

# **Recommendation of the Board of Statutory Auditors of WEBUILD S.p.A. for the appointment of independent auditors for the 2024-2032 period, pursuant to articles 13, paragraph 1, and 17, paragraph 1, of Italian legislative Decree no. 39 of January 27, 2010, and of article 16 of European Regulation no. 537/2014 of the European Parliament and Council of April 16, 2014**

## **1. Foreword**

Dear Shareholders,

with the approval of the financial statements as at December 31, 2023, by the Shareholders' Meeting called for in 2024, the appointment of independent auditors for the 2015-2023 nine-year period, conferred to KPMG S.p.A. (hereinafter "**KPMG**") by the Shareholders' Meeting of Webuild S.p.A. (before Salini Impregilo S.p.A. and hereinafter "**Webuild**" or "**Company**") on April 30, 2015, will expire, without any possibility of renewal, pursuant to the law.

Given the size and complexity of Webuild and its parent group (hereinafter referred to as the "**Webuild Group**"), the Board of Statutory Auditors (in its capacity as the "Audit Committee," pursuant to paragraph 1(f) of Art. 19 of Legislative Decree 39/2010), in agreement with the relevant corporate functions, decided that it was appropriate to start the selection procedure to confer the appointment of independent auditors in advance, pursuant to European Regulation no. 537/2014 (hereinafter "**European Regulation**") and Legislative Decree no 39/2010 (and the services closely related) for the 2024-2032 nine-year period, with regard to Webuild and specific Group companies (hereinafter "**the Appointment**"). The anticipated appointment of the independent auditors - which is a common practice among listed companies, besides complying with the imposed timings to safeguard the independence of the auditor (aka cooling in period ex Art. 5 of the European Regulations,), also a more fruitful handover between the outgoing auditor and the new auditor.

In light of the above, the Board of Statutory Auditors submits for your attention this Recommendation to grant the Appointment (hereinafter "Recommendation"), prepared pursuant to Art. 13 and 17 of Legislative Decree no. 39/2010 In accordance with the provisions of Art. 16 of the European Regulations, due to the fact that Webuild falls within the group of Public Interest Entities (as a listed company). The Recommendationl indicates two possible alternatives for granting the Appointment and the Board of Statutory Auditors' reasoned proposal.

The following are therefore illustrated:

- the selection process stages of the new independent auditor and the relevant criteria (item 2);
- the assessment of the offers (item 3);
- the conclusions of the Board of Statutory Auditors (item 4).

## **2. THE STAGES OF THE PROCESS FOR SELECTING A NEW AUDITOR AND THE RELATED CRITERIA**

### **2.1 Description of the tender procedure**

The selection process of the independent auditor was started by the Board of Statutory Auditors in June 2022, with the help of an internal committee especially created for this purpose - "*Comitato di Valutazione degli incarichi*" (Appointment Assessing Committee), which includes the General Manager Corporate & Finance–Group CFO, the Senior Executive VP Internal Audit & Compliance and the Chief Financial Officer, in line with the provisions of the Framework Procedure "Conferring appointments to independent auditors of Webuild".

The adopted criteria to select the independent auditors to invite in the selection process were as follows:

- the geographical presence of the independent auditing firms and of their networks;

- the network's expertise in auditing listed companies and companies operating in Webuild's field of business;
- the availability of IT evolution tools to support carrying out the appointment.

The independent auditors deemed to have said requisites are the following: Deloitte & Touche S.p.A. ("**Deloitte**"), EY S.p.A. ("**EY**") and PricewaterhouseCoopers S.p.A. ("**PwC**"), hereinafter also, jointly called "**Participating Companies**", to which on July 4, 2022, the invite letter to formulate a proposal for carrying out the Appointment, was sent, with all the instructions and quantitative information needed to make an offer. All Participating Companies sent all the required documents according to timings set by the invite letter (September 5, 2022).

The corporate perimeter of the Group, identified to make the offer, was made of 72 entities of the Webuild Group. For each of these, a specific scoping, in line with the Review Plan of the main current independent auditor was indicated. In addition, for Webuild S.p.A. alone, a specific listing was requested for the limited review of the Non-Financial Statement and for a list of Non-Audit Services type engagements, identified by recurrence over the past 3 years.

During the selection process, each of the Participating Companies had the opportunity to send written requests for clarification to the Internal Audit as part of the operational support for the conduct of the procedure. In order to provide participants with the same level of information, responses to questions received were shared via written communication to all invited independent auditing companies.

Finally, all Participating Companies have issued, when the procedure began, a declaration stating their commitment - in the event of being awarded the Appointment - to discontinue the performance of any ongoing services, in favour of the Webuild Group, that might present profiles of incompatibility in relation to the Appointment, as of January 1, 2023, for activities falling within the aforementioned "*cooling-in period*."

In total, the supervisory body dealt with the topic at meetings, which took place between June 2022 and March 2023. Specifically, the Board of Statutory Auditors met with representatives of each of the tendering independent auditing companies, in order to acquire additional information and clarifications that the Board of Statutory Auditors deemed necessary or appropriate for the formulation of this Proposal.

The Appointment Assessment Committee carried out its relevant activities by issuing the "*Concluding Report of the General Manager Corporate & Finance-Group CFO, Senior VP Internal Audit & Compliance and Chief Financial Officer on the Selection Procedure for the New Independent Audit Company for the Nine-Year Period 2024-2032.*"

## **2.2 Definition of selection criteria**

In defining the criteria to be adopted as part of the selection process, the Board of Statutory Auditors aimed to combine the assessment of the requirements of professionalism and technical-organizational suitability of the candidate independent auditing firms, with aspects related to cost-effectiveness.

The Board also considered it a priority to verify the existence of the independence requirements and the absence of any causes of incompatibility of the Participating Companies, which would be an impediment to granting the Appointment, in accordance with current regulations.

The controlling body then defined and shared with the Appointment Assessment Committee the qualitative-quantitative selection criteria, with the corresponding score. More specifically, the total attributable score was a maximum of 100 points, divided into 75 points for qualitative criteria and 25 points for quantitative criteria.

The decision to give more limited weight to quantitative criteria was dictated by the primary objective of pursuing a high standard of audit service quality, preventing the selection of the new auditor from being overly influenced by the economic conditions proposed by competitors.

- **Qualitative criteria (75 points):**

- 1) Ability to serve global clients: presence with local referral offices and number of employees in the countries under assignment (maximum 10 points out of 75).
- 2) Business and Group knowledge: e.g. possible membership in national/international organizations or premium centers with topics relevant to the field in which the Group operates, in particular:
  - a. the number of audit assignments on Listed Issuers (current appointments and those conferred by Shareholders' Meetings at the time of the tender), with indication of company name and capitalization on the Stock Exchange (maximum 15 points out of 75).
  - b. the number of ongoing audit assignments on listed and unlisted clients operating in the company's business sector and/or working on a contract basis (current appointments and ones awarded by Meetings from the time of the tender, with details of Issuers' names and nine-year durations) (maximum 15 points out of 75).
- 3) The number of years of seniority and experience in the sector of the Partner in charge of the audit, and the Team's competencies: at least 15 years of professional experience of the partner (including proposed partners in major subsidiaries), detail of the partner's assignments in companies belonging to Webuild's business sector; assessment of the competencies of the working team in terms of the level of specific expertise on the principles that are applicable to Webuild's Financial Report (maximum 10 points out of 75).
- 4) Skills highlighted by the dedicated DNF team: size, certifications, certificates, etc. (maximum 15 points out of 75).
- 5) Brand awareness (maximum 10 points out of 75).

- **Quantitative criteria (25 points):**

- 1) Ranking of economic bids to be created based on the scope of the Audit of the Financial Statements and Consolidated Financial Statements of:
  - a) Webuild S.p.A.;
  - b) Webuild Italia S.p.A.;
  - c) Lane Group.

Economic bids were excluded from scoring for:

- the Non-Financial Statement and Non Audit Services, in view of the small amounts expected compared to the total amount of the audit contract. However, these amounts were specifically negotiated with the Participating Companies;
- project companies, for which the negotiation of bid prices will be left to the respective Boards of Auditors (or equivalent corporate bodies for foreign companies) as of 2024, based on the progress of projects and the actual volumes to be audited.

### **3. ASSESSMENT OF OFFERS**

Preliminarily, the Board of Statutory Auditors has considered the communication it received from the company Deloitte S.p.A., with which it is reported that an important consultancy appointment exists with the Company, which therefore determines the loss of the independence requirements needed to be awarded the appointment of independent auditor.

Consequently, Deloitte S.p.A. has been excluded from the offer assessment process.

The following are the results of the qualitative-quantitative assessment, defined and approved by the Board of Statutory Auditors at its meeting on March 13, 2023.

<b>Company</b>	<b>Technical Score</b>	<b>Economic Score</b>	<b>Total</b>
<b>PWC S.p.A.</b>	57.50	25.00	<b>82.50</b>
<b>EY S.p.A.</b>	56.00	23.00	<b>79.00</b>

As a result of the procedure carried out, PricewaterhouseCoopers S.p.A. resulted to be the company with the highest overall score.

For completeness of information, the fees related to the audit of the Annual and Consolidated Financial Statements of Webuild S.p.A., and the semi-annual audit of the Consolidated Financial Statements of Webuild S.p.A. are shown in "Appendix". proposed by the two above mentioned Participating Companies.

#### **4. CONCLUSIONS OF THE BOARD OF STATUTORY AUDITORS**

That being said, the Board of Statutory Auditors of Webuild, in its capacity of internal audit and accounting Committee pursuant to paragraph 1 (f) of Art. 19 of Legislative Decree 39/2010, in connection with the appointment of independent auditor conferred by Webuild S.p.A. for the nine-year period 2024-2032,

- based on the selection process, the bids received, the assessments carried out and the outcomes of those assessments,
- whereas Art. 16 of European Regulation no. 537/2014 requires that the Recommendation motivated to the Shareholders' Meeting contains at least two possible vesting alternatives, and requires that a duly justified preference for one of them be expressed,

#### **RECOMMENDS**

to the Board of Directors and to the Shareholders' Meeting of Webuild S.p.A., pursuant to Art. 16, of European Regulation no. 537/2014 as well as Articles 13 and 17 of Legislative Decree no. 39/2010, alternately, the two offers regarding the appointment of the independent audit of the accounts of Webuild S.p.A. for the nine-year period 2024-2032 formulated by **PricewaterhouseCoopers S.p.A.** and by **EY S.p.A.**

#### **EXPRESSING**

unanimously, its preference towards the proposal formulated by the company **PricewaterhouseCoopers S.p.A.**, as characterized by an overall higher score.

The choice of independent audit company for the parent company, Webuild S.p.A. will result in the same company being awarded the audit appointment for the other Webuild Group companies as well, subject to the approval of the relevant bodies of those companies.

The Board of Statutory Auditors, in compliance with Art. 16, paragraph 2 of European Regulation no. 537/2014, declares that this recommendation has not been influenced by third parties and that none of the type clauses referred to in paragraph 6 of the aforementioned Article 16 of the European Regulation have been applied.

Milan, March 13, 2023

The Auditors

Dott. Giacinto Sarubbi	Chairperson
Dott.ssa Paola Simonelli	Statutory Auditor
Dott. Roberto Cassader	Statutory Auditor

Attached:

Webuild S.p.A.	PwC				EY	
	Annual hours	Annual fees (€)			Annual hours	Annual fees (€)
Accounting audit of the Consolidated Financial Statements	3,308	271,289			6,500	520,000
Audit of Financial Statements including the verification that the company's accounts are properly kept and that the operating events are correctly recorded in the accounting records	8,271	678,222			9,000	700,000
Audit of the Condensed Consolidated Half-Year Financial Statements	4,963	406,933			3,750	300,000
<b>TOTAL</b>	<b>1,356,444</b>				<b>1,520,000</b>	

Fees include all the required activities to carry out the Appointment. Further expenses may be requested only if expenses necessary during a business trip, and in any case within the limits of a percentage of the fees (offers: PwC 2%; EY 3%) concerning the activities for which the business trip was required. Fees may be subject to review, if both parties agreed beforehand, only for exceptional circumstances and that could not be known at the time the proposal was made, which require a greater number of hours and/or of a different task of the professional categories foreseen.