set the Directors term of office at three financial years, with expiry on the date of the General Meeting convened to approve the financial statements for the year ending 31 December 2021.

### **Proposed resolution**

Dear Shareholders,

We ask you to elect a Board of Directors for three financial years (2019-2020-2021), with the relevant term of office expiring on the date of the General Meeting convened to approve the financial statements for the year ending 31 December 2021, voting one of the slates submitted by the Shareholders and published in accordance with the applicable laws and regulations.

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### **C) Appointment of the Chairman of the Board of Directors**

Dear Shareholders,

Pursuant to article 22 of the Articles of Association, unless elected by the General Meeting, the Board elects the Chairman from among its members.

The Board of Directors proposes that the General Meeting elect as Chairman of the Board of Directors, upon the Shareholders' proposal, a director from among those previously elected pursuant to paragraph B) of item 4) on the Agenda.

To this end, it is recommended that the proposals be submitted sufficiently in advance, when the slates are filed, in line with the guidelines of the Corporate Governance Code for listed companies.

### **Proposed resolution**

Dear Shareholders,

We ask you to propose and elect as Chairman of the Board of Directors a director from among those previously elected pursuant to paragraph B) of item 4) on the Agenda.

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#### **D) Determination of the remuneration to be paid to the members of the Board of Directors**

Dear Shareholders,

Pursuant to article 26 of the Articles of Association, the members of the Board of Directors are entitled to obtain a reimbursement of the costs incurred to discharge their duties and an annual remuneration set by the General Meeting, which will remain unchanged until resolved otherwise.

The Board of Directors determines the allocation among its members of the remuneration set by the General Meeting, if such remuneration is set as a lump sum.

Compensation to executive Directors is established in accordance with article 2389, paragraph 3, of the Italian civil code.

As a reminder, the ordinary General Meeting of Shareholders held on 21 April 2016 resolved, pursuant to article 26 of the Articles of Association, an annual compensation of €52,000.00 for each director and an attendance fee of €250.00 for each meeting of committees required by the Articles of Association.

The same General Meeting resolved the following compensations for the participation in the Committees:

- as per the Control, Risks and Corporate Governance Committee, an annual compensation of €40,000 for the Chairman and €30,000 for each of the other members, including attendance fees;
- as per the Human Resources and Remuneration Committee, an annual compensation of € 40,000 for the Chairman and €30,000 for each of the other members, including attendance fees.

The outgoing Board of Directors did not make any specific proposal on this matter and, as such, it asks the General Meeting of Shareholders to set the compensation attributable to the members of the Board of Directors on the basis of the proposals submitted by the Shareholders.

It is recommended that the Shareholders' proposals be submitted sufficiently in advance, when the slates are filed, in line with the guidelines of the Corporate Governance Code for listed companies.

#### **Proposed resolution**

Dear Shareholders,

We ask you to determine the compensation attributable to the members of the Board of Directors on the basis of the proposals submitted by the Shareholders.

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Roma, 8 March 2019

**Atlantia S.p.A.**  
For the Board of Directors  
The Chairman  
Dott. Fabio Cerchiai

**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.