



## **ADVISORY OPINION TO SHAREHOLDERS ON THE SIZE AND COMPOSITION OF THE 2020-2022 BOARD OF DIRECTORS**

The **Corporate Governance Code of the listed companies** suggests that the Board of Directors express an advisory opinion to Shareholders regarding the size and composition of the Board itself. Such advisory opinion shall be based in part on the findings of the Board's self-assessment process.

Pursuant to the recommendations set forth in art. 1, paragraph 1, subpart (h) of the Code with which A2A S.p.A. complies, and bearing in mind that upon the FY2019 financial statements being approved its term of office shall end, the A2A S.p.A. Board of Directors, having:

- reviewed the findings from the Board's FY2019 self-assessment (“board review”);
- with the advice and opinion of the Remuneration and Appointments Committee;

now submits to Shareholders, with a view toward the upcoming Board of Directors changeover, its strategic opinion on the qualitative/quantitative profile for the Board itself which they deem optimal for the performance of its duties.

The foregoing opinion also includes reflections on Board member qualifications in terms of professionalism, expertise, and skill set in the most general sense. Such opinion takes into account the fact that the skill set and authority of Board members must be commensurate with the activities with which the Board is tasked, the size and complexity of the Company itself, as well as the business and strategic objectives of the same.

### **Board of Directors - Size**

With reference to best practices in terms of corporate governance, the number of Board members must be sufficient both with respect to company size and complexity (in order to ensure proper oversight of company operations) as well as with reference to the number and makeup of Board committees.

Consequently, the A2A Board of Directors finds:

- the current number, that is, twelve (12) Directors, to be sufficient insofar as it ensures a proper balancing of the skills and expertise needed given the complexity of company business;

- the ratio of Executive (2) to Non-Executive (10) Board Members (which for the current Board coincides with the ratio of Non-Independent to Independent Board Members as defined in the Consolidated Finance Act) to be sufficient with respect to internal Board function, and the needs of the Board Committees.

### **Board of Directors - Composition**

The A2A Board has assessed the Board's current qualifications and in view of its upcoming renewal, recommends maintaining the current mix of skill sets and expertise unchanged. Having acknowledged that the Board's current composition in terms of qualifications is adequate and considering the future challenges that A2A will face, potential areas to strengthen could be, in order of priority:

- relevant industry-specific experience;
- managerial experience;
- strategic planning and marketing strategies;
- digital skills in Cyber Security and Artificial Intelligence.

By the same token, with a view towards fostering diversity, priority should be given for the future Board in terms of diversity of experience and seniority (to balance fresh perspectives with continuity on the Board), as well as education and training, and to a lesser degree, gender, to comply with recent legislative updates in that regard.

"Soft skills" and crucial skills for Board members were likewise taken into consideration, and the following diverse characteristics were deemed of highest importance:

- ✓ *striving for balance in the pursuit of a consensus;*
- ✓ *team players;*
- ✓ *the position being a good fit with one's own strategic role;*
- ✓ *sufficient time and energy to devote to the Board, with respect to one's other duties;*
- ✓ *ability to manage conflict in a constructive manner;*
- ✓ *ability to liaise with management.*

Of these, we would draw your attention to: "team spirit" of all Board Members to ensure that differences of opinion and even true disputes might be handled in a constructive manner, and the need to be able to devote sufficient time and energy to one's role.

### **Key Representatives on the Board of Directors**

The following suggestions from the outgoing Board regarding the main, distinct competencies needed for the Representatives on the upcoming board appear below, and take into account A2A's future trajectory.

### **Chairman of the Board of Directors**

The specific skills and experience for the Chairman, intended to help steer the course of the Board of Directors, are indeed of the utmost important in light of the pursuit of a standard of excellence in governance.

To wit, the Directors have identified as priorities both authoritativeness and standing in representing all Shareholders in an unbiased and disinterested manner, as well as past experience in leading a board for a listed company.

Furthermore, the outgoing Board reiterates the importance attributed both the experience garnered as a Non-Executive Board Member for a company with A2A's level of complexity, as well as familiarity with Corporate Governance issues, and industry-specific know-how relevant to A2A Group business.

### **Chief Executive Officer**

In light of the upcoming Board changeover, and with respect to creating a description of the ideal Chief Executive Officer, identified as priority needs were: senior-management experience in a listed company as complex as A2A; industry know-how relevant to Group operations.

Within that perimeter, a successful track record in managing a complex going concern and its stakeholders was deemed a further important qualification.