



UNIEURO S.P.A.

REGISTERED OFFICE IN FORLÌ, VIA SCHIAPARELLI N. 31

SHARE CAPITAL EURO 4,000,000.00, FULLY PAID-UP

REGISTRATION NUMBER WITH THE COMPANIES' REGISTER OF FORLÌ-CESENA, AND TAX CODE NO. 00876320409

BOARD OF DIRECTORS' EXPLANATORY REPORT ON THE PROPOSAL UNDER ITEM NO. 5 OF THE AGENDA OF THE SHAREHOLDERS' MEETING OF UNIEURO S.P.A., CONVENED ON JUNE 18, 2019, IN SINGLE CALL.



Appointment of the Board of Statutory Auditors for Financial Years from 2019/2020 to Financial Year 2021/2022. Appointment of the members of the Board of Statutory Auditors. Determination of the remuneration of the standing auditors.

Dear Shareholders,

with the approval of the financial statements for the year ended on February 28, 2019, the term of office of the Board of Statutory Auditors, appointed by the Shareholders' Meeting of December 12, 2016, expires. Therefore, you have been convened in ordinary session to discuss and resolve on the appointment of the Board of Statutory Auditors for the three-year period 2019/2020, 2020/2021, 2021/2022. In particular, you are called to: (i) appoint three Standing Auditors and two Alternate Auditors, as well as to appoint the Chairman of the Board of Statutory Auditors, and (ii) determine the remuneration of the standing members of the Board of Statutory auditors.

1. Appointment of the members of the Board of Statutory Auditors.

We remind you that the appointment of the Board of Statutory Auditors takes place according to the applicable legal and regulatory provisions, as well as the provisions of Article 22 of the Articles of Association, published on the Company's website <http://unieurospa.com/eng>, in the Corporate Governance2/Corporate Documents and Procedures section, to which you should refer. However, we summarize herein-below rules regarding the composition of the Board of Statutory Auditors and the procedure for filing the lists and the election procedures.

The Board of Statutory Auditors is made up of three standing Statutory Auditors and two Alternate Auditors, who remain in office for three financial years, until the Meeting for the approval of the financial statements relating to the last of these years, and may be re-elected. The members of the Board of Statutory Auditors must possess the requisites of integrity, professionalism, independence and relative to the limit of accumulation of offices provided for by the legislation, including regulatory provisions, from time to time in force. With regard to the requirements of professionalism, it should be borne in mind that at least one standing Auditor and one Alternate Auditor must be registered in the register of certified auditors ("**Registro dei Revisori Legali**") and must have carried out auditing activity for a period of not less than three years, while the Statutory Auditors who are not registered in the Register of auditors must have gained a total of at least three years' experience in the performance of the activities and functions indicated by the applicable legislation, as specified by art. 21.3 of the Articles of Association.

The Board of Statutory Auditors is elected by the ordinary Shareholders' Meeting on the basis of lists presented by the shareholders in which the candidates must be listed by a progressive number no greater than the number of members to be elected, ensuring the balance between the genders in accordance with the provisions of the law and regulatory provisions from time to time in force.

Pursuant to CONSOB's Deliberation n. 15 dated 15 March 2019, the shareholders who, alone or in concert between them, represent the percentage of at least 4.5% of the share capital of Unieuro, have the right to present the above lists. The ownership of this minimum shareholding is determined with regard to the shares that are registered in the name of the Shareholder/s, on the day on which the lists are filed with the Company and must be certified in accordance with current legislation; this certification can reach the Company even after the list has been filed, provided it is within the deadline set for the publication of the lists by the



Company itself, by means of a communication issued by an authorized intermediary pursuant to current legislation.

The lists are composed of two sections: one for the appointment of standing Statutory Auditors, and another for the appointment of Alternate Auditors. The first candidate in each section shall be a certified auditor and have worked for a minimum of 3 (three) years as an auditor for clients that are legally required to have their financial statements audited. The other candidates, if they do not meet the requirements stipulated in the previous paragraph, shall have to meet the other professional requirements under applicable legislation and regulations. In the event of non-fulfilment of the obligations laid down in this paragraph, the list will be deemed as not submitted.

Each list that contains 3 (three) or more candidates in both sections shall also include candidates of both genders, such that the least represented gender accounts for at least one-third (rounded up) of candidates for the office of statutory auditor and at least one candidate for the office of alternate auditor (if the list also includes candidates for the office of alternate auditor). In the event of non-fulfilment of the obligations laid down in this paragraph, the list will be deemed as not submitted.

Each shareholder, shareholders who have entered into a Shareholders' agreement pertaining to the relevant Company pursuant to article 122 of the TUF, the parent company, subsidiary companies and companies under common control and other parties among which an affiliation relationship exists, even indirectly, within the meaning of applicable legislation and regulations, may not submit or participate in the submission of more than one list, even through an intermediary or trust company, nor vote for different lists.

Each candidate shall only be included in one list; otherwise, he or she shall be considered ineligible.

The lists of candidates must be delivered, with the certification proving the ownership of a sufficient number of shares to guarantee the right to present the list, by May 24, 2019, in the following ways: (a) by hand delivery at the headquarters of the Company in Forlì (FC), via VG Schiaparelli, 31, 47122; (b) by registered mail to the same address *sub* (a), or (c) via certified e-mail to the address amministrazione@pec.unieuro.com, to the attention of Mr. Filippo Fonzi, Legal Director of the Company. In any case, on the filing, information must be provided that allows the identification of the subject who transmits the list. The lists shall then be made available to the public, by the Company, at least twenty-one days before the date of the Shareholders' Meeting (i.e., by May 28, 2019), in the manner prescribed by current legislation.

The lists of candidates must be accompanied by:

- a) information on the shareholders who presented the list and an indication of the percentage of capital held;
- b) a declaration by the shareholders other than those who hold, also jointly, a controlling or relative majority shareholding, certifying the absence of relationships, even indirect, pursuant to art. 144-*quinquies* of the Issuers Regulation with the latter (in this regard, please, also refer to Consob Communication No. DEM / 9017893 of 26 February 2009);
- c) the *curriculum vitae* of the candidates as well as a declaration in which each candidate certifies, under his own responsibility, the inexistence of causes of ineligibility and incompatibility as well as the existence of the requisites required for the respective offices;



- d) information relating to candidates indicating the management and control positions held in other companies, as well as a declaration by the same candidates, certifying the possession of the requisites, including those of integrity, professionalism, independence and relative to the accumulation of offices, provided for by the applicable legislation;
- e) the declaration by means of which candidates accept their candidacy;
- f) any other declaration, information and / or document required by the applicable legislation.

The lists for which the above obligations are complied with, shall be regarded as not submitted.

In the event that on the expiry date of the deadline for filing list, only one list has been filed or only lists presented by shareholders who are connected on to each other pursuant to art. 144-*quinquies* of the Issuers' Regulation, additional lists may be presented up to the third day following that date. In this case, the threshold for the presentation of the lists is reduced by half. The Company shall notify of such circumstances without delay and in the manner established by the applicable legislation.

According to the art. 22 of the Articles of Association, the election of the members of the Board of Statutory Auditors takes place, in the event of the presentation and admission of more than one list, as follows:

- (i) the first two candidates from the list with the highest number of votes (the “**Majority list**”), and the first candidate from the list obtaining the second highest number of votes (the “**Minority list**”) – submitted by shareholders who are not related, even indirectly, to the shareholders who submitted or voted for the Majority list, shall be elected, whereby the latter shall also be appointed Chairman of the Board of Statutory Auditors; the alternate auditors shall be the first alternate candidate on the Majority list and the first alternate candidate on the minority list;
- (ii) If a gender balance is not achieved as required by applicable legislation, the necessary replacements will be picked from among candidates for the office of statutory auditor in the order in which the candidates are listed;
- (iii) If fewer candidates are elected based on the lists submitted, than there are auditors to be elected, the remainder shall be elected by the Shareholders' Meeting, passing resolutions by a relative majority and ensuring that the gender balance required under applicable legislation and is obtained;
- (iv) In the event of a tie between the lists, a run-off vote shall be held for anyone entitled to vote at the Shareholders' Meeting. The candidates who obtain a simple majority of the votes are elected.

If only one list is submitted, the entire Board of Statutory Auditors is elected from that list in accordance with applicable legislation and regulations. If no list is submitted, the Shareholders' Meeting will resolve by the statutory majority.

The Chairman of the Board of Statutory Auditors is the statutory auditor elected from the Minority List, unless only one list is submitted or no list is submitted; in such a case, the Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting, the Shareholders' Meeting will resolve by the relative majority of the votes.

In the light of the above, the Shareholders' Meeting is invited to appoint, on the basis of the applicable statutory and regulatory provisions and the Articles of Association, the members of the Board of Statutory Auditors, and of the Chairman of the same, for the years 2019/2020, 2020/2021, 2021/2022, until the approval by Shareholders' Meeting of the financial statements for the year ending on February 28, 2022.



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2. Determination of the remuneration of the standing auditors.

According to the art. 2402 of the Italian Civil Code and Article 21.4 of the Articles of Association, the Shareholders' Meeting determines the compensation due to the Statutory Auditors.

It should be noted that the remuneration of the expiring Board of Statutory Auditors was originally set by the Ordinary Shareholders' Meeting of 12 December 2016 at 26,000 euros plus social security contributions for the Chairman and 17,000 euros in addition to social security contributions for each standing Auditors.

The Shareholders' Meeting is invited to determine the remuneration of the regular members of the Board of Statutory Auditors - based on the proposals that may be formulated by the Shareholders' Meeting also in the course of the Meeting itself.

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THE CHIEF EXECUTIVE OFFICER
GIANCARLO NICOSANTI MONTERASTELLI