



Report on Corporate Governance and Ownership Structures

Pursuant to art. 123-*bis* of Legislative Decree no. 58 of 24 February 1998

Traditional management and control model

Issuer: Unieuro S.p.A.

Registered office in Forlì at Via V.G. Schiaparelli no. 31

Entry number in the Forlì-Cesena Companies Register, Economic and Administrative Index (REA) registration number 177115

Tax Code and VAT no. 00876320409

Share capital €4,000,000.00, fully paid-up

Website: www.unieuro.it

Financial Year 2018

Report approved by the Board of Directors on 26 April 2018

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DEFINITIONS

Executive directors	Directors tasked with specific duties by the Board of Directors
Shareholders' Meeting	The Company Shareholders' Meeting
Borsa Italiana	Borsa Italiana S.p.A. with its registered office in Milan at Piazza degli Affari no. 6.
Code/Corporate Governance Code	The Corporate Governance Code of listed companies approved in July 2015 by the Corporate Governance Committee of Borsa Italiana S.p.A., available on its website at www.borsaitaliana.it
Italian Civil Code	The Italian Civil Code
Board of Statutory Auditors	The Company's Board of Statutory Auditors
Control and Risk Committee	The committee set up within the Board of Directors pursuant to Article 7(4) of the Corporate Governance Code
Related-Party Committee	The committee for related party transactions, set up within the Board of Directors pursuant to the Consob Related Parties Regulation
Remuneration and Appointments Committee	The committee set up within the Board of Directors pursuant to Article 6(3) of the Corporate Governance Code
Board/Board of Directors	The Issuer's Board of Directors.
Consob	The national commission on companies and the stock exchange, based in Rome at Via G.B. Martini, no. 3
Trading Start Date	The first day on which the shares of Unieuro were traded on the MTA – STAR Segment (as defined below), i.e. 4 April 2017
Issuer / Company / Unieuro	Unieuro SpA, with its registered office in Forli at Via V.G. Schiaparelli no. 31.
Financial Year 2018	The financial year of the Company is from 1 March 2017 to 28 February 2018.
Instructions to the Stock Market Regulations	The Instructions to the Regulations of the Markets organised and operated by Borsa Italiana S.p.A.
MTA – STAR Segment	The Mercato Telematico Azionario (Electronic Stock Exchange) - STAR Segment, organised and managed by Borsa Italiana S.p.A.
Stock Market Regulations	The Regulations of the Markets organised and operated by Borsa Italiana S.p.A.

Issuer Regulation	The regulation approved by Consob with resolution 11971 of 14 May 1999 (as amended)
Markets Regulation	The regulation on the markets issued by Consob with resolution 20249 of 28 December 2017 (as amended).
Consob Related Parties Regulations	The regulation on transactions with related parties that was approved by Consob with Resolution no. 17221 of 12 March 2010, as subsequently amended and supplemented.
Report	The report on corporate governance and ownership structures that the companies are required to draft pursuant to art. 123- <i>bis</i> of the TUF.
Remuneration Report	The report on remuneration prepared pursuant to art. 123- <i>ter</i> of the TUF and art. 84- <i>quater</i> of the Issuer Regulation.
Articles of Association	The Articles of Association of the Company approved by the extraordinary Shareholders' Meeting of 12 December 2016, as amended, which entered into force on the Trading Start Date.
Italian Consolidated Finance Act/TUF	Legislative Decree 58 of 24 February 1998, as amended.

INTRODUCTION

Unieuro ordinary shares were admitted to trading on the MTA - STAR Segment organised and managed by Borsa Italiana S.p.A. from 4 April 2017.

This report on corporate governance and ownership structures (the “**Report**”) was prepared in conformity with the provisions of the existing rules and the Corporate Governance Code, taking into account, with regard to the nature and contents of the information, the suggestions made by Borsa Italiana in the dedicated "Format for the report on corporate governance and ownership structures" (Edition VII January 2018).

The Report was approved by the Board of Director on 26 April 2018 and can be consulted on the Company's website www.unieurospa.com, in the “Corporate Governance” Section - <http://unieurospa.com/eng/corporate-governance-2/shareholders-meeting/>.

1. ISSUER PROFILE

Unieuro is one of the leaders on the Italian domestic market in number of points of sale in the omnichannel distribution of consumer electronic products (and second in sales) with a market share of around 20%, driven by steady growth in the last ten years based on a combination of consolidation of the reference market and organic growth.

As of the date of this Report, Unieuro is operating on a national scale through the following distribution channels: (i) the retail channel, consisting of 214 points of sale distributed throughout city centres and in high-affluence shopping malls located mainly in northern Italy; (ii) a travel channel, consisting of 11 direct points of sale located at several of the main public transport links; (iii) a wholesale channel, consisting of 272 points of sale managed by affiliates; (iv) a business-to-business channel focused on wholesale sales to professional clients; (v) an online channel.

The Issuer's business model is based on a unique omnichannel business strategy, enabling it to exploit the opportunities of integration between physical points of sale and the online channel. Therefore, the Issuer operates as a single Strategic Business Unit within which all services and products offered come together. This approach is supported (i) by the model of operational control by the Issuer, which considers the entire business as a whole, irrespective of individual distribution channels, of product lines, or of geographic spread, and (ii) by the capillary network of points of sale, which is distributed over the territory both in terms of location, following the principle of proximity and closeness to customers, as well as in functional terms, using different formats at the individual points of sale in order to meet the preferences of each customer category. The goal of the Company is to create a personalized shopping experience aimed at eliminating the spatial limits of individual physical points of sale and focusing on rebuilding individual customer preferences.

The Company has adopted a corporate governance system in line with the legal and regulatory provisions applicable to it: the central role of the Board of Directors and the objectives of proper management of any eventual situations of conflict of interest, as well as of efficiency of the internal control system and of transparency in relation to the market are highlighted.

The Issuer has adapted its own Articles of Association and its own corporate governance system to the provisions of the TUF and of the Corporate Governance Code, doing so also for the purposes of the listing of the Shares on the MTA.

Unieuro has adopted a so-called traditional management system, which enhances the role of the Board of Directors as an executive body while the audit function is delegated to the Board of Statutory Auditors. The governance structure and the overall organizational structure are also in line with the goal of maximizing management efficiency and creating ever greater value for all shareholders.

The Company's corporate bodies are the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The powers and operating methods of the corporate bodies are governed by law, by the Articles of Association and by the resolutions adopted by the appropriate bodies, as the case may be.

The Board of Directors has set up two internal committees with consultative and proposing functions, the Remuneration and Appointments Committee and the Control and Risk Committee, as well as a Related Party Committee that is assigned the tasks and functions provided for by the Consob Related Parties Regulation.

By resolution adopted on 12 December 2016, the shareholders' meeting of the Issuer conferred to the Independent Audit Firm the mandate for the statutory audit of the financial statements for the financial years to end from 28 February 2017 to 28 February 2025 pursuant to arts. 14 and 16 of Legislative Decree no. 39 of 27 January 2010 and for the auditing limited to the interim half-yearly financial statements for the half-yearly periods ending from 31 August 2017 to 31 August 2024. Taking into consideration the further activities requested by the Independent Auditors as a result of, among other things, the acquisition of the equity investment in Monclick S.r.l., the Issuer appointed the Independent Auditors to conduct the statutory audit of the consolidated financial statements, and the limited audit of the condensed, half-year consolidated financial statements for the half-years ending between 31 August 2017 and 31 August 2024.

The Issuer's ordinary shares were admitted to trading on the MTA - STAR Segment, starting from the Trading Start Date.

2. INFORMATION ON THE OWNERSHIP STRUCTURES (PURSUANT TO ARTICLE 123-BIS, PARA. 1, OF THE TUF)

a. Structure of the share capital (pursuant to art. 123-bis, paragraph 1, letter. a) of the TUF)

At the date of this Report, the subscribed and paid-up share capital of Unieuro is €4,000,000 and is divided into 20,000,000 ordinary shares with no par value. There are no other classes of shares other than ordinary shares.

All shares, which are in registered form, have the same characteristics and attribute the same rights. In particular, each share attributes the right to one vote in the ordinary and extraordinary Shareholders' Meetings of the Company as well as the other administrative rights provided for in the applicable provisions of law and of the Articles of Association.

b. Restrictions on the transfer of securities (pursuant to art. 123-bis, paragraph 1, letter b) of the TUF)

No restrictions on the transfer of the Company's shares are envisioned.

c. Relevant equity interests in the share capital (pursuant to art. 123-bis, paragraph 1, letter c) of the TUF)

At the date of this Report, the Shareholders holding, directly or indirectly, equity interests exceeding 3% of the share capital, through pyramid structures or cross-holdings, as appears from the communications carried out pursuant to art. 120 of the TUF, are reported in the table below:

Declarant or subject at the top of the ownership structure	Direct shareholder	Number of ordinary shares	% of ordinary share capital	% of voting share capital
Dixons Carphone Plc	Alpha S.r.l.	1,436,028	7.180%	7.180%
Rhône Capital II L.P.	Italian Electronics Holdings S.r.l. ¹	6,763,088	33.851%	33.851%

d. Securities that confer special rights (pursuant to art. 123-bis, paragraph 1, letter d) of the TUF)

No securities that confer special rights of control have been issued.

e. Shareholding by employees for exercising voting rights (pursuant to art. 123-bis,

¹ The information reported herein is based on Model 120A provided by the relevant shareholders. However, it is noted that, in the light of information received by the Company, the shareholder Italian Electronics Holdings S.r.l. has transferred its registered office in Luxembourg during the 2018 financial year, assuming the status of a company governed by Luxembourg law and the new name of Italian Electronics Holdings S.à.r.l..

paragraph 1, letter e) of the TUF)

As of the date of this Report, no system is envisioned for employee shareholding except as reported below.

On 6 February 2017, the extraordinary Shareholders' Meeting resolved to adopt a stock option plan (the "**Plan**") reserved to Executive Directors collaborators and employees (managers and otherwise) of the Company.

The Plan has the following objectives: (i) to focus the attention of people covered by the plan on matters of strategic importance to the Company, (ii) to increase loyalty among people covered by the plan and incentivise them to remain with the Company, (iii) to increase the competitiveness of the company by identifying medium-term objectives and promoting the creation of value both for the company and its shareholders, and (v) to ensure that the overall remuneration of the people covered by the plan remains competitive on the market.

The implementation and determination of the specific characteristics of the Plan were delegated by the same Shareholders' Meeting to the company's Board of Directors, to take place after the start date of trading in the Company's shares.

The Plan calls for assigning (for free) of up to a maximum amount of 1,032,258 subscription rights-non transferrable *per acta inter vivos*- for the subscription or purchase (against a price) of a corresponding number of ordinary shares, derived from a capital increase or, alternatively, from treasury stock of the Company, at the latter's choice (the "**Subscription Rights**"). For these purposes, on February 6, 2017, the shareholders' meeting resolved upon a capital increase pursuant to art. 2441, paragraphs 5 and 8 of the Italian Civil Code, up to a nominal amount of €206,452 plus share premium, for a total amount (capital plus share premium) equal to the price at which the Company's shares has been placed on the STAR segment of the MTA, through the issuance of up to 1,032,258 ordinary shares.

Also on 6 February 2017, the Shareholders' Meeting authorised the Board of Directors to determine criteria for identifying beneficiaries and a number of Subscription Rights to assign to the beneficiaries of the Plan, based on objective and predetermined criteria in the interest of the Issuer, to be indicated in the relevant Regulations. The Board of Directors had also to determine a maximum number of Subscription Rights for each beneficiary, to be decided in accordance with the terms and conditions set out in the Regulations, also considering the role performed within the company's organisation. Any eventual exercise of the Subscription Rights allocated under the Plan will cause a dilution of the shareholding existing at that date.

In this regard, reference is also made to the 2018 Remuneration Report drawn-up pursuant to art. 123-ter of the TUF.

On 29 June 2017, the Board of Directors approved the 2018-2025 Plan and the list of recipients (the "**Beneficiaries**"). The assigning of Subscription Rights rights to each Beneficiary took place in line with the role played by them and the respective level of pay.

f. Restrictions on the voting rights (pursuant to art. 123-bis, paragraph 1, letter f) of the TUF)

No restrictions on the voting rights of shareholders are envisioned.

g. Agreements between shareholders (pursuant to art. 123-bis, paragraph 1, letter g)

of the TUF)

It is noted that, on 10 December 2016, International Retail Holdings S.à.r.l. (“**IRH**”), DSG European Investments Limited (“**DSG**”) and all the other minority shareholders of Italian Electronics Holdings S.r.l. (“**IEH**”) signed an agreement governing the respective equity investments in IEH. By means of that agreement, the parties determined the provisions applicable only to the equity stake in IEH (“IEH Agreement”). The IEH Agreement provides, inter alia, certain provisions relating to the corporate governance of IEH itself as well as several limitations and procedures aimed at governing the transfer of the IEH shares by its shareholders.

It is also noted that an excerpt from the IEH Agreement was published in the daily newspaper *Italia Oggi* on 15 April 2017.

In view of the completion of the partial asymmetrical demerger (“**Demerger**”) of IEH (completed on 17 October 2017), the subscribers of the IEH Agreement concluded an agreement on 2 October 2017 supplementing and amending the IEH Agreement (“**Amending Agreement**”), also by virtue of the fact that as a result of the Demerger the ownership structures of IEH and, indirectly Unieuro, would be changed.

It is also noted that an excerpt from the Amending Agreement was published in the daily newspaper *Italia Oggi* on 7 October 2017.

For more details on the IEH Agreement, as amended by the Amending Agreement, refer to what has been published on the Company's website at the following address: www.unieurospa.com, “Shareholding” section.

h. Change-of-control clauses (pursuant to art. 123-bis, paragraph 1, letter h) of the TUF) and articles of association provisions on the subject of public tender offers (PTO) (pursuant to art. 104 bis, paragraph 1-ter, and 104-bis, paragraph 1, of the TUF)

On 23 December 2017 the Company, cancelled the facilities granted under a previous medium-/long-term loan agreement, called the “Euro Term and Revolving Facilities Agreement”, by signing a new medium-/long-term loan agreement called the Senior Facilities Agreement, with Banca Intesa Sanpaolo S.p.A., Banco BPM S.p.A. and Gruppo Crédit Agricole and with Banca IMI S.p.A., as the agent bank.

The “Senior Facilities Agreement”, contains a change of control clause which requires that, if a corporate change of control takes place, the lending banks will have the right to cancel the loan granted and ask for immediate repayment. For the purpose of the above-mentioned change of control clause, a “change of control” occurs if, at any time, one or more persons in concert (i) acquires control of the Issuer pursuant to art. 2359 of the Italian Civil Code or of Legislative Decree no. 385 of 1 September 1993 (the “**TUB**”) or (ii) acquires the power to define the composition of the majority of the managing body of the Issuer or (iii) holds a percentage of the voting rights in the share capital of the Issuer which creates the obligation to launch a public takeover bid of the Issuer by virtue of the TUB, without prejudice to the fact that the distribution of the Issuer's share capital by Rhone Capital II LP to its investors will not, in any event, constitute a change of control.

Without prejudice to the above, the Company, under the scope of its commercial activities, is party to trade agreements which, as is customary (i.e. corporate rental agreements, property leases, supplies,

etc.), include the right for one or both parties to terminate or withdraw from the agreement, if there is a direct or indirect change in control involving the other party.

The Issuer's articles of association contain neither provisions that derogate from the provisions on the passivity rule set forth in art. 104, paragraphs 1 and 2 of the TUF nor provisions that provide for application of the neutralization rules provided for in art. 104 bis, paragraphs 2 and 3 of the TUF.

i. Delegated powers to increase the share capital and authorizations to acquire treasury shares (pursuant to art. 123-bis, paragraph 1, letter m) of the TUF)

As of the date of this Report, Unieuro's Board of Directors has not been delegated to increase the share capital of the Issuer in accordance with art. 2443 of the Civil Code nor to issue equity financial instruments.

At the date of this Report, the Company has no treasury shares in portfolio.

j. Management and coordination activities (pursuant to Articles 2497, et seq., of the Civil Code)

On 12 December 2016 the Board of Directors deemed that the Company was no longer subject to management and coordination activities, under arts. 2497, et seq., of the Civil Code, by International Retail Holding S.a.r.l. and decided to expressly state this circumstance, also in fulfilment of the required disclosure formalities. In particular, on 12 December 2016 the Issuer's Board of Directors deemed that (i) the main decisions relating to management of the Issuer's company are made within the Issuer's own bodies; (ii) the Issuer's Board of Directors is responsible, inter alia, for examining and approving the Issuer's strategic, industrial and financial plans and budgets, examining and approving the Issuer's financial and credit access policies, examining and approving the Issuer's organizational structure, assessing the adequacy of the organizational, administrative and accounting structure of the Company; (iii) the Issuer operates in full autonomy with respect to the management of relations with customers and suppliers without any interference from entities outside of the Issuer; (iv) International Retail Holding S.r.l. does not perform any centralized cash management function for the Issuer.

Following the *accelerated bookbuilding* transaction carried out on 6 September 2017 by IEH and the Demerger, the participation of IEH in Unieuro decrease from 65.492% to 33.815%. Pursuant to the Amending Agreement, Italian Electronic Holdings S.r.l. continues to exercise control over Unieuro pursuant to art. 93 of the TUF.

During Financial Year 2018, Italian Electronic Holdings S.r.l. has transferred its registered office in Luxembourg, assuming the status of a company incorporated under Luxembourg law and the new name of Italian Electronics Holdings S.à.r.l..

On 26 April 2018 the Board of Directors reiterated that the Company is not subject to any management or coordination pursuant to art. 2497 et seq. of the Civil Code by the own controlling entity, noting that, by virtue of a reverse merger operation occurred during Financial Year 2018, International Retail Holdings S.à.r.l. has been absorbed and merged into Italian Electronics Holdings S.à.r.l. (formerly IEH).

* * *

The Issuer specifies that:

- the information required by art. 123 bis, first paragraph, letter i) of the TUF ("agreements between the company and the directors (...) that provides for compensation in the event of

resignation or dismissal without just cause or if the employment relationship ceases as a result of a public tender offer") are described in the Remuneration Report drawn up pursuant to art. 123-ter of the TUF;

- the information required by art. 123-bis, first paragraph, letter l) of the TUF ("the rules applicable to the appointment and replacement of directors and to amendment of the articles of association, if different from the legislative and regulatory rules applicable in a supplementary manner") is described in the section of the Report dedicated to the Board of Directors (Section 4.1).

3. COMPLIANCE (*PER* ART. 123-BIS, PARA. 2, LETTER A) OF THE TUF)

This Report has been prepared also taking into account the guidelines in the "Format for the report on corporate governance and ownership structures" (Edition VII January 2018).

The Issuer adheres to the Corporate Governance Code.

The Corporate Governance Code is accessible to the public at the Corporate Governance Committee's website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf>.

The Issuer is not subject to non-Italian law provisions that affect the corporate governance structure.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement of directors (per art. 123-bis, para. 1, letter l) of the TUF)

Pursuant to art. 12 of the Articles of Association, the management of Unieuro is conferred to a Board of Directors consisting of an odd number of members not less than 7 (seven) and not more than 15 (fifteen). The shareholders' meeting determines the number of Board members from time to time, prior to their appointment. Within the limit indicated above, the Shareholders' Meeting may increase the number of directors even during the term of office of the Board of Directors; the terms of office of the directors thus appointed cease along with the terms of office in effect. Directors remain in office for the term set by the shareholders' resolution appointing them, subject to a maximum of 3 (three) financial years. Directors are re-eligible for office.

The members of the Board of Directors must meet the requirements of professionalism and integrity provided for by the rules, including regulations, in force. A minimum number of Directors not less than that established by the regulation, in force *pro tempore* should be in possession of the requirements of independence established by the Corporate Governance Code, without prejudice to the fact that at least 2 (two) directors in possession of the requirements of independence established by the law and by the regulatory provisions and/or by the Corporate Governance Code of listed companies should be part of the Board of Directors ("**Independent Director**" or "**Independent Directors**"). A failure to fulfil the prerequisites shall cause expiration of the term of the Independent Director. A failure to fulfil the prerequisite of independence prescribed by art. 148, para. 3, of the TUF on the part of an Independent Director shall not cause expiration of term if the prerequisites remain met by the minimum number of Independent Directors who, according to the rules in force, must meet such requirement. Independent Directors are required to maintain independence for the duration of their terms of office and, in any event, to inform the Board of Directors without delay as to any eventual intervening failure to meet the requirements of independence.

In accordance with the provisions of art. 147-ter of the TUF, the Articles of Association of the Company provide for the appointment of directors through the list vote mechanism.

Art. 13 of the Articles of Association provides that both the Board of Directors in office as well as the shareholders who alone or in concert represent the percentage of share capital required by applicable laws or regulations are entitled to submit lists.

The lists are filed within the time limits provided for by the *pro tempore* rules in force as indicated in the notice of meeting at the head office of the Company or else even by such remote means of communication as may be indicated in the notice of meeting.

The following shall be submitted together with the lists, it being specified that any changes that should occur prior to the actual date of the shareholders' meeting shall be promptly notified to the Company: (i) information as to the shareholders who have submitted the list and indication of the percentage of share capital held; (ii) a statement by shareholders other than those who hold, even jointly, either a controlling interest or a relative majority, attesting to the absence of any interrelationships with the latter, even indirect, within the meaning of the *pro tempore* rules, including regulatory rules, in force; (iii) the candidates' curriculum vitae as well as a declaration by which each candidate attests, under his or her responsibility, that there are no grounds for ineligibility and conflict of interest, and as to fulfilment of the prerequisites for their respective posts; (iv) indication of the management and control posts held at other companies and eventual indication of suitability for qualification as independents

in accordance with the rules in force and the codes of conduct relating to corporate governance that may eventually be adopted by the Company; (v) a statement by which each candidate accepts his or her own candidacy; (vi) any other further or differing statement, report and/or document as provided for by the pro tempore rules, including regulatory rules, in force.

Art. 14 provides that the candidates from the two lists that have obtained the highest number of votes shall be elected on the basis of the following criteria: a) from the list that has obtained the highest number of votes ("majority list") all of the candidates, except one, are taken according to the progressive order as listed; (b) the remaining director will be taken from the list that obtained the second-highest number of votes at the shareholders' meeting (the "minority list"), which may not be connected in any way, even indirectly, with those who submitted or voted for the list obtaining the highest number of votes.

In the event of a tie between two or more lists, the votes obtained by the lists are divided by one, two, three and so on, depending on the number of directors to be appointed. The resulting ratios are assigned sequentially to the potential candidates on each of the lists in the respective order established by each list. The ratios assigned to potential candidates from the various lists are ranked in decreasing order. The potential candidates who obtained the highest ratios are elected. If several potential candidates obtain the same ratio, the potential candidate from the list which has not yet elected any director or that has elected the fewest directors will be elected. If none of these lists has yet elected a director, or if all of them have elected the same number of directors, the candidate obtaining the highest number of votes on such lists will be elected. In the event of a tie in terms of both list vote and ratio, the shareholders' meeting will vote again and the candidate obtaining the simple majority of votes will be elected.

If, at the end of the voting, a sufficient number of directors is not elected meeting the prerequisites of independence provided for by the rules, including regulatory rules, in force, the director who fails to fulfil such requirements elected as the last in the progressive order from the list obtaining the highest number of votes shall be excluded and shall be replaced by the next candidate fulfilling the prerequisites of independence taken from that same list as the excluded candidate.

Article 14 of the Articles of Association provides that if, after the vote and the application of the preceding paragraph a gender balance is not achieved as provided for by the applicable legislation and regulations, the candidate from the most represented gender elected last in order from the list with the highest number of votes will be excluded and replaced by the first unelected candidate in numerical order on the same list and from the least represented gender.

If fewer candidates are elected based on the lists submitted than there are directors to be elected, the remainder will be elected by the shareholders' meeting, which will ensure that the minimum number of independent directors are elected and that the gender balance required under applicable legislation and regulations is achieved.

If no lists are submitted or if the directors are not appointed for any reason in accordance with the procedures established herein, the shareholders' meeting will act according to the statutory majority, in compliance with any minimum allotment ratio between genders (male and female) provided by law and regulations.

The list vote system only applies when the entire Board of Directors is being replaced. The Board of Directors, if it must, during the course of the financial year, proceed to replace one or more Directors,

shall proceed by co-option, pursuant to art. 2386 of the Civil Code, ensuring compliance with the requirements of law and of the Articles of Association regarding the composition of the board.

It is noted that the Issuer is not subject to any further provisions regarding the composition of the Board of Directors in accordance with the rules provided for by the TUF.

Succession plans

The Board decided not to adopt a succession plan for executive directors considering the fact that the Company believes that - in light of analyses of the available information and the current capital structure of the Company - the times required for dealing with the phase of identifying the suitable candidacies are, in any event, compatible with the requirement of not compromising the ordinary operations of the Company, and this also by virtue of the quality of the top management and the skills which the Company already possesses.

4.2 Composition (pursuant to art. 123-bis, paragraph 2, letter d) of the TUF)

The Board of Directors was appointed on 28 July 2016 until the date of approval of the financial statements as at 28 February 2019. Following the resignation of Nancy Arlene Cooper, the Board of Directors meeting on 12 October 2017, pursuant to art. 2386, paragraph 1 of the Civil Code, taking into account art. 3.1 e) of the Regulation of the Company's Remuneration and Appointments Committee, co-opted Uwe-Ernst Bufe, as a non-executive director.

The current composition of the Board of Directors was appointed by the Ordinary Shareholders' Meeting of 6 February 2017 and consists of seven members.

This Board of Directors will remain in office until approval of the financial statements at 28 February 2019.

The table below illustrates the current composition of the Board of Directors:

Name and Surname	Position	Year of birth	Date of first appointment	In office since	In office until	List *	Executive	Non-executive	Independent per the Code	Independent per the TUF	Attendance at meetings **	Number of other posts ***	Control and Risk Committee		Remuneration and Appointments Committee	
													Attendance	****	Attendance	****
Bernd Beetz	Chairman	1950	06/02/2017	06/02/2017	2019 financial statements approval	N/A		x			6/10	2	N/A		N/A	
Gianpiero Lenza	Non-executive director	1976	12/12/2016	12/12/2016	2019 financial statements approval	N/A		x			10/10	13	5/5	x	4/4	x
Giancarlo Nicosanti Monterastelli	Chief Executive Officer	1959	29/01/1998	12/12/2016	2019 financial statements approval	N/A	x				10/10	1	5/5		2/4	
Uwe E. Bufe	Non-executive director	1944	12/10/2017	12/10/2017	2019 financial statements approval	N/A		x			3/3	1	N/A		N/A	

Robert Frank Agostinelli	Non-executive director	1953	12/12/2016	12/12/2016	2019 financial statements approval	N/A		x			4/10	11	N/A		N/A	
Stefano Meloni	Independent Director	1949	06/02/2017	06/02/2017	2019 financial statements approval	N/A		x	x	x	10/10	1	5/5	x	4/4	x
Marino Marin	Independent Director	1968	06/02/2017	06/02/2017	2019 financial statements approval	N/A		x	x	x	10/10	2	5/5	x	4/4	x
DIRECTORS WHO LEFT OFFICE DURING THE RELEVANT PERIOD																
Nancy Arleen Cooper	Director	1943	06/02/2017	10/12/2017	2019 financial statements approval						6/7					
Number of meetings held during the financial year in reference: 10		Control and Risk Committee: 5						Remuneration and Appointments Committee 4								
Indicate the quorum required for submission of lists by minority shareholders for the election of one or more members (per art. 147-ter of the TUF): 2.5% established by Consob Resolution no. 19856																

Key:

*This column indicates the M/m depending on whether the member was elected from the list voted by the majority (M) or by a minority (m).

** This column shows the percentage of participation by directors in the respective meetings of the board of directors and of the committees (number of attendances/number of meetings held during the actual term of office of the person involved).

***This column shows the number of directorships or auditor posts held by the involved party in other companies, in addition to those held in UNIEURO and its subsidiary company Italian Electronics Holdings S.a.r.l. A list of such appointments is included in the Report with respect to each director. Appointments held at "large entities"², if any, are indicated in between round brackets.

***This column indicates, with an "X", that the member of the Board of Directors belongs to the Committee.

² "Large entities" means: (i) companies with shares listed on regulated markets, even abroad; (ii) banking, insurance or financial companies, Italian or foreign, with financial companies understood to be, for the purposes of the present guideline, the financial intermediaries referred to in art. 106 of Legislative Decree no. 385 of 1993 (Consolidated Banking Act - TUB) and companies that carry out investment services and activities or those of collective investment management within the meaning of Legislative Decree no. 58 of 1998 (Consolidated Finance Act - TUF), whereas, in the case of foreign companies, a substantive equivalence assessment must be carried out; (iii) other companies, Italian or foreign, with shares not listed on regulated markets and that, while operating in sectors other than those indicated in letter b) above, have net assets of more than 10 billion euro.

The following is a list of other posts held by the Directors in other companies listed on regulated markets, even abroad, in financial, banking and insurance companies or entities of significant size⁽³⁾ at the date of this Report.

Name and surname	Company	Position at the company
Bernd Beetz	Mykita Gmbh	Chairman of the Board of Directors
	Cote et Ciel	Chairman of the Board of Directors
Gianpiero Lenza	Rhone Capital LLC	Director
	Rhone Group LLP	Director
	Rhone Group LLC	Director
	CSM Bakery Solutions International SARL	Manager
	CSM Bakery Solutions Limited	Director
	Mill Luxembourg Holdings 1 SARL	Manager
	Mill Luxembourg Holding 2 SARL	Manager
	Mill UK Holdings 1 Limited	Director
	Mill UK Holdings 2 Limited	Director
	Mill UK Holdings 3 Limited	Director
	Mill UK Holdings 4 Limited	Director
	Mill UK Holdings 5 Limited	Director
International Sailing Boats Holdco SARL	Manager	
Giancarlo Nicosanti Monterastelli	GNM Investimenti	Sole Director
Uwe-Ernst Bufe	ASK Chemicals L.P.	Amministratore

Robert Frank Agostinelli	Amulio Governance BV	Director
	HCA Parent Corp.	Director
	GK Holdings, Inc.	Director
	Magnesita Refratarios S.A.	Chief Executive Officer
	Rhone Capital LLC	Manager
	Rhone Group Advisors LLC	Manager
	Rhone Group LLC	Manager
	Rhone Holding UK Limited	Manager
	Logistics Acquisition Company (UK) Limited	Director
	National Review Institute	Chairman
Reagan Ranch Board of Governors	Member	

Stefano Meloni	Melpart S.p.A.	Chairman of the Board of Directors
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Marino Marin	Morrow Sodali Global LLC	Consigliere
	MC Square Group of Companies	Presidente, CEO

The following is summary information on the members of the Board of Directors.

BERND BEETZ

Bernd Beetz was born in Sinsheim (Germany) on 8 August 1950 and earned a degree in Economics and Marketing at the University of Mannheim, Germany, in 1974. He currently holds the office of member of the management body of Douglas Holding A.G. He held the post of director of the *March of Dimes Birth Defects Foundation*, New York section, Chairman of the Board of Directors and chief executive officer of St. John Knits Inc. and chief executive officer of Coty Inc. from 2001 to 31 July 2012. During his 11 years of service at Coty, he helped increase revenues from \$1.3 to \$4.7 billion, expanding the brand's presence in more than 135 markets around the world; previously, he was Chairman and CEO of Parfums Christian Dior, owned by the LVMH group, for more than two years, and, from 1974 to 1998, he held numerous managerial positions in Europe within Procter & Gamble: he was general manager in France, Switzerland, Italy, Turkey and Germany until becoming, in 1994, president of a European division. In addition, in 2002 he was awarded the Marco Polo Award, the highest recognition that the Chinese government can award to a foreign entrepreneur, and in March 2006 Vera Wang gave him the Beauty Apple Award by virtue of his dedication and contributions to the cosmetics market. Lastly, in 2006 he was named *Man of the Year* by *Cosmetique Magazine*.

GIANCARLO NICOSANTI MONTERASTELLI

Giancarlo Nicosanti Monterastelli was born in Meldola (FC) on 18 January 1959 and obtained an accounting degree. He has more than thirty years of experience at the Issuer. Indeed, in 1982 he was

hired as a member of the administrative office staff, working in the retail sale and distribution of household appliances and consumer electronics. After being appointed Sales Manager in 1990, since 2005 he has held the post of chief executive officer. In addition to defining business development and sales strategies to optimize profits, he also manages cooperative business relations and coordinates sales areas involving extraordinary transactions, finance, sales distribution and omnichannel distribution.

ROBERT FRANK AGOSTINELLI

Robert Frank Agostinelli was born in Rochester (United States of America) on 21 May 1953. He received a Bachelor of Arts from St. John Fisher College and obtained an MBA from Columbia University, New York (United States of America), in 1981. Later, he worked at the Jacob Rothschild investment bank and subsequently held the post of Goldman Sachs partner, working there for five years, having built the international M&A business. Subsequently, he has held the post of Senior Managing Director at the Lazard investment bank, with responsibility for the international banking operations business. In 1996 he was among the co-founders of the Rhône group, of which he is currently Managing Director.

GIANPIERO LENZA

Gianpiero Lenza was born in Cava de' Tirreni (SA) on 28 November 1976 and earned a degree in Mechanical Engineering in 1998 at Politecnico di Milano. After graduating, he received a Master of Science in Mechanical Engineering at the University of Texas in Austin (USA) where he also conducted research activities for the US Air Force and NASA. He then began his employment career at Citigroup - Investment Banking, headquartered in New York, where he assisted numerous companies in the field of mergers and acquisitions, strategic consulting and financial securities offerings. Lenza is the Managing Director of the Private Equity Department at Rhône, the company he joined in 2004.

UWE ERNST BUFE

Uwe Ernst Bufe was born in Teschen (Germany) on 22 May 1944 and gained a degree and doctorate in Chemistry from Munich, Bavaria, Germany. An extremely experienced Manager, he has held senior positions of increasing responsibility, in Germany and abroad, in companies in the chemical and pharmaceutical industry, including the Degussa Group, which he was the Chief Executive Officer and Chairman of. Previously, he was the Executive Vice Chairman of the U.S. subsidiary of Degussa, making an active contribution to the development of the company in emerging markets. Uwe Ernst Bufe also worked as an advisor and member of the Board of Directors of large German and international companies.

MARINO MARIN

Marino Marin was born in Naples on 26 September 1968 and obtained a degree in Business Economics at Università Bocconi as well as a Business Administration degree from Università ESADE in Barcelona. He started his career at Mediobanca, where he was a member of the Financial Services department and then worked for more than twenty-five years in the Investment Banking and Principal Investments sectors. Earlier in his career he had been providing corporate consulting on numerous international mergers and acquisitions operations, having worked for UBS Warburg, Lehman Brothers, Rothschild and Lane Berry Inc. in the United States as managing director. Subsequently, Marin was responsible for the creation of the Mergers and Acquisitions Department of UniCredit Banca Mobiliare S.p.A. in Italy. Marin is the founder and current CEO of MC Square, a global co-investment platform based in the United States. Previously, he was Chief Executive Officer and General Manager of 1055 Partners

LLC and Managing Director of Silverfern, Inc., a United States-based co-investment platform. As of now he holds the position of Director of Storti S.p.A. and of Morrow Sodali Global LLC.

STEFANO MELONI

Stefano Meloni was born in Rome on 9 January 1949 and earned a degree in Economics and Business from Università Commerciale L. Bocconi of Milan, where he has also been a lecturer of Extraordinary Finance. In 1970 he joined Citibank N.A., with the roles of General Manager in the Capital Markets area, firstly, and then General Manager of Citibank's operations for Italy. Having served as General Manager of Banco di Sardegna and of several of the companies belonging to the Montedison Group, he served as President and General Manager of Eridania Bèghin-Say Group. He has also been a member of the Board of Directors of various Italian companies including Edison, Fondiaria and Burgo as well as several French banks and companies including Banque de France. He currently holds the position of Chairman of the Board of Directors of Polynt S.p.A., Melpart S.p.A., SAMSO S.p.A. and Sardex S.p.A., and up to 2011 he held managerial positions at Valore Reale S.G.R. S.p.A., Hedge Invest SGR S.p.A. and in the Ferrero Group. In addition, until 2007 he held the position of director of Società per la Bonifica dei Terreni Ferraresi e di Imprese Agricole S.p.A. and of Barclays Private Equity S.p.A., as well as Senior Advisor for Italy at CVC Capital Partners. He has also been a board member of the Italian Banking Association (ABI) and member of technical committees within it.

Diversity policies

Since the entire board members were already in office before the listing of the shares on the MTA, the policies on gender equality, age and professional training/development of members, pursuant to letter d-bis of art. 123-bis of the TUF, will be scrutinised during the business year at 28 February 2019 and, where adopted, they will apply starting from the appointment of the new Board of Directors.

Maximum number of offices held in other companies

In accordance with the provisions of art. 1 of the Corporate Governance Code, each member of the Board of Directors is required to deliberate with knowledge of the facts and in autonomy, pursuing the objective of creating value for the Shareholders over a medium to long-term horizon, and undertakes to devote to the post held in the Company the time needed to ensure a diligent performance of his duties, regardless of the positions held outside the Unieuro Group, with full awareness of the responsibilities inherent to the office held.

To this end, each candidate for the position of Director is to carry out, prior to the time of accepting the post at the Company and notwithstanding the limitations established by the provisions of law and regulations regarding the accumulation of posts, an assessment of his ability to perform the tasks assigned to him with due attention and effectiveness, taking into account, in particular, the overall commitment required by the posts held outside of the Unieuro Group.

The Board of Directors has not expressed its stance with regard to the maximum number of administrative posts held by directors in other companies, considering it more appropriate to conduct a check, from time to time, on the number of offices held. Based on a recent assessment of the appointments currently held, the Board of Directors, believes that the number and quality of these offices are compatible with the director conducting the post he/she holds in the Company efficiently.

Induction Programme

The Chairman of the Board has managed that the directors are able to participate, after their appointment and during their term of office, in the most appropriate manners, in initiatives aimed at providing them with an adequate knowledge of the business sector in which the Issuer operates, of the business dynamics and their evolution, of the principles of proper risk management and of the reference framework of rules and self-regulation (Application Criterion 2.C.2.). In particular, on 10 May 2017, all members of the Board of Directors and of the Board of Statutory Auditors were invited to participate in a meeting with the top management of the Company, during which they were given the opportunity to deepen their knowledge of the company's business and organizational structure as well as the reference framework of rules and regulations.

4.3 Role of the Board of Directors (per art. 123-bis, para. 2, letter d), of the TUF)

Pursuant to the rules in force for companies with shares listed on regulated markets and in accordance with the recommendations of the Corporate Governance Code, the Board of Directors plays a central role in the Company's governance system, including, in particular, determining how to pursue the strategic objectives of the Company and verifying the existence of the controls necessary for monitoring the performance of the Company itself.

In accordance with art. 16 of the Articles of Association, the Board of Directors has all powers for the ordinary and extraordinary management of the Issuer. The Board of Directors is also responsible for adopting resolutions concerning: (i) mergers in the cases envisaged by articles 2505 and 2505-bis of the Civil Code according to the terms and conditions described therein; (ii) the opening and closing of secondary offices, (iii) the designation of who, among the directors, may represent the company; (iv) a reduction in the share capital in the event of withdrawal of a shareholder; (v) amendments to the articles of association to comply with laws and regulations; and (vi) the relocation of the registered office elsewhere within the country.

Pursuant to art. 18, the Board of Directors meets at the registered office or at a place other than the registered office as indicated in the notice of meeting, provided that it is within the European Union or the United Kingdom, whenever the Chairman or, in the absence or impediment thereof, the vice chairman, may so deem necessary.

The Board of Directors also meets if requested in writing by at least 3 (three) of its members (if the Board has seven (7) or 9 (nine) members) or at least 4 (four) of its members (if the Board has 11 (eleven) to 15 (fifteen) members), to deliberate on a specific management issue they consider to be of particular importance; this issue shall be mentioned in the request itself.

For the purpose of providing appropriate further details regarding the items on the agenda to be discussed invitations to board meetings held during Financial Year 2018 were given to several senior staff of the Issuer in charge of pertinent corporate functions as well as several outside consultants, thus turning the board meetings into opportunities for the Directors to be able to obtain adequate information with regard to the management of the Company.

Specifically, the Legal Director consistently participates in the meetings of the Board of Directors and he or she describes the topics pertinent to his or her function in relation to the matters on the agenda for the Board of Directors. The CFO and the Manager responsible for the preparation of the company's accounting documents also nearly always participate in meetings of the Board of Directors, as does the Internal Audit Manager, or even the Company's Managers from time to time depending on the matters on the agenda, to describe specific topics connected with its business.

In accordance with art. 18 of the Articles of Association, the Board of Directors' meeting is quorate if the majority of its members are present. Meetings of the Board of Directors may also take place by videoconference or conference call, provided that each participant can be identified by all the others and that each participant is able to participate in the discussion of business in real time, as well as to send, receive and view documents. Provided these conditions are met, the meeting is deemed to be held at the venue where the Chairman and Secretary are present.

The Board of Directors carries resolutions with the favourable vote of the absolute majority of directors present.

The Board of Directors meets regularly: during Financial Year 2018 it met 10 times (with meetings lasting an average of around 1.53 hours) and attendance by directors stood at around 83% for directors and 95% for independent directors⁴). During current fiscal year, at least 4 meetings are scheduled (two of which have already been held at the date of this Report).

Furthermore, as a general rule, at least 5 days before the board meeting the appropriate documentation in support of proposals and the information necessary to enable the Directors to knowledgeably express themselves on the matters discussed are made available to the Directors. Where, in specific cases, it is not possible to provide the necessary information within the time referred to above, the Chairman sees to it that adequate further in-depth knowledge is provided during the board meeting. With regard to Financial Year 2018, and up to the date of this Report, the Directors and the Statutory Auditors have been provided supporting documentation in relation to the matters under discussion, particularly the resolution envisioned, doing so sufficiently in advance, except in particular cases, in relation to which adequate and timely further in-depth information is obtained in the course of the work of the board in any event.

The Board of Directors has assessed the overall performance of the management, particularly considering the information received from the bodies with delegated powers and has periodically compared the results obtained against those planned (Application Criterion 1.C.1, letter e).

In the board meeting of April 26, 2016, the Board evaluated the adequacy of the Issuer's organizational, administrative and accounting structure as set up for by the Chief Executive Officer, with particular reference to the internal control and risk management system (Application Criterion 1.C.1., letter c).

As of now, the Board has not established general criteria for identifying transactions that have a significant strategic, economic, capital or financial impact on the Issuer itself. All transactions beyond the powers delegated to the Executive Director are subject to approval by the Board of Directors.

On 17 April 2018, the Board of Directors assessed the operation of the actual Board and its Committees, as well as their size and composition, also taking into account elements such as professional characteristics, experience, including managerial, and the gender of members, as well as their seniority in office, as required by Application Criterion 1.C.1., letter g of the Corporate Governance Code..

For that assessment relating to the current Fiscal Year, the Company availed itself of the sole support of the consulting firm Korn Ferry. The aforementioned consultancy company assisted the Company in

⁴ The percentages specified in this paragraph are calculated with reference to each director on the basis of the sessions held during the Fiscal Year 2018.

preparing the questionnaires to be sent to the members of the Board, and proceeded to in-depth interviews with some Directors. The directors thus proceeded to express their own assessment, including comments or suggestions for improvements deemed appropriate, with regard to the composition and functioning of the Board and the committees established by the same.

The results of the evaluations expressed by the individual directors were then processed anonymously and summarized in a summary document made available to those present in view of the Board meeting of 17 April 2018. The results of the board evaluation show a positive assessment made by the directors with regard to the size, numerical composition, combination of age, gender and experiences and professional and personal characteristics of the members of the Board of Directors. Overall, the directors then considered adequate the functioning of the Board, with regard to the following aspects: (i) organization of meetings; (ii) documentation provided; (iii) functioning; (iv) involvement; (v) relations with shareholders; (vi) remuneration. The directors' assessment was also positive regarding the role and contribution made by independent directors for the proper functioning of corporate governance. In the opinion of the directors, the composition and functioning of the endo-council committees were also adequate. While highlighting the overall positive opinion expressed by the directors in the annual self-assessment report, some suggestions emerged to make future improvements to the functioning of the Board of Directors and the Committees established by it, with reference, *inter alia*, to the following areas of activity: (i) carry out evaluations on the composition of the Board in terms of diversity; (ii) carry out evaluations regarding the drawing up of a succession plan; (iii) participation of the Directors in induction and training initiatives; (iv) improving conditions for enhancing both Italian and foreign directors' physical attendance to Board's meetings.

The Shareholders' Meeting has not, in a general and pre-emptive manner, authorised exemptions from the prohibition against competition provided for by art. 2390 of the Civil Code.

In addition, in accordance with the provisions of the Consob Related Parties Regulation, the Company currently has a Related Party Transactions Management Procedure (as further described in Section 11 below, to which reference is made), which provides for a specific procedure for implementing More Significant Transactions as well as Less Significant Transactions (as defined in the Procedure in accordance with the provisions of the Consob Related Parties Regulation), establishing, *inter alia*, that approval of the former is reserved to the Board of Directors of the Company, without prejudice to the matters for which the Shareholders' Meeting is responsible by law.

4.4 Delegated bodies

Chief Executive Officer

Pursuant to art. 20 of the Articles of Association, the Board of Directors may delegate, within the limits of art. 2381 of the Civil Code, some of its powers to one or more of its members, establishing their powers and, after consulting the Board of Statutory Auditors, the related remuneration. The Board of Directors may also require an executive committee to be appointed, composed of some of its members.

On 12 December 2016 the Board of Directors attributed the following powers to Director Giancarlo Nicosanti Monterastelli, as subsequently amended and supplemented (most recently on 26 March 2018):

- A. (contractual) the power to make, implement, enter into, negotiate, conclude, sign, finalise, modify and terminate: (a) leases involving businesses or lines of business (including what are

referred to as “department loans, lease agreements involving properties, (i) with an individual or joint signature for total amounts not exceeding the maximum limit of €1,000,000 (one million) per single document, by this intending the amount of rental agreed (including expenses) for each individual year of the term of the actual contract (if the rental increases the standard amount is calculated, if the rental is a percentage of revenues the amount calculated based on the store business plan is counted, and (ii) excluding transactions involving the above contracts for amounts above €1,000,000 (one million) per single document (also including documents which, although individually worth less than this threshold, have the same subject and are between the same parties, should be considered as part of a single transaction and whose value, added to the sums of the previous split documents, exceeds this level of €1,000,000) for which the Board of Directors remains exclusively responsible; (b) contracts relating to the provision of services, consultancy (legal, tax, technical, etc.), marketing, IT systems, telephone systems, (i) with a single or joint signature where they involve commitments for the Company for total amounts not above the maximum limit of €1,000,000 (one million) per individual document, and therefore (ii) with the exclusion of transactions involving the above contracts which result in commitments for the Company for amounts above €1,000,000 (one million) per individual document (also including documents which, although individually worth less than this threshold, have the same subject and are between the same parties, should be considered as part of a single transaction whose value, added to the sums of the previous split documents, exceeds the maximum level of €1,000,000), for which the Board of Directors remains exclusively responsible; (c) advertising and promotion contracts (including the signing of regulations for prize competitions as set out in paragraph 3 of art. 10 of DPR 430/2001), (i) with single or joint signatures where they involve commitments for the Company for overall amounts not above the maximum limit of €10,000,000 (ten million) per single document and (ii) with the exclusion of transactions involving the above contracts which involve commitments for the Company of amounts of more than €10,000,000 (ten million) (also including documents which, although individually worth less than this threshold, have the same subject and involve the same parties, should be considered as part of a single transaction and whose value, added to the amounts of the previously split documents, exceeds this level of €10,000,000) per individual document and sponsorship agreements which tie the image of the Company to a testimonial, for which the Board of Directors remains exclusively responsible; (d) all risks insurance contracts, (i) with single or joint signatures where they involve commitments for the Company for overall amounts not above the maximum limit of €2,000,000 (two million) per single document and (ii) with the exclusion of transactions involving the above contracts which involve commitments for the Company of amounts of more than €2,000,000 (two million) (also including documents which, although individually worth less than this threshold, have the same subject and involve the same parties, should be considered as part of a single transaction and whose value, added to the amounts of the previously split documents, exceeds this level of €2,000,000) per individual document, for which the Board of Directors remains exclusively responsible; (e) tender contracts involving, by way of example, building works and facilities at sales outlet or at the head office, as well as involving routine and extraordinary maintenance of movable property and properties in any capacity (such as, merely by way of example, rental, loan for use agreement or other) owned by the Company (i) with single or joint signatures where they involve commitments for the Company for overall amounts not above the maximum limit of €1,000,000 (one million) per single document and (ii) with the exclusion of transactions involving the above contracts which

involve commitments for the Company of amounts of more than €1,000,000 (one million) per single document (expressly excluding documents which, although individually worth less than this threshold, have the same subject and involve the same parties, should be considered as part of a single transaction and whose value, added to the amounts of the previously split documents, exceeds this level of €1,000,000) for which the Board of Directors remains exclusively responsible; (f) contracts for the supply of energy with individual or joint signatures, without a limit on the value; (g) franchise agreements with the concession of licences to use the brand/insignia, owned by the Company, corresponding to either the Unieuro or Unieuro City brand/format with individual or joint signatures, with no limit to the amount; (h) framework agreements with suppliers involving the purchase of goods intended for sale under the scope of ordinary activities, with individual or joint signatures, with no limit to the amount; (i) purchase, sales or exchange contracts concerning movable assets intended for sale, with individual or joint signatures, with no limit to the amount; (m) tender contracts for logistics services (by way of example and not exhaustively, portorage, transportation, etc.) with individual or joint signatures, with no limit to the amount; (n) purchase, sales or exchange contracts concerning movable assets (other than those above), including equipment for Company plants, furniture for offices, raw materials, motor vehicles, cars and every other type of movable asset requiring or not requiring registration, (i) with single or joint signatures involving total amounts not above the maximum limit of €2,000,000 (two million) per single document (intending by this, limited to lease agreements, the sum of rental agreed for the entire effective duration of the actual contract), and therefore (ii) with the exclusion of transactions involving the above contracts which involving amounts of more than €2,000,000 (two million) per single document (expressly excluding documents which, although individually worth less than this threshold, have the same subject and involve the same parties, should be considered as part of a single transaction and whose value, added to the amounts of the previously split documents, exceeds this level of €2,000,000) for which the Board of Directors remains exclusively responsible; (o) extra-judicial transaction agreements involving disputes relating to trade receivables and/or payables (i) with single or joint signatures for total amounts not above the maximum limit of the value of the claim equal to €500,000 (five hundred thousand) per single document, and (ii) with the exclusion of disputes involving trade receivables and/or payables where the value of the claim exceeds €500,000 (five hundred thousand) per single document (also including transaction agreements which, although individually worth less than this level, having the same subject and involving the same parties, should be considered as part of a single transaction and whose value, added to the amounts of the previous split documents, exceeds this level of €500,000), for which the Board of Directors remains exclusively responsible;

- B. (finance) power to carry out any transaction, whether to the debit or credit, in Italy or abroad, with Banks, Financial Institutions and Postal Administrations in domestic or foreign currency, and in particular the power to: (a) negotiate, stipulate, amend, terminate, settle credit agreements, secured and unsecured loans, financing with authorised parties (i) with an individual or joint signature provided the amount of the single transaction does not exceed the maximum amount of €15,000,000 (fifteen million), and therefore (ii) excluding transactions for total amounts of more than €15,000,000 per single transaction (documents are expressly excluded which, although individually below this level and have the same subject and are between the same parties, should be considered as part of a single transaction and whose value, added to the amounts of the previously split documents, exceeds this level of

€15,000,000) for which the Board of Directors remain responsible; (b) use all lines of credit granted to the Company, within the maximum agreed limit (by way of example, but not exhaustively, revolving lines of credit, facilities, etc.) without a limit on the amount of the individual transaction, with single or joint signatures; (c) negotiate, stipulate, amend, settle, terminate finance lease agreements, with single or joint signatures, provided that the amount of the individual transaction does not exceed the sum of €2,000,000 (two million) and therefore (ii) excluding transactions where the total amount exceeds €2,000,000 (two million) per individual transaction (expressly excluding documents which, although the individual value is below this level, have the same subject and involve the same parties, should be considered as part of a single transaction whose value, added to the amounts of the previously split documents, exceeds this level of €2,000,000) which remain the exclusive responsibility of the Board of Directors; (d) negotiate, stipulate, amend, settle factoring agreements and, generally, the sale of credit, both assets and liabilities, with a single or joint signature up to the maximum amount of €10,000,000 (ten million) and, therefore, excluding single transactions worth more than €10,000,000 (ten million) in total, expressly excluding documents which, although individually below this level, have the same subject and are between the same parties, which should be considered as part of a single transaction whose value, added to the amounts of the previous split documents, exceeds the sum of €10,000,000 (ten million); (e) negotiate, stipulate, amend, settle, terminate contracts relating to consumer credit, with single or joint signatures, with no limit to the amount; (f) receive, collect and use, through the methods which will be laid down, cheques, wire transfers, letters of credit, and any other collection and/or payment instrument, both in Italy and abroad, including the drawer's signature for current account cheques and the endorsement signature for cashing current bank account cheques, money orders and any other negotiable instrument in favour of the Company, with the right to issue full and final receipt on settlement of the balance for all sums pertaining to the Company that are paid or credited on whatever ground, with single and joint signatures; (g) ask credit and insurance institutes to issue sureties or surety bonds to guarantee fulfilment of the Company's obligations, with a single or joint signature for total amounts not exceeding the maximum sum of €1,000,000 (one million) per single document, also including documents which, although individually worth less than this level, have the same subject and are between the same parties, which should be considered as part of a single transaction whose value, added to the amounts of the previous split documents, does not exceed this level of €1,000,000 (one million); (h) issue sureties or letters of patronage in the interest of other group companies (i) with a single or joint signature for total amounts not exceeding the maximum limit of €1,000,000 (one million) per single document, and therefore (ii) excluding transactions for amounts above €1,000,000 (one million) per single document (also including documents which, although individually below this level, have the same subject and are between the same parties, which should be considered as part of a single transaction whose value, added to the amounts of the previous split documents, exceeds this level of €1,000,000) for which the Board of Directors remains exclusively responsible; (i) open, use, close (agreeing the conditions) deposits in current accounts at banks, financial institutions and postal administrations, both in Italian and foreign currency, if necessary, designating the persons (including employees or self-employed contractors pursuant to art. 409, no. 3 of the Code of Civil Procedure, and excluding agents and commercial representatives of the Company and other Unieuro group companies) who can operate on these accounts, conferring upon them the necessary powers for deposit and withdrawal transactions within the available limits previously agreed - through single and

joint signatures; (l) conclude service agreements for the management of e-money, transfer of currency and everything else involving the correct operation of store takings, with single or joint signatures, with no limit to the value; (m) represent the Company, before any financial administration office, administrative or tax commission at any level, in all procedures, including judicial proceedings at any level or venue, relating to duties, tax and contributions of any kind, with the right to endorse, present and discuss declarations, appeals, claims, briefs, applications and opposition documents before the competent authorities and commissions, including central commissions, as well as agree, reconcile and settle, demand and collect repayments of duties, taxes, charges and contributions, with single or joint signatures. To represent the Company in administrative and judicial proceedings with the power to bring court actions at any level of jurisdiction and venue, even for cassation appeal, to bring actions before any other authority, whether of an administrative or tax nature, by any process whatsoever, to defend against the actions and any act of the Finance Administration and against actions brought against the Company and to appoint for such purpose attorneys-at-law, registered and chartered accountants, attorneys-in-fact and experts;

- C. (staff) with regard to the staff of the Company, and for the progress of the business thereof, except as otherwise provided for, the power - of whatever amount - to: (a) negotiate and enter into contractor agreements for the supply of labour with authorized Employment Agencies, or contracts for independent labour (including job contracts, coordinated and ongoing outside contractor agreements and/or project contract work [and] quasi-subordinate work contracts pursuant to art. 409, point 3), of the Code of Civil Procedure); (b) negotiate and enter into contracts with agents, dealers and commission agents and representatives for sales, with or without the depositing of goods, whether in Italy or abroad; (c) negotiate and enter into contracts for the hiring of employees; (d) negotiate and determine (also in modification of those previously in force) the conditions and modalities of the employment relationship, including the negotiation of remuneration policies and promotions; (e) adopt disciplinary measures; (f) terminate labour and contractor relationships with the Company as referred to above; (g) represent the Company before any appropriate labour and social security Authority, both with regard to independent personnel as well as employees, as well as any Entity and/or Institutions provided for by law (such as, set forth by way of example but not exhaustively, INPS, INAIL, pension and supplementary healthcare funds, Enasarco, the Labour Centre, the Labour Inspectorate, the Ministry of Labour, and the Territorial Labour Administration) as well as any appropriate territorial labour office or body, with respect to the management of staff and the completion of the processes inherent thereto (including, set forth by way of example and not exhaustively, notification of hiring and firing, apprenticeship agreements, apprenticeship projects, opening new INAIL-INPS positions, reporting of accidents, and reporting of disabilities), with the power for such purpose to freely agree on any covenant or condition that he or she may deem necessary for the performance of the tasks assumed; (h) sign the tax and social security certification relating to contributions and remuneration as well as prepare, sign and submit forms for the payment of social security contributions and taxes; (i) sign settlements relating to the labour relationship of employees and quasi-subordinate workers pursuant to art. 409, point 3), of the Code of Civil Procedure, for the Company, without limit of amount; (l) appear in court and in any out-of-court venue in any dispute relating to labour, pensions or social security with the fullest powers to reach settlement; (m) sign labour union agreements; (n) appoint, retain and remove attorneys-at-law, attorneys-in-fact and counsel, take care of the execution of judgements and do whatever else is necessary and

appropriate without exclusion or exception; (o) sign and submit, to the appropriate offices and authorities, applications for financial facilities, facilitated financing or financing by grant, as well as funds, contributions or incentives provided for by Community, national or regional rules for the training and updating of personnel, providing all relevant information at the fact-finding level for the individual applications and signing any communication or document relating to the management and progress of the investment programmes, including communications relating to the final accounting of investment programmes; (p) with the exclusion of the negotiation, adoption, termination, and modification of contracts and of disciplinary penalties relating to managers of the Company, for which powers the Board of Directors retains exclusive collegial responsibility.

- D. (fiscal, tax and social security compliance) the power to manage and put in place all necessary activities in order to comply with the provisions of the various laws, regulations and administrative rules on fiscal, tax and social security matters, with the power to prepare and sign any pertinent record and declaration required by law;
- E. (Italian antitrust authority) the power to manage and put in place all necessary activities in order to comply with the provisions of the various laws and regulations on protecting competition, with the power to prepare and sign any pertinent record and declaration;
- F. (workplace safety) considering the type and structure of the current corporate organisation and, for the purposes of ensuring an even more efficient and strict compliance with the legal obligations on occupational health and safety, to identify the CEO, Giancarlo Monterastelli Nicosanti, as the person who, considering his position in the corporate organizational chart, both due to his own experience and his professional background, is appropriate for assuming the role of employment provider as defined by art. 2, para. 1, letter b), of Legislative Decree no. 81 of 9 April 2008 as amended (the "Consolidated Act") for all areas of business activity and workplaces as well as those appurtenant thereto that are or become at the legal disposal of the Company (the "Employment Provider"), granting to him all necessary powers of decision-making and expenditure for all aspects relating to the health and safety of employees, with the understanding that therefore the Employment Provider, as identified above, may, at his discretion, make use of the property of the Company, with no limitation, for the improvement thereof as may be deemed necessary in order to guarantee the best possible conditions of safety and health for employees; in that capacity he shall also have, among other things, the power to represent the Company in matters of social security and accident prevention before all appropriate bodies, including oversight bodies and judicial authorities, as well as in relation to the employees, their representatives, suppliers, outside contractors and other contractors working in cooperation with the Company, in general. On the other hand, the power of the Employment Provider to delegate certain of his functions, within the limits and under the conditions set forth in arts. 16 and 17 of the Consolidated Act, would remain unaffected. Therefore, the Chief Executive Officer is conferred all powers relating to the handling and adoption of all safety measures necessary, seeing to all of the appropriate activities for preventing accidents and fires as well as occupational health and safety and mandatory insurance with the power to dispose of all sums necessary for that, availing himself of consultants and entering into the respective contracts with no limit on expense, by single, separate signature; in particular, and without this implying an exhaustive list, the power is conferred to organise and coordinate the functions of company safety, fire prevention, accident prevention, and occupational health and safety, with the power to confer the

appropriate delegations or sub-delegations of powers to employees and contractors by means of the appropriate notarised appointment and, in any event, in compliance with the provisions referred to in the Consolidated Act. By way of example, the following are included among the delegation of powers: (i) to see to compliance on the part of the company with the requirements deriving from the rules on protecting occupational health and safety of workers, including ensuring compliance with the provisions of the Consolidated Act; (ii) updating staff concerning the legislation and on proper use of facilities, machinery and tools, and to oversee the effectiveness of facilities and the conduct of employees, also in the light of the provisions of the Consolidated Act, with the aim of protecting the workers themselves from risks including those arising from exposure to chemical, physical and biological agents; (iii) to supervise all tasks necessary to ensure compliance with accident prevention rules in general and against occupational illnesses within the company, including those provided for under mandatory insurance against occupational accidents and occupational illnesses pursuant to Presidential Decree no. 1124 of 30/6/1965 and subsequent amendments.

- G. (environmental protection) all powers regarding environmental protection and protection against noise, electromagnetic, water, atmospheric and soil pollution, complying with the rules in force, including the power to organise and coordinate corporate functions regarding ecology and environmental protection, and to manage the waste produced by the company business or in any manner pertaining to it, as well as the disposal thereof, with full powers of sub-delegation, even including the attribution of powers of representation and powers of the independent management of funds for the actual implementation of subdelegations to employees or contractors whenever deemed appropriate depending on the need for technical specialisation or particular professional qualification, including compliance with the provisions referred to in Legislative Decree 152/06 ("Environmental Rules") and the subsequent amendments, and with the power to make use of consultants and to enter into the pertinent contracts, without limitation on expense and by single, separate signature;
- H. (protection of privacy) to confer the task, to the Chief Executive Officer, to identify, within or outside of the corporate organization, the names of persons in possession of the necessary qualifications who, by experience, ability and reliability, provide suitable assurance as to full compliance with the pro tempore provisions in force regarding the processing of personal data, including the security profile, and to appoint them as those responsible for the processing of personal data for the Company pursuant to art. 29 of Legislative Decree no. 196 of 30 June 2003, as amended (the "**Privacy Code**"), assigning to them the responsibilities and obligations in any manner pertaining, in the mentioned subject matters, to the lawful representative of the Company and to the Board of Directors, and delegating to them all powers necessary and even merely appropriate so that, in the name of and on behalf of the Company itself, each of them is to perform the following, listed merely by way of example and not exhaustively:
- prepare, draft and announce, in the manners provided by applicable law, the reports relating to the processing of personal data and to handle, when required, the collection of any eventual consents necessary for the processing of personal data;
 - designate the person(s) in charge of the processing who is to act under the direct authority thereof, as well as, possibly, the person(s) responsible for a unit identified as encompassing the scope of the processing conferred to the operators of such unit, to impart to them the necessary

instructions so that they may act in compliance with the pro tempore rules in force, and to provide the training for this;

- negotiate, agree to, sign, enter into, renew, terminate, cancel and modify - within the scope of the services related to the processing of personal data relevant under the Privacy Code - contracts for cooperative work, consultancy and the providing of intellectual services;

- commission studies, sign relevant contracts and documents, and confer and revoke professional appointments in relation to the foregoing;

- keep and control the personal data being processed so as to reduce to a minimum - by adopting suitable and preventive security measures - the risks of destruction or loss of such data, even accidental, and of unauthorized access or of processing that is not allowed or is not consistent with the purposes of collection;

- adopt, in compliance with the pro tempore rules in force, minimum measures so as to guarantee the security of the processing, compiling and periodically updating the Planning Document on security, where provided for, within the terms established by law;

- adopt, in compliance with the pro tempore rules in force, minimum measures under Appendix B of the Privacy Code, to ensure the security of the processing carried out both with electronic tools as well as without the assistance of such tools, and any further suitable security measures considering the specific processing and the categories of data processed;

- plan and execute, in agreement with any eventual others within the company who are responsible for the processing, the audits provided for by the pro tempore rules in force, in particular with reference to the application of the minimum security measures under Appendix B of the Privacy Code and the instances of compliance contained in the Instruction on Measures and remedies prescribed for data controllers for processing done with electronic tools involving attributions of system administrator functions of 27 November 2008;

- act as may be necessary in order to correct any eventual non-conformity detected during audits in the context of ongoing improvement required by the most recent security standards (for example: ISO/IEC 27001);

- represent the Company in disputes, whether before the courts or otherwise, in cases envisioned by the Privacy Code, with all widest powers, including the power to appoint and remove attorneys-at-law, attorneys-in-fact for actions and proceedings, arbitrators, experts and referees, as well as the power to reconcile and settle disputes, to handle the execution of judgements and to do whatever else may be necessary and appropriate without exclusions or exceptions;

- manage the relations with the Authority for the protection of personal data (the "Privacy Guarantor") on behalf of the data controller Unieuro S.p.A. and to submit notices, appeals, complaints, preliminary verification requests, opinions, etc.;

- proceed to notify the Privacy Guarantor as to the processing of personal data for which such compliance is required;

- in any event, implement any activity, adopt any decision and activate any initiative in order to ensure compliance with all of the rules and principles of common prudence in the protection of personal data, as most amply defined;

- to the extent not expressly referred to, fully implement the Privacy Code and the measures adopted by the Privacy Guarantor or by any other Authority on personal data processing whether in Italy or abroad, when applicable;

- in any event, scrupulously adhere to the instructions analytically specified for him/her in writing by the data controller that, also by means of periodic checks, oversees timely compliance with the pro tempore provisions in force regarding the processing of personal data, including the security profile, as well as his/her own instructions;

- I. All powers necessary to represent the Company before administrations, authorities, entities and offices whether national, regional, provincial or municipal in the handling, presentation and signature of all operations aimed at opening, restructuring, expanding and adapting shops and central offices;
- J. sign and/or submit complaints to any appropriate authority (including- set forth by way of example and not exhaustively - public safety, security and judicial authorities) in relation to thefts [and] burglaries of goods, missing cash and similar events at the points of sale, in warehouses, in the central office and at any place where the Company may do business;
- K. carry out, with representatives of the Bank of Italy, customs, consulates, chambers of commerce and any public or private entity, all operations of shipping, clearance, withdrawal of goods, securities or instruments, valuables, parcels, and letters, even if registered/certified and insured, and/or in any manner inherent to importing and exporting in general (with or without settlement, including temporary operations, operations in transit and free-of-charge operations, for any goods, including to deposit), with the power to issue receipts in discharge and declarations of release, to grant restrictions and discharges, to sign the documentation required for customs and consular purposes, as well as to pay and collect amounts relating to customs fees
- L. representation before the courts: (i) represent the Company before any judicial, administrative, tax, ordinary and special authority in any proceeding at any level and venue, and before mediation bodies, with the power to sign petitions, appeals, declarations of concordance under Legislative Decree no. 218 of 19 June 1997 as amended, claims for exemption and refund, both verbal and written, on any subject matter, bringing and maintaining actions in the civil, criminal and administrative courts, of any nature, including declaratory actions, execution, currency exchange actions, joinder as civil party, and, as well, proceedings for bankruptcy, composition and judicial administration and moratorium, fulfilling the pertinent formalities and thus, as well, the appointment of special agents, attorneys-in-fact and attorneys-at-law, attorneys-in-fact for actions and proceedings, arbitrators, experts and referees, to elect domicile, to commit to arbitration, including amicable mediators, for any and all disputes in which the Company may have an interest; (ii) validly propose and sign settlements, whether in court or out of court, and records of conciliation, including under art. 48 of Legislative Decree no. 546 of 31 December 1992 as amended, within the limit of obligation for the Company of €5,000,000 (five million) (or the equivalent thereof in another

currency) for each matter; (iii) represent the Company in any and all tax issues or matters, before any authority or office, including tax, registry and customs commissions and expert panels;

- M. (legal representation) the legal representation of the Company, within and under the same limitations for the subject matters conferred to the Chief Executive Officer himself, attributed as set forth above, and always within those limitations, the power to sign the administrative correspondence of the Company.

The managing director has the status of principal in charge of management of the enterprise (*chief executive officer*).

It is noted that the circumstance of an *interlocking directorate* as provided for by Application Criterion 2.C.5. of the Corporate Governance Code does not arise; the Chief Executive Officer of Unieuro, Giancarlo Nicosanti Monterastelli, does not in fact hold management positions in companies outside of the Group, for which a different director of Unieuro is *Chief Executive Officer*.

Chairman of the Board of Directors

Pursuant to art. 17 of the Articles of Association, the Board, when not provided for by the Shareholders' Meeting, elects a Chairman and possibly one or more Vice Chairmen from among its members, for the same term as that for the Board of Directors.

The Chairman cannot assume executive responsibilities on the Board of Directors and shall exercise the functions required under applicable legislation and regulations.

In particular, the Chairman of the Board of Directors: (i) has the power to represent the Company; (ii) presides over the shareholders' meeting; (iii) convenes and chairs the Board of Directors, sets the agenda, coordinates its activities and ensures that all directors receive adequate information about the items on the agenda; (iv) monitors the implementation of the Board's resolutions.

The shareholders' meeting of 6 February 2017 appointed Bernd Beetz as Chairman of the Board of Directors up to approval of the financial statements for the financial year ending 28 February 2019.

Executive Committee

Pursuant to article 20 of the Articles of Association, the Board of Directors may also decide that an executive committee composed of several of its members be created.

At the date of this Report no executive committee has been created.

Reporting to the Board

As provided for by the procedure for compliance with the requirements of art. 2381, para. 5, of the Civil Code and in Application Criterion 1.C.1, letter (d) of the Corporate Governance Code, the delegated bodies promptly report to the Board of Directors at least quarterly, doing so during the Board meetings at which at least one representative of the Board of Statutory Auditors is present, as to the activities carried out, the overall performance of the management and the foreseeable evolution thereof, as well as the most significant transactions, in terms of size and characteristics, carried out by the Company.

4.5 Other executive directors

There are no other Executive Directors except for the CEO Nicosanti Monterastelli.

4.6 Independent Directors

Pursuant to the combined provision of articles 147-ter, paragraph 4 and 148, paragraph 3 of the TUF and in compliance with the provisions of article 2.2.3, paragraph 3, letter m) of the Stock Market Regulations and article IA.2.10.6 of the Instructions to the Stock Market Regulations and pursuant to art. 3 of the Corporate Governance Code, currently two independent directors sit on the Board of Directors, they are Stefano Meloni and Marino Marin, who:

- do not control the Issuer, whether directly or indirectly, or through subsidiaries, trustee companies or a third party nor are they able to exercise significant influence over the issuer;
- do not participate, whether directly or indirectly, in any shareholders' agreement through which one or more individuals can exercise control or significant influence over the Issuer;
- are not, and have not been in the previous three financial years, significant executives (meaning the Chairman, Chairman of the Board of Directors, an executive director or a key manager) of the issuer, a strategically significant subsidiary of the latter, a company which is subject to joint control, a company or an entity which, including with others through a shareholders' agreement, controls the Issuer or is able to exercise significant influence over the Issuer;
- do not hold, and have not held in the previous year, whether directly or indirectly (for example through subsidiaries or companies in which they act as significant executives, in the sense indicated under point (iii) above, or as partners of a professional concern or a consulting company), a significant commercial, financial or professional relationship: (a) with the Issuer, a subsidiary, or any significant executives, pursuant to point (iii) above, thereof; (b) with an individual which, including jointly with others through a shareholders' agreement, controls the Issuer, or if this is a company or an entity, with significant executives, in the sense indicated under point (iii) therein or (c) they do not hold and have not held in the previous three years an employment relationship with the aforementioned entities and individuals;
- notwithstanding the indications under (iv) above, they do not have any freelance or employment relations, or any other relations of a pecuniary or professional nature such that their independence would be compromised: (a) with the Issuer, its subsidiaries or parent companies or company subject to joint control; (b) with the Directors of the Issuer; (c) with individuals that have a spouse, parental relationship or kinship up to the fourth Decree with the directors of the companies under point (a);
- do not receive, and nor have they received in the preceding three years, from the Issuer or a company that is the latter's subsidiary or parent company, any significant additional remuneration compared to the "fixed" emolument payable to a non-executive director of the Issuer, including participation in incentive schemes which are connected to company performance, including stock based plans;
- have not been Directors of the Issuer for more than nine of the last twelve years.
- have not held the position of executive director in another company in which an executive director of the Issuer is a director;
- are not shareholders or directors of a company or an entity belonging to the network of companies that has been assigned to carry out the legal audit of the Issuer's accounts;

- are not close family members of a person that is in one of the situations listed above and in any case they are not spouses, parents or relatives up to the fourth degree of directors of the Issuer, or directors, spouses, parents and relatives up to the fourth degree of directors of the companies controlled by the Issuer, the companies that control the Issuer and the companies that are under joint control with the Issuer.

The Board has ascertained, during the first meeting after its appointment which was held on 7 February 2017 in the presence of the Board of Statutory Auditors, that they cover the requirements to be qualified as independent according to the application criteria defined in the Corporate Governance Code and the criteria of art. 147 -ter, paragraph 4 of the TUF which reiterates the criteria set forth in art. 148 of the TUF.

In the meeting held on 26 April 2018, also in the presence of the Board of Statutory Auditors, the Board has verified the continued existence of the independence requirements above with regard to the aforementioned members of the Board of Directors.

The Board verifies the continued application of the requirements above, based on the information that the interested parties are required to provide under their own responsibility pursuant to article 12 of the Articles of Association, or the information that is nevertheless available to the Board.

The Board of Statutory Auditors, under the scope of the tasks assigned to it by law, verified the correct application of the confirmation and verification criteria adopted by the Board to assess the independence of its members and the results of these checks will be disclosed to the market under the scope of the statutory auditor's report to the shareholders' meeting.

During 2018, the independent directors met without the other directors on one occasion in a meeting held on 9 February 2018.

4.7 Lead independent director

The Company has not designated an independent director as the lead independent director, as the prerequisites laid down by Application Criterion 2.C.3 of the Corporate Governance Code to do so are not fulfilled.

5. PROCESSING OF COMPANY INFORMATION

The Board of Directors of the Company, in its meeting on 12 December 2016, has resolved to approve the following Regulations, which came into force from the date of the presentation to Borsa Italiana of the application for the admission of the Company's shares for trading on the STAR segment of the MTA:

- i. the Regulation for the management of privileged information ("**Internal regulation for the management of insider information**") as provided for by Criterion 1.C.1, letter j) of the Corporate Governance Code;
- ii. a procedure to establish and maintain the Insider Register ("**Internal regulation relating to the keeping of the register of persons who have access to insider information**");
- iii. a procedure relating to the so-called *Internal Dealing* ("**Internal Dealing Regulation**").

The above-mentioned regulations are in line with the rules governing market abuse, outlined by Regulation no. 596/2014/UE of the European Parliament and Council, on market abuse ("**MAR Regulation**"), and can be found on the Issuer's website in the "Corporate Governance" section.

a. Internal rules for the management of insider information

The Regulation dictates some procedural safeguards aimed at ensuring the correct management of corporate information involving the Issuer and which involve insider information pursuant to the existing regulation.

Note that: insider information shall refer to information of a precise nature, which has not been disclosed to the public and which directly or indirectly involves the Company or its financial instruments; which, if made public, could have a significant effect on the prices of the Company's financial instruments.

The Regulation is applicable to all those who have access to significant or insider information and, in particular: (i) to the members of the management, administrative and supervisory bodies, the members of the Company's Committees and the members of any subsidiary companies; (the "**Subsidiaries**"); (ii) to the employees; (iii) to the natural and legal persons who, on account of their employment, profession or duties, have regular or occasional access to Insider Information.

b. Internal regulation relating to the keeping of the register of persons who have access to insider information

The Regulation defines the rules and procedures for keeping and updating the Register of persons having access to privileged information (the "**Register**").

The Register is set up in digital form, managed and maintained by the Company, including on behalf of its Subsidiaries, in respect of which the internal policies on the circulation and monitoring of insider information enable the Company to fulfil the obligations related to the proper keeping of the Register.

The Register is made up of: (a) several distinct sections, one for each insider information, containing data about subjects having access to that specific insider information; a new section should be added at the list each time new insider information is identified. In addition, it is established a so-called permanent section in which the names of the subjects who, because of their functions or tasks performed, always have access to insider information.

c. Internal Dealing Regulation

The Regulation sets out a procedure relating to the disclosure obligations imposed on relevant persons, persons closely associated with the relevant persons, who perform transactions on shares, on derivative financial instruments or on related financial instruments.

The "relevant persons" are: (a) the members of the Company's administrative or supervisory body; (b) executives who, although not members of the Company's administrative or supervisory bodies, have regular access to privileged information concerning the Company directly or indirectly and hold the power to adopt decisions that may affect the Company's future evolution and prospects; (c) the persons performing the functions referred to in subparagraphs (a) and (b) above in a company controlled directly or indirectly by the Company, if value of this investment represents more than 50percent of the assets of the Company as resulting from the last approved financial statements; (d) anyone holding a stake, calculated in accordance with article 118 of the Issuers' Regulations, equal to at least 10% of the Company's share capital, represented by shares with voting rights, as well as any other entity that controls the Company.

The "persons closely associated with relevant persons" are: (a) the spouse or a partner treated as equivalent to the spouse in accordance with the current regulations; (b) the dependent children, even of the spouse; (c) relatives who have shared the same home for at least one year on the date of the transaction; legal entities, trusts or partnerships: (i) whose management responsibilities are held by a relevant person or by a person referred to in letters (a), (b) and (c) above, or (ii) that is directly or indirectly controlled by a Relevant Person or by one of the persons referred to in letters (a) (b) and (c) above, or (iii) that is constituted for the benefit of a relevant person or one of the persons referred to in subparagraphs (a), (b) and (c) above, or (iv) whose economic interests are substantially equivalent to the interests of a relevant person or one of the persons referred to in subparagraphs (a) , (b) and (c) above.

6. BOARD COMMITTEES (PURSUANT TO ART. 123 -BIS, PARAGRAPH 2, LETTER D) OF THE TUF)

Pursuant to articles 4, 5, 6 and 7 of the Corporate Governance Code which recommend that listed companies establish internal committees within the Board of Directors, in charge of specific areas, the Board of Directors has established a Remuneration and Appointments Committee and a Control and Risk Committee, both of which will submit proposals and provide advice, pursuant to art. 4 of the Corporate Governance Code.

In view of the Company's organisational needs, its mode of operation and the size of its Board of Directors, the Company has established a single committee for remuneration and appointments pursuant to Articles 5 and 6 of the Corporate Governance Code, which is responsible for making enquiries, providing advice and offering suggestions to the Board of Directors.

7. REMUNERATION AND APPOINTMENTS COMMITTEE

On 7 February 2017, the Board of Directors of the Company, in compliance with the recommendations regarding corporate governance contained within the Corporate Governance Code, resolved to establish an Appointments and Remuneration Committee, pursuant to articles 5 and 6 of the Corporate Governance Code, approving the regulation for the operation of the committee itself (the "**Remuneration and Appointments Committee**").

The composition and operation of the Remuneration and Appointments Committee (pursuant to art. 123 -bis, paragraph 2, letter d) of the TUF)

The members of the Remuneration and Appointments Committee, including its Chairman, were appointed by the Board of Directors on 7 February 2017 and are in office as at the date of this Report.

In particular, the following persons were appointed as members of the Remuneration and Appointments Committee: Gianpiero Lenza, Marino Marin and Stefano Meloni (as the Chairman).

The Remuneration and Appointments Committee was established pursuant to principle 6.P.3 of the Corporate Governance Code which provides that it shall be composed of independent directors, or alternatively, non-executive directors, the majority of whom must be independent (in this case the Chairman is to be appointed amongst independent directors).

Pursuant to principle 6.P.3 of the Corporate Governance Code, at least one member of the committee is required to have knowledge and experience in financial matters or remuneration policies, considered to be adequate by the board as at the time of that person's appointment. Currently, the Chairman of the Committee fulfils this requirement.

The Regulation of the Remuneration and Appointments Committee can be viewed on the issuer's website under the section "Corporate Governance".

On 26 April 2018 the Company's Board of Directors resolved to assign the above Committee a budget of € 30,000 for the entire financial year in progress.

The Remuneration and Appointments Committee was able to access the information and corporate functions necessary to carry out its duties, as well as rely on external consultants, within the terms established by the Board (Application criterion 4.C.1., letter e).

Function of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee carries out all the duties attributed to it by the Corporate Governance Code and, in particular, as regards appointments, in compliance with application criteria 5.C.1 and 5.C.2 of the Corporate Governance Code, it ensures that:

- (i) it provides opinions to the Board of Directors concerning its size and composition and expresses recommendations with regard to the professional figures whose presence within the Board is deemed appropriate;
- (ii) it makes recommendations to the Board of Directors regarding the maximum number of offices of director or statutory auditor in other companies considered compatible with the effective performance of the duties of a director of the Issuer, also taking into account the participation of the directors in board committees.
- (iii) it makes recommendations to the Board of Directors regarding any problematic cases that arise if, in order to deal with organisational requirements, the shareholders' meeting authorises exemptions, in a general and pre-emptive manner, from the prohibition against competition provided for by art. 2390 of the Civil Code;
- (iv) it proposes to the Board of Directors the list of candidates for the office of director in cases of co-opting, when it is necessary to replace independent directors; and
- (v) if the Board of Directors should decide to adopt a succession plan for executive directors, it will assist the board in the investigation for the preparation of the plan.

In compliance with application criterion 6.C.5 of the Corporate Governance Code, the Remuneration and Appointments Committee is in charge of the following duties regarding remuneration:

- (i) formulating proposals to the Board of Directors for definition of a general policy for remuneration of the Chief Executive Officer and other directors with strategic responsibilities, including for assistance to the board in the preparation of the remuneration report to be submitted to the shareholders' meeting annually and periodically evaluates the adequacy, overall coherence and actual application of the general policy on remuneration which has been approved by the Board of Directors;
- (ii) making proposals to the Board of Directors regarding the overall remuneration of the Chief Executive Officer, the General Manager and the other Key Managers, and for the establishment of the remuneration criteria for the Company's senior management, including the performance targets linked to the variable component of that remuneration;
- (iii) monitoring the implementation of decisions taken by the Board of Directors, by verifying, in particular, the actual achievement of performance targets;
- (iv) examining any share-based or cash incentive plans for Company employees and the policies for the strategic development of human resources.

No director takes part in the Remuneration and Appointments Committee meetings in which proposals are made to the Board of Directors regarding their remuneration unless the proposals regard all members of the Board Committees in general.

The establishment of this Committee ensures the fullest possible disclosure and transparency regarding the remuneration of the Chief Executive Officer and senior management, as well as the

procedures for its determination. However, in accordance with the art. 19 of the Articles of Association and art. 2389, paragraph 3, of the Civil Code, the Remuneration and Appointments Committee only performs advisory and recommendation functions, whereas the power to set the remuneration of the directors holding specific offices remains with the Board of Directors, in consultation with the Board of Statutory Auditors.

Regarding the level of participation of the individual members of the Remuneration and Appointments Committee in the meetings, please see the information provided in the table above.

In the current year, the Remuneration and Appointments Committee intends to meet whenever this is necessary to ensure the correct and effective fulfilment of duties.

During Financial Year 2018, the Remuneration and Appointments Committee met 4 times.

The Remuneration and Appointments Committee met:

- (i) to examine the first draft of the remuneration report and to assess the organisational structure of the company.
- (ii) for (i) the definition of the Company's Remuneration Policy; (ii) the approval of the Remuneration Report; (iii) the approval of the budget proposal for the Remuneration and Appointments Committee.
- (iii) to examine, revise and approve the Regulation for the Stock Option Plan. The Remuneration and Appointments Committee meetings have been attended by the company's human resources Director who acted as secretary and presented issues under his responsibility. The Chairman of the Board of Statutory Auditors, amongst others, participated to the meeting;
- (iv) to take note of the resignations from office of director Nancy Arlene Cooper and to present Uwe-Ernst Bufe to the board as the candidate to replace the outgoing director. The Remuneration and Appointments Committee meeting has been attended by the company's human resources Director who acted as secretary and presented issues under his or her responsibility. The Chairman of the Board of Statutory Auditors, amongst others, participated to the meeting.

The chairman provides information at the following Board of Directors meeting regarding the activities of the Remuneration and Appointments Committee.

8. REMUNERATION OF THE DIRECTORS

General remuneration policy

For information regarding the general remuneration policy please see the Company's Remuneration Report regarding the Financial Year 2018 which was drafted pursuant to art. 123 -ter of the TUF and approved by the Board of Directors on 26 April 2018 after it was examined and approved by the Remuneration and Appointments Committee. It will be provided to the public within the deadlines and under the terms and conditions set forth by the applicable provisions of the law and the regulations, including through publication on its website <http://unieurospa/eng/corporate-governance/shareholders-meeting/>

It is hereby noted in any case that, except for an employment contract between the Chief Executive Officer Giancarlo Nicosanti Monterastelli and the Issuer, which provides for termination compensation under the terms and conditions set forth in the CCNL (National Collective Bargaining Agreement) for managers of retail companies, there are no other agreements between the company and any directors that provide for compensation, including insurance, in the event of resignation or termination without just cause or if the employment relation ceases as a result of a public takeover bid.

The table below shows, for each of the pieces of information indicated above, this section of the remuneration report in which this information can be found.

Significant information pursuant to the Corporate Governance Code	Relevant parties in terms of the remuneration report
General remuneration policy (principle 6.P.4 of the Corporate Governance Code)	Section I, letter e)
Share based remuneration plans (application criterion 6.C.2 of the Corporate Governance Code)	Section I, letter e) and Section II
Remuneration of the executive directors (Principle 6.P.2 of the Corporate Governance Code)	Section I, letter e) and Section II, Part I
Remuneration of key management (Principle 6.P.2 of the Corporate Governance Code)	Section I, letter e) and Section II, Part I
Incentive mechanisms for the Financial Reporting Officer (application criterion 6.C.3 of the Corporate Governance Code)	N/A
Incentive mechanisms for the Audit Department Manager (application criterion 6.C.3 of the Corporate Governance Code)	N/A

Remuneration of non-executive directors	Section I, letter e) and Section II
Indemnification of directors in the event of resignation, termination or termination of contract following a public takeover bid (principle 6.P.5 of the Corporate Governance Code)	Section I, letter I)

9. CONTROL AND RISK COMMITTEE

The Control and Risk Committee was established pursuant to principle 7.P.4 of the Corporate Governance Code which provides that it shall be composed of independent directors, or alternatively, non-executive directors, the majority of whom must be independent (in this case the Chairman was appointed amongst the independent directors).

The composition and operation of the Control and Risk Committee (pursuant to art. 123 -bis, paragraph 2, letter d) of the TUF)

The members of the Control and Risk Committee, including its Chairman, were appointed by the Board of Directors on 7 February 2017 and are in office as at the date of this Report.

In particular, the following persons were appointed as members of the Control and Risk Committee: Gianpiero Lenza, Marino Marin e Stefano Meloni (as the Chairman).

Pursuant to principle 7.P.4 of the Code, at least one member of the Control and Risk Committee must possess knowledge of accounting and finance and/or risk management deemed adequate by the board at the time of their appointment. Currently, the Chairman of the Committee fulfils this requirement.

Note that, pursuant to the Application Criteria 7.C.1. letters (b) and (d), during the meeting on [26 April 2018 the Board of Directors, based on the information provided to the directors, evaluated the internal control and risk management system adopted by the Company consistent with the application criteria pursuant to 7.C.1 of the Corporate Governance Code.

Specifically, during this meeting, the Chief Executive Officer reported to those present with regard to the operation of the Company's internal control and risk management system. The internal control and risk management system has also been evaluated by the Control and Risks Committee, which found it to be in line with the objectives of safeguarding the company's assets, the efficiency and efficacy of the corporate processes, the reliability of the financial information, compliance with the laws and regulations, Articles of Association and internal procedures, deeming the system consistent with the application criteria pursuant to 7.C.1 of the Corporate Governance Code.

Functions attributed to the Control and Risk Committee

In assisting the Board of Directors and pursuant to the requirements of application criterion 7.C.2 of the Corporate Governance Code, the Control and Risk Committee shall:

- (i) together with the manager responsible for preparing the company's accounting documents and after consulting with the auditor and the Board of Statutory Auditors, assess the correct use of accounting standards and their uniformity for the purpose of drafting the financial statements;
- (ii) express opinions on specific aspects regarding the identification of the main business risks;
- (iii) examine the periodic reports containing evaluations of the internal control and risk management system and the particularly significant reports prepared by the internal audit department;
- (iv) monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit department;

- (v) request the internal audit department to carry out audits on specific operating areas, concurrently informing the Chairman of the Board of Statutory Auditors;
- (vi) report to the Board of Directors at least every six months, when the annual and half-yearly financial report are approved, on the activities carried out as well as on the adequacy of the internal control and risk management system;
- (vii) support with appropriate investigative activities, the valuations and decisions of the Board of Directors relative to the management of risks arising from detrimental facts that have come to the awareness of the Board of Directors.

In compliance with the provisions of application criteria 7.C.1 of the Corporate Governance Code, the Control and Risk Committee, furthermore issues its own opinion to the Board of Directors regarding:

- (i) the guidelines of the internal control and risk management system, so that the main risks concerning the Issuer and its subsidiaries are correctly identified, adequately measured, managed and monitored, determining the degree of compatibility of these risks with the healthy and correct management of the company coherently with the strategic objectives that have been set;
- (ii) the adequacy and efficacy of the internal control system and the risk management with regard to the characteristics of the Issuer and the risk profile assumed, as well as the efficacy thereof;
- (iii) the work schedule prepared by the internal audit department manager;
- (iv) the description contained within the corporate Governance Report of the main characteristics of the internal control and risk management system and the procedures for coordination between the individuals involved therein, including the valuation of the adequacy of the system itself;
- (v) the results provided by the audit firm in any letter of suggestions and in its report on fundamental issues that emerged during their legal audit; and
- (vi) the proposal relative to the appointment, revocation and remuneration of the internal audit manager, as well as regarding the adequacy of the resources assigned to the latter for the discharge of his or her functions.

Regarding the level of participation of the individual members of the Control and Risk Committee in the meetings, please see the information provided in the above table.

For the year underway, the Control and Risk Committee shall meet whenever this will be considered necessary for the correct and effective discharge of its duties. During Financial Year 2018, it met 5 times.

During Financial Year 2018, the Control and Risk Committee has met:

- to examine (i) the proposal for the appointment of the person in charge of the internal audit department, (ii) the audit plan pursuant to law 262/2005; (iii) the proposal for an amendment of the Organisation and Management Model as provided by Legislative Decree 231/2001; (iv) the activities required prior to approval of the financial statements. The Control and Risk Committee has been attended by the Company's Internal Auditor who acted as secretary and in order to present issues under her responsibility. The Chairman of the Board of Statutory Auditors, inter alia, have also participated in that meeting as well as Mr Plattner, attorney, as the legal adviser of the Company;

- for (i) investigation of the adequacy of the Internal Control and Risk Management System and description of the corporate governance report; (ii) investigation of the adequacy of the organizational, administrative and accounting structure of the company; (iii) investigation on the impairment testing procedures; (iv) investigation on the verification of the actual compliance of the Financial Reporting Officer (that is, the executive in charge of the preparation of the company's accounts) with the accounting administrative procedures; (v) meeting with the auditing firm, regarding the valuation regarding correct usage and standardization of the accounting standards used for the preparation of the financial statements; (vi) examining the report of the auditors on any critical areas found pro-tempore. The Control and Risk Committee has been attended by the company's Internal Auditor who acted as secretary and in order to present issues under her responsibility. The meeting was also attended by the Chairman of the Board of Statutory Auditors and the statutory auditors, as well as Dr Polpettini and Dr Ferranti representing the auditors KPMG and Dr Italo Valenti as CFO of the Company;
- for providing the opinion on the audit plan for FY 2018 and meeting with the consulting firm Ernst&Young. The Control and Risk Committee has been attended by the Company's Internal Auditor who acted as secretary and in order to present issues under her responsibility. The Chairman of the Board of Statutory Auditors and the statutory auditors also participated in that meeting as well as Piero di Michele representing the consulting firm Ernst&Young.
- for (i) meeting with the Independent Auditors and the Financial Reporting Officer to evaluate the correct usage and standardisation of the accounting standards used for preparing the draft financial statements (art. 7.C.1. letter e) and 7.C.2, letter a) of the Corporate Governance Code) and the independent auditor's report on any critical areas found; (ii) verifying the effective compliance of the accounting and administrative procedures by the Financial Reporting Officer (art. 154-bis, paragraph 4 of the TUF)- Law 262/2005; (iii) examining the periodic reports of Internal Audit. The Control and Risk Committee has been attended by the Company's Internal Auditor who acted as secretary and in order to present issues under her responsibility. The meeting was also attended by the Chairman of the Board of Statutory Auditors and the statutory auditor Giorgio Gavelli, Dr Polpettini and Dr Ferranti representing the auditors KPMG and Dr Italo Valenti as the CFO of the Company, as well as Attorney Mr Tebano representing the Supervisory Body;
- for (i) examining the periodic reports of Internal Audit (ii) and ratifying the FY 2019 stores audit plan. The Chairman of the Board of Statutory Auditors and the statutory auditors have also participated in that meeting as well as Piero di Michele, on behalf of the consulting firm Ernst&Young.

Furthermore, the Director in charge of the Internal Control and Risk Management System participates to these meetings on a regular basis.

The Control and Risk Committee is entitled to access the information and company functions, which are required for it to discharge its duties and to use external consultants, within the limits set by the Board of Directors.

The Board awarded the Control and Risk Committee a budget of €30,000 until the end of the year in progress to carrying out its tasks. In compliance with the provisions of the Board Regulation, in particular circumstances, these financial resources provided to the Control and Risk Committee can also be increased.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In compliance with art. 7 of the Corporate Governance Code, the Issuer is adopting an internal control and risk management system that will allow it to identify, measure, manage and monitor the main risks in line with best domestic and international practices.

The internal control and risk management system helps to protect the company's assets, and the efficiency and efficacy of the corporate processes, compliance with the laws and regulations, the Articles of Association and the internal procedures as well as the reliability of the financial information. In this area, the internal control system which has been set up with the objective of guaranteeing the reliability, accuracy, integrity and timeliness of the financial information must therefore be considered as an element which is integrated and not separate from the general risk management system adopted by the Company.

This system is added to the general organizational and corporate governance structures adopted by the company, taking into appropriate consideration the best practices existing domestically and internationally and the models of reference, also in light of the evolution of the discipline.

In particular, the planning, implementation and monitoring of the internal control and risk management system defined by the company are inspired by the method of the CoSo Framework developed on the basis of the guidelines of the Committee of Sponsoring Organizations of the Treadway Commissions; the company plans and constantly carries out development and streamlining of the system in all its components, in an effort to ensure continuous improvement. These components are presented below in summary form.

a) Area of control

The area of control is the organizational context in which the strategies and objectives are established as well as the procedures with which the business activities are structured, and the risks are identified and managed. This includes many elements, including the ethical values of the company, the skills and development of the personnel, the operating style and the procedures with which delegations, powers and responsibilities are assigned.

b) Risk assessment

Risk assessment is considered as a basic element of the system. To this end, in order to acquire instruments that are more in line with the requirements of the control and risk management system that the organizational complex overall and the status as a listed company and business dynamics require, the Company has initiated a structured process aimed at identifying and assessing risks, which constitutes the methods for identifying priorities of the control system and the audit plan.

c) Audit activities

The audit activities are defined within a framework of regulations, policies, guidelines and procedures that can help to ensure that the decisions for handling risks are executed in an adequate fashion. The Audit Plan, in accordance with principles of conformity with the mandate of optimising corporate resources and efficiency, was implemented taking into consideration the main results of the risk assessment activities; these elements were supplemented by control activities that were triggered following the requirements expressed by the Financial Reporting Officer and by the Supervisory Body, for which Internal Audit provides operational support, as explained in more detail below. The Audit Plan was approved by the Board of Directors, after analysis and valuation by the Control and Risk Committee.

d) Information and Communication

The information is necessary at all the corporate levels to identify, evaluate and implement the decisions for the handling of the risks as well as to carry out the audit activities in compliance with the objectives that have been set previously. The individuals comprising the internal control and risk management system act to maintain a constant flow of executive reporting in line with their roles.

e) Monitoring

The internal control and risk management system is periodically audited and updated in order to render the structure and the implementation procedures appropriate in terms of the specific requirements of the organization and the market in which the Company operates.

On 26 April 2018, based on the information provided to the directors and having listened to the opinion of the Control and Risk Committee, the Board of Directors evaluated the internal control and risk management system adopted by the Company consistent with the provisions of Application Criterion 7.C.1. of the Corporate Governance Code for listed companies.

10.1 Risk management system in relation to the financial reporting

As regards the internal control system in place in relation to the preparation of the financial reports, the Company has undertaken an exercise of adjustment to the indications set forth in law 262/05, which exercise aims to document the accounting and administrative model that has been adopted as well as to execute specific verifications over the audits, to support the certification process under the financial reporting officer's responsibility.

The above-mentioned accounting and administrative audit model consists of the total internal procedures and instruments adopted by the Company to ensure achievement of the corporate objectives of reliability, accuracy, integrity and speed in financial reporting.

The methods applied by the financial reporting officer for the analysis and verification of the administrative and accounting audit system has been formalized in a document describing the model, which has been constructed in line with the indications set forth in the "CoSo Report" which is referred to as the model of reference in the ANDAF Guideline for the Financial Reporting Officer.

The valuation of the risks identified regarding the financial reporting at the entity level as well as at the process and individual transaction levels, aims to measure the appropriateness of the safeguards in place to efficiently mitigate the risks inherent to the administrative-accounting process.

The approach adopted takes into consideration the possible risks of unintentional error as well as the risks that can take place with fraudulent intent, providing for the planning and monitoring of the safeguards and controls that guarantee coverage from such types of risk, as well as coordination of the control protocols implemented as part of the overall internal control system.

Furthermore, the approach that has been adopted takes into consideration both the manual as well as the information systems supporting the accounting and administrative processes, that is the so-called automatic controls at the application system level and the IT general controls safeguarding the areas which relates to system access, control of development and modifications and finally, adequacy of the IT structures. At the general IT and infrastructure level, the control system is subject to analysis to define and carry out initiatives aimed at strengthening it.

The monitoring activities are concentrated on the operating processes which refer to material accounting items. Furthermore, ad hoc checks are carried out on activities connected to closings, which the company documents, allocates in terms of responsibilities and authorizes through a dedicated information system, to guarantee the completeness and accuracy thereof.

During 2018, the internal control system was updated and sampling activities to evaluate the reliability of the administrative-accounting internal control system were carried out. The Financial Reporting Officer constantly monitors the adequacy of the controls, initiating corrective actions where necessary.

Based on the results of the activity for the recognition of the processes, risks and controls, the company defines improvement plans aimed at introducing and/or modifying the controls whether at the general or at the individual process level and proceeds to defining or updating the administrative - accounting procedures.

10.2 Director in charge of the internal control and risk management system

To support the Issuer's internal control and risk system in addition to the internal control system, on 9 February 2017 the Company's Board of Directors appointed Giancarlo Nicosanti Monterastelli as the director in charge of the internal control and risk management system with the duties set forth in the application criterion 7.C.4 of the Corporate Governance Code. To this end, the Issuer believes that the appointment of Giancarlo Nicosanti Monterastelli to this position is in line with the provisions of the Corporate Governance Code, which outlines the positive aspects connected to a choice of this type, also due to the specific knowledge in possession of the appointed individual.

In conformity with the provisions of art. 7 of the Corporate Governance Code (Application Criterion 7.C.4.), the Director in charge of the internal control and risk management system:

- identifies the main corporate risks, taking into account the characteristics of the activity carried out by the issuer and its subsidiaries, and periodically submits them to examination of the Board of Directors;
- executes the guidelines defined by the Board of Directors, following up the planning, realization and management of the internal control and risk management system and verifying adequacy and efficacy on an ongoing basis;
- is in charge of adapting this system to the dynamics of the operating conditions and the legislative and regulatory environment;
- can request the internal audit department to carry out verifications of specific operating areas and compliance with the internal rules and procedures in executing the corporate operations, concurrently informing the Chairman of the Board of Directors, the chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors;
- immediately informs the Control and Risk Committee (or the Board of Directors) regarding any problems and critical areas that could emerge in the pursuit of his activities or which he has become aware of so that the committee (or the board) can take the appropriate actions.

10.3 Internal Audit Department Manager

In its meeting of 12 April 2017, the Board appointed Rafaella Folli as the Internal Audit Department Manager of the Issuer in charge of the Issuer's internal audit operations.

The appointment of the Internal Audit Manager is the result of a proposal put forward by the director

in charge of the internal control and risk management system, after receiving the opinion in favour of the Control and Risk Committee and the opinion of the Board of Statutory Auditors.

On the proposal of the director in charge of the internal control and risk management system and having received the opinion in favour of the Control and Risk Committee and the Board of Statutory Auditors, the Board defined the remuneration of the Internal Audit Department Manager to be in line with the corporate policies and ensured that she had available the appropriate resources for the discharge of her duties.

The Internal Audit Department Manager reports directly to the Board of Directors and is not responsible for any operating area.

The Internal Audit Manager has adequate resources at her disposal to carry out the allocated tasks. During 2018, the Internal Audit Manager carried out her tasks in conformity with art. 7.C.5. of the Corporate Governance Code in line with the Plan approved by the Board of Directors, the results of which were reported to the Management, the Control and Risk Committee, the Board of Statutory Auditors and the Board of Directors.

The Company believes the incentivising mechanisms for the Internal Audit Manager are consistent with the tasks assigned to this role (Application Criterion 6.C.3.).

10.4 Organisational model (pursuant to Legislative Decree 231/2001)

On 17 May 2016, the Company approved and adopted the Organisation, Management and Control Model, pursuant to Legislative Decree 231/2001 (the "Model"). Additionally, on 12 April 2017, the Company updated and approved the new Model in line with the rules governing market abuse offences.

In the Board meeting held on 17 May 2016, together with the organization model, the Board of Directors also approved the Code of Conduct, which constitutes an integral part of the aforementioned organisational model. The Code of Conduct contains standards of conduct and guidelines to follow in pursuing business, the relations between the employees of the Company and the Group, and also relations with third parties. This document was prepared with account taken of the Company's specific requirements in light of its operations. The Code of Conduct is available on the Company's website www.unieurospa.com "Corporate Governance" section.

In its meeting of 17 May 2016, the Board of Directors also resolved to establish a Supervisory Body, the members of are Giorgio Rusticali (as the Chairman), Chiara Tebano (Lawyer), and Raffaella Folli. The Supervisory Body composed as above fulfils the requirements of autonomy, independence, professionalism and continuity.

The Model consists of two parts. The first, of a general character, illustrates the purposes, recipients, members of the preventive control system of the Model itself and, again in line with the prescriptions contained in the Decree, the structure, operation and duties of the Supervisory Body, which pursuant to art. 6 of the Decree, is in charge of monitoring the functioning and observance of the Model.

The first part of the Model also provides for training and information of the company's personnel, with regard to the contents of the Model.

The second part of the Model, which is of a special nature, contains a description of the types of offences provided in the Decree and the relative penalties applicable to them, with regard to the risk

areas considered to be applicable to the Company, as these were identified during the risk assessment process.

The types of offences which the Model, based on the risk mapping which was conducted prior to its adoption, intends to prevent refer to:

- Offences involving relations with the Public Administration;
- Corporate offences;
- Crimes which result in terrorism or subversion of democratic order, transnational crimes, organized criminality, misappropriation and money laundering, usage of illegally obtained money, goods or utilities or employment of third countries, who reside illegally in the country;
- Crimes against individual personalities;
- Negligence in violation of the laws on occupational health and safety;
- Computer crime and illegal data processing;
- Falsifying instruments and identification marks and crimes against industry and commerce;
- Crimes involving intellectual property rights;
- Inducement to withhold from or make untruthful declarations to the Court Authorities;
- Environmental crimes;
- Corruption between private parties;
- Crimes involving money laundering;
- Crimes involving market abuse.

10.5 Auditing firm

Pursuant to the applicable definitions and provisions of the law, the company's ordinary shareholders' meeting as at 12 December 2016 assigned to the auditing firm KPMG S.p.A., with legal and administrative offices located at Via Vittor Pisani no. 25, Milan and which is registered under number 13 of the register of auditing firms held by the Ministry of Economy and Finance pursuant to art. 161 of the TUF and number 70623 of the register of legal auditors, the mandate to conduct the legal audit of the annual financial statements for the years that will end from 28 February 2017 until 28 February 2025, pursuant to articles 14 and 16 of Legislative Decree 39 of 27 January 2010, and the abbreviated audit of the abbreviated half year financial statements for the half years ending from 31 August 2017 until 31 August 2024. In consideration of the further activities required to the Independent Auditors due to, inter alia, the acquisition of the investment in Monclick Srl, the Issuer conferred to the Independent Auditors, the task for the legal review of the consolidated financial statements for the financial years ending 28 February 2018 on February 28, 2025. Furthermore, in consideration of the activities required to the Auditing Company by Legislative Decree no. 39 of 27 January 2010 and by (EU) Regulation no. 537/2014- as a result of the entry into force of the new accounting standards IFRS 9, 15 and 16, as a result of the purchase of the business units and the equity investment in Monclick S.r.l. –the Company had to upwardly adjust the fees originally recognised in favour of the Audit firm, in compliance with the provisions of the relevant engagement letter.

10.6 Financial Reporting Officer and other roles and corporate functions

In observance of art. 154 -bis of the TUF, and in compliance with the relative procedures for appointments set forth in art. 20 of the Articles of Association, on 7 February 2017 the Issuer's Board of Directors appointed Italo Valenti, Chief Financial Officer of Unieuro, as the Financial Reporting Officer.

Article 20 of the Articles of Association provides that the Financial Reporting Officer be appointed by the Board of Directors, after the Board has received the mandatory, but not binding, opinion of the Board of Statutory Auditors. If the Board of Directors does not agree with this opinion, it shall substantiate its decision. The regulation set forth in their articles of association also provides that the Financial Reporting Officer must have at least three years of experience in administration, finance and auditing and must possess the requirements of integrity established for directors.

Furthermore, upon appointment, the Board vested the Financial Reporting Officer with the powers and means necessary for the discharge of the duties attributed to him.

The Company believes that the incentivising mechanisms for the Financial Reporting Officer are consistent with the tasks assigned to this role (Application Criterion 6.C.3.).

10.7 Coordination between the individuals involved in the internal control and risk management system

In order to optimize interaction between them and maximize efficiency of the internal control and risk management system, pursuant to the recommendations of the Corporate Governance Code, the Company has identified the roles and responsibilities of the individuals involved in the internal control and risk management system, avoiding overlapping in the respective areas of activities and skills and duplication of controls.

Specifically, the Chairman:

- members of the Board of Statutory Auditors are always invited to take part in the meetings of the Control and Risk Committee, as is the Director in charge of the internal control system;
- the Director in charge of the internal control and risk management system immediately informs the Control and Risk Committee and the Board of any problems and critical issues that arise during his or her activities or which he has become aware of, so that the Committee and the Board are able to take the appropriate actions;
- the Internal Audit Function Manager ensures that there is a periodic flow of information, as well as on occasions that are particularly significant, not only with the Control and Risk Committee but also with all individuals who, in various capacities, supervise the internal control and risk management system such as the Board, the Financial Reporting Officer, the Supervisory Body, the Audit Firm and the Director in charge of the internal control and risk management system, each in their respective areas of competence;
- the Internal Audit Function Manager will participate directly in the meetings of the Supervisory Body, as an internal member, and will participate regularly in the verifications conducted by the Board of Statutory Auditors;
- the Board of Statutory Auditors will communicate periodically with the Board of Directors, Control and Risk Committee, Supervisory Body, Audit firm and the Financial Reporting Officer;

- the Supervisory Body may participate in the meetings of the Board of Directors and the Control and Risk Committee as a guest, reporting every half year regarding its own activities;
- the Audit Firm can take part, if invited, to the Control and Risk Committee meetings to update the Committee on the activities conducted;
- twice a year, at the half-year and annual closings, there is a meeting of the control bodies (Control and Risk Committee, Board of Statutory Auditors, Supervisory Body, Internal Audit, Financial Reporting Officer, Director in charge, Independent Auditors) in order to ensure the alignment and coordination of the control activities carried out by each of them.

11. INTERESTS OF THE DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

In conformity with the requirements of Consob in Regulation 17221/2010 of 12 March 2010 containing provisions on related-party transactions, on 12 April 2017, after receiving the opinion in favour of two independent directors in office at the time, the Board of Directors definitively approved an internal procedure for transactions with related parties (the "**Procedure**"), which is available on the Company's website at www.unieurospa.com.

The above-mentioned procedure applies to transactions with related parties (the definition of which is provided in the respective definitions of the Consob Related Party regulation, which is expressly referred to in the Procedure) conducted by the Company directly or through subsidiaries.

Coherently with the Consob Related Party Regulation, the procedure furthermore determines the procedures for the inquiries regarding guidelines for and approval of transactions with related parties defined to be of major significance based on the criteria indicated in Consob's Related Party Regulation and the transactions with related parties defined as being of lesser importance, such being those other than those of major significance and the transactions involving small amounts (the latter being transactions which, when considered individually, have a value of no more than €150,000 when the related party is a natural person, or a value no more than €300,000 when the related party is an individual other than a natural person).

Pursuant to the provisions of the Consob Related Parties Regulation, the procedure considers as transactions of greater significance with related parties those in which at least one of the significance indicators indicated under attachment 3 of the Consob Related Parties Regulation is higher than the threshold of 5% and assigns to a specific corporate body (comprised of the Chief Financial Officer and the Legal Director) the task of ascertaining the terms and conditions for application of the procedure to a specific transaction, including whether a transaction is of greater significance or lesser significance.

The procedure provides that the Company will be provided with an exception granted under article 10 of the Consob Related Parties Regulation, as the Company has recently been listed and therefore, approval of the transactions of greater significance with related parties will take place according to the procedures set forth for approval of transactions of lesser significance with related parties. The aforementioned simplified regime is applicable from the Trading Start Date up to the approval date of the financial statements for the year ending 29 February 2020.

Pursuant to the Consob Related Parties Regulation the procedure provides that, prior to approval of a transaction with related parties, the Related Parties Committee which will be comprised exclusively of unrelated and non-executive directors and a majority of independent directors pursuant to the TUF and the Corporate Governance Code, shall express a reasoned, non-binding opinion on the interests of the Company to pursue the transaction as well as the convenience and essential correctness of the terms and conditions therein. To this end, we note that the Related Parties Committee was appointed by the Board of Directors on 7 February 2017 and consists of the independent directors Marino Marin and Stefano Meloni.

The rules provided by the procedure do not apply in the following cases which are exempt:

- (i) board resolutions regarding remuneration to members of the Board of Directors pursuant to article 2389, paragraph 1 of the Italian civil code and resolutions regarding remuneration of directors with particular duties included in the total amount of the remuneration of all the directors, which has previously been determined by the shareholders' meeting pursuant to article 2389, paragraph 3 of the Italian civil code;

(ii) resolutions, other than those indicated under (i) above, regarding the remuneration of directors vested with particular duties, as well as other key management personnel, provided that:

- the company has in place a remuneration policy, in which the Remuneration and Appointments Committee has been involved;
- a report describing the remuneration policy has been submitted to the approval and vote of the shareholders' meeting; and
- the remuneration assigned is coherent with such policy;

(iii) transactions of a significant amount;

(iv) remuneration plans based on financial instruments approved by the shareholders' meeting pursuant to article 114 -bis of the TUF and the relative executive operations;

(v) ordinary transactions (these are transactions that fall under ordinary operations and are connected to the financial activities of the company or the subsidiary that is carrying out the transaction) that are concluded at arm's length;

(vi) transactions carried out by the company with its subsidiaries or transactions carried out between such subsidiaries, as well as associated companies, if the subsidiaries or associated companies that are counterparties in the transaction do not involve any significant interests of other related parties of the company;

(vii) board resolutions regarding remuneration payable to members of the Board of Statutory Auditors, pursuant to article 2402 of the Italian civil code.

It is hereby noted that any decisions regarding the renewal, even if tacit or automatic, of contracts and relations stipulated with related parties of the Issuer in the period of time preceding the formal adoption of the related party transactions policy and procedure described above, will be made in compliance with this procedure once it is approved by the Board of Directors, subsequently to the Trading Start Date.

Functions of the Related Parties Committee

The internal board body, composed of two Independent Directors, due to the above-mentioned simplified regime, is currently (and until the date of approval of the financial statements for the year ending 29 February 2020) was called upon to only express a non-binding reasoned opinion on the interest of the Company to complete the transaction as well as on the expediency and essential fairness of the conditions.

12. APPOINTMENT OF THE STATUTORY AUDITORS

The Board of Statutory Auditors is appointed by the Company's Ordinary shareholders' meeting.

Pursuant to articles 21 in 22 of the Articles of Association, the Issuer has adopted a transparent procedure for the appointment of the statutory auditors which guarantees, among other things, adequate and speedy information regarding the personal and professional features of the candidates in office.

While the Company's shares are listed on a regulated market in Italy or in another member state of the European Union, the Board of Statutory Auditors will be elected by the ordinary shareholders' meeting on the basis of lists submitted by shareholders as provided below, ensuring a gender balance as required by applicable law and regulations.

The lists have two sections: one for the appointment of 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 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 not submitted.

Each list that contains 3 (three) or more candidates in both sections shall also include candidates of both sexes, 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 not submitted.

The lists shall be submitted within the period prescribed by the applicable legislation referred to in the convocation notice, at the Company's registered office or electronically, as stated in the notice, and made public within the time and in the manner laid down by applicable legislation and regulations. If by the deadline for the submission of lists, only one list has been submitted or there are only lists submitted by shareholders acting in concert within the meaning of art. 144-*quinquies* of the Issuer Regulation, lists may be submitted for up to three days after this date. In this event, the thresholds indicated in the Articles of Association are reduced by half. Together with the lists, the following shall also be submitted:

- (i) information about the shareholders who submitted the list and an indication of the percentage of equity held;
- (ii) a declaration from shareholders other than those who hold, even jointly, a controlling or relative majority interest, certifying the absence of direct or indirect relationships with such shareholders under applicable legislation and regulations;
- (iii) the curriculum vitae of candidates and an affidavit from each candidate that there are no grounds for ineligibility or incompatibility and that he or she meets the requirements for office;
- (iv) information about the candidates with an indication of administrative and supervisory positions held in other companies, as well as a declaration by the candidates that they meet the requirements, including the requirements in terms of integrity, professionalism,

independence and concurrent office provided by applicable legislation and regulations and the articles of association, and their acceptance of the nomination and office, if elected;

(v) a declaration whereby each candidate accepts his or her nomination;

(vi) any other declaration, information and/or document provided by applicable legislation and regulations.

Each shareholder, shareholders who have signed 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 whom a 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, lest he or she is considered ineligible.

A list for which the provisions set forth in this paragraph had not been complied with shall be considered as not having been submitted.

The statutory auditors will be 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, and this candidate will also be appointed Chairman of the Board of Statutory Auditors.

The alternate auditors will be the first two alternate candidates on the majority list and the first alternate candidate on the minority list.

If a gender balance is not achieved as required by applicable legislation or regulations, the necessary replacements will be made among candidates for the office of statutory auditor in the order in which the candidates are listed.

If fewer candidates are elected based on the lists submitted than there are auditors to be elected, the remainder will be elected by the shareholders' meeting, deciding by a relative majority and ensuring that the gender balance required under applicable legislation and regulations is achieved.

In the event of a tie between the lists, a run-off vote will 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 act in accordance with 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 cases the Chairman of the Board of Statutory Auditors is appointed by the shareholders' meeting, deciding by a relative majority of the vote.

13. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS (PURSUANT TO ART. 123 -BIS, PARAGRAPH 2, LETTER D) OF THE TUF)

Pursuant to art. 21 of the Articles of Association, the Board of Statutory Auditors is comprised of 3 (three) statutory auditors and 2 (two) alternate auditors who possess the requirements of professionalism, integrity and independence required by the law and other applicable provisions.

As concerns the requirements of professionalism in particular, pursuant to art. 1, paragraph 2, letters b) and c) of Ministerial Decree 162 of 30 March 2000, matters and sectors of activity which are closely related to those of the business of the Company are the matter and sectors of activity which are connected to or inherent in the operations of the Company, as these are indicated in the corporate purpose.

The requirements, functions, responsibilities of the Board of Statutory Auditors are governed by the law.

Statutory Auditors remain in office for three financial years. Their term of office expires on the date of the shareholders' meeting convened to approve the financial statements for their third year in office.

The Board of Statutory Auditors appointed by the shareholders' meeting on 12 December 2016 which is composed of Maurizio Voza (Chairman), Giorgio Gavelli and Luigi Capitani (statutory auditors) and Sauro Garavini and Giancarlo De Marchi (alternate auditors), will remain in office until the approval of the financial statements as at 28 February 2019.

Position	Members	Year of birth	Date of first appointment	In office since	In office until	List (M/m)*	Independence as per the Code	(%) **	Number of positions covered ***
Chairman	Maurizio Voza	1976	23/06/2012	12 December 2016	29 February 2019	N/A	X	100	2
Statutory auditor	Giorgio Gavelli	1966	22/10/1998	12 December 2016	29 February 2019	N/A	X	91,67	16
Statutory auditor	Luigi Capitani	1965	12 December 2016	12 December 2016	29 February 2019	N/A	X	83,33	23
Alternate auditor	Sauro Garavini	1972	12 December 2016	12 December 2016	29 February 2019	N/A	X	-	11
Alternate auditor	Giancarlo De Marchi	1950	12 December 2016	12 December 2016	29 February 2019	N/A	X	-	10 (1)

AUDITORS WHO LEFT OFFICE DURING THE YEAR IN PROGRESS									
-	-	-	-	-	-	-	-	-	-
Number of meetings held during the year: 11									
Indicate the quorum required for the submission of the lists by the minority shareholders for election of one or more members (pursuant to art. 148 of the TUF): 2.5% established by Consob Resolution no. 19856									

* This column indicates M/m depending on whether the member was elected from a listed voted by the majority (M) or the minority (m).

** This column contains the attendance rate of the auditors at the meetings of the Board of Statutory Auditors (ratio between the number of attendances and the number of meetings held during the actual time during which the individual in question was in office).

***This column contains the number of offices the individual in question had as a director or statutory auditor which are significant pursuant to article 148-bis of the TUF (including the Issuer), in addition to the post held in the Company and its subsidiary company. The complete list of offices is published by Consob on its own website pursuant to art. 144-quinquiesdecies of the Issuers' Regulation. Posts held at Large Entities are indicated in between brackets.

For more information regarding the members of the Board of Statutory Auditors please see the website of the Issuer www.unieurospa.com under the section "governance/ Board of Statutory Auditors", which contains the CVs of the statutory auditors with their professional information.

Pursuant to the recommendations of the Corporate Governance Code, in accordance with applicable laws the Board of Statutory Auditors shall monitor the financial reporting process, the efficacy of the Internal Control and Risks System, the legal auditing of the annual and consolidated accounts and the independence of the independent auditors, in particular as concerns non-auditing services the latter provide. As part of their own activities, the statutory auditors may request the internal audit manager to carry out checks on specific operating areas or company operations.

During Financial Year 2018, the activities the Board of Statutory Auditors have included coordination with the Internal Audit Department and with the Control and Risk Committee through participation in discussion meetings regarding issues of specific interest. The Internal Audit Manager has participated on a regular basis to checks carried out by the members of the Board of Statutory auditors.

All the Statutory Auditors must possess the requirements of eligibility, integrity and professionalism as provided by the applicable laws and regulations. Furthermore, in application of the recommendations set forth under Application Criterion 8.C.1 of the Corporate Governance Code, the aforementioned article 21 of the Articles of Association provides that all statutory auditors must possess the requirements of independence set forth in the pro tempore applicable legislation and regulations.

In application of article 144 -novies of the Issuer Regulation and the above-mentioned application criterion, the existence of the requirements indicated above as the members of the Board of Statutory Auditors is assessed by the Board of Directors and the Board of Statutory Auditors:

- (i) after the appointment, disclosing to the market the outcomes of this verification by means of a press release;

(ii) every year, providing the relative results in the report on corporate governance.

On the Trading Start Date, the Board of Directors ascertained that all the members of the Board of Statutory Auditors in office at that time fulfilled the requirements of professionalism and integrity required by article 148 of the TUF and the Regulation no.162/2000 adopted pursuant to the Ministry of Justice, and that the offices they held did not exceed the limit set under article 144 -terdecies of the Issuer Regulation.

On 26 April 2018, the Board of Directors verified that all the members of the Board of Statutory Auditors continue to fulfil the requirements of integrity and professionalism required by article 148 of the TUF and the implementation regulation adopted with Decree no. 162/2000 issued by the Ministry of Justice as indicated in their respective CVs and additional information set forth in this paragraph. In the same meeting, the Board of Directors also verified the continued fulfilment of the independence requirements of article 148, paragraph 3 of the TUF and the combined provisions of articles 3 and 8 of the Corporate Governance Code, for all members of the Board of Statutory Auditors and none of them falls within the ambit of application of article 148, paragraph 3 of the TUF and the combined provisions of articles 3 and 8 of the Corporate Governance Code.

The Board of Statutory Auditors verifies the correct application of the criteria and ascertainment procedures adopted by the Board of Directors to assess the independence of its members. The outcome of these checks is disclosed to the market.

Following is some brief information on the members of the Board of Statutory Auditors.

MAURIZIO VOZA

Maurizio Voza was born in Eboli (SA) on 5 February 1976 and he received his degree in business administration in 1994 from Federico II University of Naples. In 2001 he took the master's degree course in insurance and risk management provided by the "Luigi Bocconi" University of Milan, while in 2007 he received his VAT Specialization master's degree which is organized by IPSOA in Milan. From 2002 to 2005 he worked for Ernst & Young S.p.A. and was subsequently *Tax/Balance Supervisor* at BMW Group S.p.A. and Fluidra Service Italia S.p.A. He is a certified public accountant and auditor since October 2003, and is a member and chairman of the board of statutory auditors of many companies and sole auditor for numerous Italian municipalities. Since 2012 he has been the financial manager of Lee Hetch Harrison S.r.l./Adecco Group, where he also sits on the board of directors.

GIORGIO GAVELLI

Giorgio Gavelli was born in Cesena (Forlì-Cesena) on 17 November 1966 and he received his degree in business administration from the University of Bologna. He is registered with the register of chartered accountants and the register of legal auditors, and is currently a chartered accountant and technical consultant in Forlì, as a partner of the "Sirri – Gavelli – Zavatta" firm. He also provides tax and business consulting to companies operating in various industrial and commercial sectors and, furthermore, has been an expert of tax laws and applied accounting at the University of Bologna. He speaks and coordinates conventions and seminars on tax and financial issues, and has written important papers on corporate issues while he is a permanent collaborator of major tax and business magazines.

LUIGI CAPITANI

Luigi Capitani was born in Parma on 30 November 1965 and he received his degree in business administration from the University of Parma in 1990. He has been registered with the register of chartered accountants since 1993 and also with the register of legal auditors. Since 2010 he has been

working with the Faculty of Economics at the University of Parma. He carries out his own activities with a very broad range of specialization in tax/corporate/contract consulting, extraordinary mergers and acquisitions and corporate restructuring. He is also a member of various boards of statutory auditors and boards of directors, a member of supervisory bodies, a receiver in bankruptcy and independent court appraiser. He also speaks at numerous conventions and courses.

SAURO GARAVINI

Sauro Garavini was born in Forlì (FC) on 31 July 1972 and he received his degree in business administration from the University of Bologna - Forlì branch in 1991. After collaborating with the office of the certified public accountant Porcellini, in 2001 he received his certification as a certified public accountant and currently carries out his own professional activities at the S.E.D.I. (Società Elaborazione dati di Imprese) of Forlì, as a consultant in the areas of accounting, tax, corporate and administrative issues.

GIANCARLO DE MARCHI

Giancarlo De Marchi was born in Genoa on 13 May 1950. He received his degree in business administration from Bocconi University in Milan in 1974 and began working with Arthur Andersen (which was subsequently incorporated into Deloitte), as audit staff, becoming a partner in 1986. He gained significant professional experience as a partner in charge of auditing and accounting controls for numerous manufacturing and service companies operating in the metal, automobile parts, textile and fashion, tooling, shipyard and services Industries, offering consulting in a broad range of auditing projects, organization and M&A operations. He has been registered with the register of chartered accountants since 1978 and the register of legal auditors (since it was established) and from 2009 he has been a professional consultant for Italian and foreign companies.

14. SHAREHOLDER RELATIONS

Shareholders receive information through the provision of the most significant corporate documentation which is provided speedily and on an ongoing basis on the website *www.unieurospa.com*. All press releases disclosed to the market can be found on this website as can the periodic accounting documentation of the Issuer as soon as it is approved by the appropriate corporate bodies (annual financial statements, half year financial statements, interim report on operations).

Additionally, the main documents relating to Corporate Governance as well as the Organisational Model pursuant to Legislative Decree no. 231/2001 can be found on the above website.

Pursuant to Article 2.2.3, paragraph 3, letter i) of the Stock Exchange Regulation, on 7 February 2017, the Board resolved to appoint Italo Valenti as the manager of the Investor Relations Department (for contacts: Investor.relations@unieuro.com), who will handle relations with all shareholders and the institutional investors and also perform any specific duties relating to the management of price sensitive information and the relations with Consob and Borsa Italiana.

15. SHAREHOLDERS' MEETINGS (PURSUANT TO ART. 123-BIS, PAR. 2, LETTER C), TUF)

Pursuant to the provisions of the applicable laws, the ordinary shareholders' meeting will approve the financial statements, appoint and revoke directors, statutory auditors, the Chairman of the Board of Statutory Auditors and establish the remuneration of the directors and the statutory auditors and resolve on any other issues that fall under its competence pursuant to the law. The extraordinary shareholders meeting will resolve on amendments to the Articles of Association as well as any other issues which fall under its exclusive competence pursuant to the law.

The references contained in art. 9, principles 9.P.1 and 9.P.2 of the Corporate Governance Code, which aim to (i) promote initiatives aimed at facilitating participation of the largest possible amount of shareholders at the shareholders' meetings and the exercise of the shareholders' rights and (ii) ensure continuing dialogue with the shareholders which is founded on understanding of the reciprocal roles (Board of Directors and Shareholders' Meeting), are fully shared by the company, which considers it appropriate, in addition to ensuring regular participation of its own directors at the shareholders' meetings, to also adopt specific measures aimed at appropriately taking advantage of the shareholders' meeting institution.

Indeed, including pursuant to the special legislation regarding listed companies, with its shareholders' meeting resolution of 6 February 2017 the Company acquired a shareholders' meeting regulation aimed at governing the order and operation of the meetings and ensure that each shareholder is able to take the floor on issues placed on the agenda.

The contents of the regulation are in line with the latest models which have been specifically created by certain business associations for listed companies, as provided by the aforementioned resolution.

Pursuant to art. 9 of the Articles of Association, the shareholders' meeting is ordinary or extraordinary pursuant to the law and it is convened, pursuant to and under the terms of the law, at the headquarters of the company or elsewhere, provided the location is within the country. The convocation notice, which contains the information that is required pursuant to the law and regulations which are applicable from time to time, is published on the Company's website and in the other ways which are provided by the law and regulations which are applicable from time to time.

The ordinary shareholders' meeting must be convened at least once per year for approval of the annual financial statements within the 120 (one hundred and twenty) days from the end of the financial year or within 180 (one hundred eighty) days in the cases allowed by the law.

During the 2018 financial year, a shareholders' meeting was held on 20 June 2017, with 73.52% of the share capital in attendance.

Certain members of the Board of Directors and statutory auditors in office at that date participated in the above-mentioned shareholders' meetings. During the shareholders' meeting, through the Chairman of the Board of Directors and the Chief Executive Officer, the Board of Directors reported on the operations that have been carried out and which are scheduled extending to the shareholders the information required for them to resolve on the decisions under the competence of the shareholders' meeting, providing to them, also prior to the meeting, within the times and in the forms allowed by the law and the Articles of Association, all the documentation prepared regarding the individual agenda items.

a. Right to participate and vote in the Shareholders' Meeting

Every share carries one vote.

Persons who are entitled to vote are allowed to intervene at the shareholders' meeting.

Legitimation to intervene at the shareholders' meeting and exercise the voting right is certified through a communication to the Company, by the intermediary on behalf of the individual with the voting right, based on the facts which apply as at the end of the accounting day of the seventh day that the market is open, prior to the date set for the first convocation of the shareholders' meeting. This communication from the intermediary must be received by the Company by the end of the third day that the market is open prior to the date set for the first convocation of the shareholders' meeting or any other deadline set by the applicable laws and regulations. Legitimation to intervene and vote will apply if the communications have been received by the Company later than the deadlines indicated above, provided they are received by the beginning of the work of the shareholders' meeting upon single convocation.

Pursuant to the law, individuals entitled to intervene at the shareholders' meeting can be represented by another, properly authorized person. Shareholders are entitled to notify the Company regarding the authorization to participate in the shareholders' meeting via transmission thereof by e-mail to the address indicated in the notice of convocation to the Shareholders' Meeting or through the other methods indicated. Postal voting is permitted in conformity with the regulations in force and in accordance with the methods indicated in the notice of call.

b. Conducting of shareholders' meetings

The Shareholders' Meeting is regularly constituted and can deliberate with the majorities pursuant to the law.

The vote can be exercised by correspondence as well, according to the procedures set by the law.

The Shareholders' Meeting is chaired by the Chairman of the Board of Directors and, in his or her absence, the person designated by the attendees.

The Chairman of the Shareholders Meeting, including through specifically delegated persons, shall verify that the Shareholders' Meeting is regularly constituted, ascertain the identity and legitimation of the attendees, regulate the proceedings, establishing the procedures for discussion and voting (not secret ballots) and ascertain the results of the vote.

The Chairman will be assisted by a secretary, who does not have to be a shareholder, appointed by the shareholders' meeting. In the cases allowed by the law, or when the shareholders' meeting so considers appropriate, the functions of the secretary will be exercised by a notary.

The deliberations of the Shareholders' Meeting must be memorialized and signed according to the law.

In addition to the provisions of the law and the articles of association, the proceedings of the Shareholders' Meeting are also regulated by the Shareholders' Meeting Regulation which was approved on 7 February 2017, effective from the Trading Start Date of the company share on the MTA - Star segment. The Shareholders' Meeting Regulation is available on the Company's website www.unieurospa.com, Corporate Governance section.

During the Financial Year 2018, there were changes in the composition of the Issuer's shareholding structure. Specifically, on 6 September 2017, IEH successfully completed the accelerated bookbuilding procedure. In this context, IEH sold 3.5 million ordinary shares held in Unieuro to institutional investors,

corresponding to 17.5% of the Company's existing share capital. Furthermore, the Demerger brought about the distribution of the shares originally held by IEH, to 8 different companies, in the percentages indicated in the press release issued on 17 October 2017 and available on the website [http://unieurospa.com/it/investor-relations / press-price-sensitive /](http://unieurospa.com/it/investor-relations/press-price-sensitive/).

16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ART. 123-BIS, PARAGRAPH 2, LETTER A), OF THE TUF)

The Issuer has not adopted corporate governance practices that are additional to those required by the applicable laws and regulations.

Specifically, refer to the previous Paragraph 10.4 of the Report with regard to the model adopted by the company pursuant to Legislative Decree 231/2001.

17. CHANGES TO THE CLOSURE OF THE FINANCIAL YEAR OF REFERENCE

From the closure of the Financial Year 2018 up to the date of this Report, there were no changes in the corporate governance structure compared to those indicated in a specific section of this Report.

18. CONSIDERATIONS ON THE LETTER OF 13 DECEMBER 2017 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

In the financial year in progress, the Board of Directors will take advantage of all evaluation opportunities, including the application methods and related time schedules, surrounding the implementation of all or some of the recommendations formulated by the Chairman of the Corporate Governance Committee in the communication of 13 December 2017 aimed at highlighting the main areas of improvement in the corporate governance system of Italian listed companies.

TABLE 1**SHARE CAPITAL STRUCTURE**

	Number of ordinary shares	% of share capital	Percentage of listed capital: % of ordinary share capital	Rights and obligations
Ordinary shares	20,000,000.00	100%	47,52%	ordinary

SIGNIFICANT INTERESTS IN THE SHARE CAPITAL

Reference date: 26 April 2018

Subject at the top of the ownership structure	Direct shareholder	Number of ordinary shares	% of ordinary share capital	% of voting share capital
Dixons Carphone Plc	Alfa S.r.l.	1.436.021	7.180%	7.180%
Rhone Capital II LP ⁽⁵⁾	Italian Electronics Holdings S.r.l.	6.763.088	33.815%	33.815%

⁽⁵⁾ As a general partner in the limited partnership indirectly controlling Italian Electronics Holdings S.r.l.