



## **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

Registered on 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](http://www.unieuro.it)

**This Report refers to the Financial Period closed on 28 February 2019**

**Report approved by the Board of Directors on 8 May 2019**

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## DEFINITIONS

<b>Executive directors</b>	Directors tasked with specific duties by the Board of Directors.
<b>Shareholders' Meeting</b>	The Company Shareholders' Meeting.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A. with its registered office in Milan at Piazza degli Affari no. 6.
<b>Code/Self-Regulation Code</b>	The Code of Self-Regulation for listed companies approved in March 2006 by the Corporate Governance Committee (and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confindustria), as last amended in July 2018.
<b>Italian Civil Code</b>	The Italian Civil Code.
<b>Board of Statutory Auditors</b>	The Company's Board of Statutory Auditors.
<b>Control and Risk Committee</b>	The committee set up within the Board of Directors pursuant to Principle 7.P.4. of the Self-Regulation Code.
<b>Related-Party Committee</b>	The committee for related party transactions, set up within the Board of Directors pursuant to the Consob Related Parties Regulation.
<b>Remuneration and Appointments Committee</b>	The committee set up within the Board of Directors pursuant to Principal 6.P.3. of the Self-Regulation Code.
<b>Board/Board of Directors</b>	The Issuer's Board of Directors.
<b>Consob</b>	The national commission on companies and the stock exchange, based in Rome at Via G.B. Martini, no. 3.
<b>Trading Start Date</b>	The first day on which the shares of Unieuro were traded on the MTA-STAR Segment (as defined below), i.e. 4 April 2017.
<b>Issuer / Company / Unieuro</b>	Unieuro S.p.A., with its registered office in Forli at Via V.G. Schiaparelli no. 31.
<b>Financial Year</b>	The financial year of the Company is from 1 March 2018 to 28 February 2019.
<b>Instructions to the Stock Market Regulations</b>	The Instructions to the Regulations of the Markets organised and operated by Borsa Italiana S.p.A..
<b>MAR</b>	Regulation (EU) No 596/2014 on market abuse (Market Abuse Regulation).

<b>MTA- STAR Segment</b>	The Mercato Telematico Azionario (Electronic Stock Exchange) - STAR Segment, organised and managed by Borsa Italiana S.p.A..
<b>Stock Market Regulation</b>	The Regulation of the Markets organised and operated by Borsa Italiana S.p.A..
<b>Issuer Regulation</b>	The Regulation approved by Consob with resolution 11971 of 14 May 1999 (as amended).
<b>Consob Related Parties Regulation</b>	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.
<b>Report</b>	The present report on corporate governance and ownership structures that the companies are required to draw up pursuant to art. 123- <i>bis</i> of the TUF.
<b>Remuneration Report</b>	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.
<b>Articles of Association</b>	The Articles of Association of the Company approved by the extraordinary Shareholders' Meeting of 12 December 2016, as amended and supplemented.
<b>Italian Consolidated Finance Act/TUF</b>	Legislative Decree no. 58 of 24 February 1998, as amended.

## INTRODUCTION

Since 4 April 2017, Unieuro ordinary shares have been traded on the MTA - STAR Segment organised and managed by Borsa Italiana S.p.A..

This report on corporate governance and ownership structures (the “**Report**”) has been prepared in conformity with the provisions of the existing rules and the Self-Regulation 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 VIII January 2019).

The Report was approved by the Board of Director on 8 May 2019 and can be consulted on the Company's website [www.unieurospa.com](http://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 as regards the number of sales outlets in the omnichannel distribution of consumer electronic products (and in second place for sales), driven by steady growth in the last ten years based on a combination of consolidation of its 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 237 stores distributed throughout city centres and in high-affluence shopping malls located mainly in northern and central Italy, 12 of which are located at several of the main public transport junctions (travel channel); (ii) a wholesale channel, consisting of 275 stores managed by affiliates; (iii) a business-to-business channel focused on wholesale sales to professional clients; (iv) 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 sales outlets and the online channel. Therefore, the Issuer operates as a single Strategic Business Unit within which all services and products offered flow 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, product lines, or geographic spread, and (ii) by the capillary network of sales outlets, 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 sales outlets in order to satisfy 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 sales outlets and focusing on rebuilding individual preferences of the customer.

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 Self-Regulation Code, *inter alia* for the purposes of the admission to 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 ending 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 for the financial years ending from 28 February 2017 to 28 February 2025, and the limited audit of the abbreviated, half-year consolidated financial statements for the half-years ending between 31 August 2017 and 31 August 2024.

The Issuer's ordinary shares have been traded on the MTA-STAR Segment, as of Trading Start Date.

It should be noted that, as of the date of this Report, also for the purpose of applying certain rules on corporate governance and ownership structure envisaged by the TUF, Unieuro falls within the definition of small and medium sized enterprises pursuant to art. 1, paragraph 1, lett. w-quater.1) of the TUF. (¹).

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<sup>1</sup> According to art. 1, paragraph 1, lett. w-quater.1) of the TUF, SME means: "*without prejudice to other provisions set forth by the applicable legislation, those small and medium-sized enterprises, listed share issuers, whose turnover, including that prior to the admission to trading of their own shares, is less than 300 million euros, or those that have a market capitalization of less than 500 million euros. The issuers of listed shares that have exceeded both the aforementioned limits for three consecutive years are not considered SMEs. Consob shall set forth, by means of Regulation, the rules enacting the above provisions, including the information issuers have to furnish in order to qualify or be disqualified as SMEs. Consob publishes the list of SMEs on its website based on the information provided by the issuers*".



## 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 in the name if the owner, have the same characteristics and confer the same rights. In particular, each share confers the right to one vote in 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 5% 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 <sup>2</sup>	Alfa S.r.l.	1,436,028	7.180%	7.180%
Rhône Capital II L.P. <sup>3</sup>	Italian Electronics Holdings S.a.r.l.	6,763,088	33.815%	33.815%
Amundi Asset Management	Amundi SGR S.p.a.	1,003,108	5.016%	5.016%

### 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.

<sup>2</sup> These shares are held through Monte Paschi Fiduciaria S.p.A. on a fiduciary duty.

<sup>3</sup> These shares are held through Monte Paschi Fiduciaria S.p.A. on a fiduciary duty.

**e. Shareholding held by employees: mechanisms for exercising voting rights (pursuant to art. 123-bis, paragraph 1, letter e) of the TUF)**

As of the date of this Report, no system is envisioned for employee shareholdings 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 beneficiaries to the plan on matters of strategic importance to the Company, (ii) to increase loyalty among beneficiaries to 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 (iv) to ensure that the overall remuneration of the beneficiaries to the plan remains competitive on the market.

The tasks of implementation and determination of the specific characteristics of the Plan were delegated by the same Shareholders' Meeting to the company's Board of Directors, subsequent to the Trading Start Date in the Company's shares.

The Plan calls for assigning to the target beneficiaries (free of charge) of up to a maximum amount of 1,032,258 non transferrable *per acta inter vivos* option rights - for the subscription or purchase (for consideration) of a corresponding number of ordinary shares, derived from an issuance of new shares or, alternatively, from treasury stock of the Company, at the Company's discretion (the "**Option Rights**"). For these purposes, on February 6 2017, the Shareholders' Meeting resolved upon a capital increase, excluding the option rights, pursuant to art. 2441, paragraphs 5 and 8 of the Italian Civil Code, up to a maximum 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 have been listed 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 Option Rights to be allocated to the beneficiaries of the Plan, based on objective and predetermined criteria in the interests of the Issuer, to be indicated in the relevant regulations. The Board of Directors was also required to determine a maximum number of Option 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 exercise of the Option Rights allocated under the Plan will dilute the shareholding existing at that date.

On 29 June 2017, the Board of Directors approved the Plan and the list of recipients. Granting of Option Rights to each beneficiary took place in line with the role played by them and their respective level of pay.

For all information concerning the Plan, please see the 2019 Remuneration Report drawn-up pursuant to art. 123-ter of the TUF.

No mechanism is envisaged that excludes or limits the direct exercise of the right to vote by the beneficiaries of the Plan.

**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)**

At the date of this Report, no agreements between shareholders pursuant to Article 122 of the TUF have been notified to the Company.

**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 extinguished 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 Banca IMI S.p.A., this latter 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 acting together (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 consolidated law on banking - so-called "**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 voting rights in the shares 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, within the remit of its commercial activities, is party to trade agreements which, as is customary (i.e. business leases, real estate leases, supply agreements 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 do not contain provisions that derogate from 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. Powers conferred 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 authorised to increase the share capital of the Issuer in accordance with art. 2443 of the Italian Civil Code nor to issue equity financial instruments.

At the date of this Report, the Company holds no treasury shares in its own portfolio.

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

On 12 December 2016 the Board of Directors deemed that the Company was no longer subject to management and coordination activities, as contemplated under arts. 2497, et seq., of the Italian Civil

Code, by International Retail Holding S.à.r.l. and decided to expressly declare 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.à.r.l. does not perform any centralized cash management function for the Issuer.

Following the accelerated book building transaction carried out on 6 September 2017 by IEH and the demerger, the stake held by IEH in Unieuro decreased from 65.492% to 33.815%.

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

On 8 May 2019 the Board of Directors reiterated that the Company is not subject to any management or coordination pursuant to art. 2497 et seq. of the Italian Civil Code by its own controlling entity, noting that, by virtue of a reverse merger operation which occurred during Financial Year ended on February, 28, 2018, International Retail Holdings S.à.r.l. was absorbed and merged into Italian Electronics Holdings S.à.r.l. (formerly IEH). At present, IEH is being liquidated.

Following the natural expiry on January 31, 2019 of the shareholders' agreement executed on 9 January 2019 between Italian Electronics Holding S.à.r.l., Alfa Srl, Alexander Srl, Victor Srl, GNM Investimenti Srl, Giufra Srl, Gami Srl, MT Invest Srl and Theta S.r.l. in relation to n. 9,598,425 Unieuro ordinary shares, comprising altogether 47.94% of the share capital of such company, the Company is not subject to control of any shareholder, pursuant to art. 93 TUF.

\* \* \*

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 provide 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 amendments of the articles of association, if different from the applicable supplementary legislative and regulatory rules* ") is described in the section of the Report dedicated to the Board of Directors (Section 4.1).

### **3. COMPLIANCE (PURSUANT TO 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" developed by the Borsa Italiana (Edition VIII January 2019).

The Issuer adheres to the Self-Regulation Code which is accessible to the public on the Corporate Governance Committee's website at <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf>.

The rules contained in the Articles of Association and in the specific Shareholders' Meeting Regulations are an integral part of, and which complete, the Company's corporate governance system.

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

## 4. BOARD OF DIRECTORS

### 4.1 Appointment and replacement of directors (pursuant to art. 123-bis, para. 1, letter I) 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 including during the term of office of the Board of Directors; the term of office of the additional directors thus appointed cease as per the term of those already in office. 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 Self-Regulation 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 Self-Regulation Code of listed companies should be part of the Board of Directors ("**Independent Director**" or "**Independent Directors**"). A failure to fulfil such prerequisites, shall cause the Independent Director to forfeit his office. 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 him/her to forfeit the office if the prerequisites are in any event still 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 term of office and, in any event, to inform the Board of Directors without delay as to any eventual intervening loss of 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 acting together hold the percentage of share capital required by applicable laws or regulations from time to time are entitled to submit lists.

The lists are filed within the time limits provided for by the *pro tempore* rules in force as shall be indicated in the notice of meeting at the registered office of the Company or else 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, including jointly, either a controlling interest or a relative majority, attesting to the absence of any connected relationships with the latter, even if 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 of 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 independent 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 of the Articles of Association provides that the candidates selected 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 considered according to the progressive order as listed; (b) the remaining director will be considered from the list that obtained the second-highest number of votes at the shareholders' meeting (the "*minority list*"), which shall not be connected in any way whatsoever, 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 procedure envisaged by the Articles of Association at Article 14, paragraph 3 shall apply; in the case of unsuccessful outcome, the Shareholders' Meeting shall resolve by simple majority of those present.

If, at the end of the voting, a sufficient number of directors meeting the prerequisites of independence provided for by the rules, including regulatory rules, in force is not elected the director who fails to fulfil such requirements elected last in the progressive order from the list obtaining the highest number of votes shall be excluded and 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 numerical 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 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 is 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 shall resolve by way of 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 appoint by co-option pursuant to art. 2386 of the Italian 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 plan

The Board of Directors, upon proposal of Remuneration and Appointments Committee, resolved to appoint a specialized consultancy firm to support the Company in determining the for the a to the Executive Director, and in identifying the Success Profile.

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

As of the date of this Report, the Board of Directors appointed on 28 July 2016 until the date of approval of the financial statements as at 28 February 2019, consists of seven members, as shown in the following table.



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			3/7 42,85%	3	N/A		N/A	
Gianpiero Lenza	Non-executive director	1976	12/12/2016	12/12/2016	2019 financial statements approval	N/A		x			7/7 100%	13	2/4 50%	x	4/4 100%	x
Giancarlo Nicosanti Monterastelli	Chief Executive Officer	1959	29/01/1998	12/12/2016	2019 financial statements approval	N/A	x				7/7 100%	2	3/4 75%		2/4 50%	
Uwe E. Bufe	Non-executive director	1944	12/10/2017	12/10/2017	2019 financial statements approval	N/A		x			6/7 85,71%	0	N/A		N/A	

Robert Frank Agostinelli	Non-executive director	1953	12/12/2016	12/12/2016	2019 financial statements approval	N/A		x			2/7 28,56%	15	N/A		N/A	
Stefano Meloni	Independent Director	1949	06/02/2017	06/02/2017	2019 financial statements approval	N/A		x	x	x	7/7 100%	5	4/4 100%	x	4/4 100%	x
Marino Marin	Independent Director	1968	06/02/2017	06/02/2017	2019 financial statements approval	N/A		x	x	x	6/7 85,71%	2	4/4 100%	x	4/4 100%	x
<b>DIRECTORS WHO LEFT OFFICE DURING THE RELEVANT PERIOD</b>																
N/A]	N/A	N/A	]N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Number of meetings held during the financial year in reference: 7</b>		<b>Control and Risk Committee: 4</b>					<b>Remuneration and Appointments Committee 4</b>									
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): 4.5% as established by Consob's Management Deliberation n. 15 of 15 March 2019.																

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 in the relative majority shareholder Italian Electronics Holdings S.a.r.l. Appointments held at "large entities"<sup>4</sup>, 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.

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<sup>4</sup> "Large entities" means: (i) companies with shares listed on regulated markets, even abroad; (ii) banking, insurance or financial companies, Italian or foreign ones, financial companies being, 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 ones, 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 at the date of this Report.

Name and surname	Company	Position at the company
<b>Bernd Beetz</b>	Mykita Gmbh	Chairman of the Board of Directors
	Cote et Ciel	Chairman of the Board of Directors
	Kaufhoh	Supervisory Board
<b>Gianpiero Lenza</b>	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	
<b>Giancarlo Nicosanti Monterastelli</b>	GNM Investimenti S.r.l.	Sole Director
	Pallacanestro Forli2.015	Chairman
<b>Uwe-Ernst Bufe</b>	- N/A	- N/A

<b>Robert Frank Agostinelli</b>	Amulio Governance BV	Director
	GK Holdings, Inc.	Director
	Rhone Capital LLC	Manager
	Rhone Group Advisors LLC	Manager
	Rhone Group LLC	Manager
	Rhone Holding UK Limited	Manager
	Logistics Acquisition Company (UK) Limited	Director
	Reagan Ranch Board of Governors	Member
	Eurazeo S.E.	Consuer
	CR-Honos Parent Ltd.	Director
	American-Italian Cancer Foundation	Board Member
	American Studies Center	Board Member
	The Council for the United States and Italy	Member
	Friends of Israel Initiative	Founder Member
National Review of Governors	Chairman	
<b>Stefano Meloni</b>	Melpart S.p.A.	Chairman of the Board of Directors
	Polynt S.p.A.	Chairman
	Samsò S.p.A.	Chairman
	Populonia It	Chairman
	Populonia Agreenpark Soc. Agr. Boschiva	Chairman
<b>Marino Marin</b>	Morrow Sodali Global LLC	Director
	MC Square Group of Companies	Chairman, 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 gained 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 previously held the post of director of the *March*

of *Dimes Birth Defects Foundation*, section of New York, 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 gained an accounting degree. He has more than thirty years of experience with 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 collaborative 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 gained a Bachelor of Arts degree 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 partner at Goldman Sachs, working there for five years, having founded 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 gained a degree in Mechanical Engineering in 1998 at Politecnico di Milano. After graduating, he gained 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. Mr 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 from 1996 to 2000. 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 gained a degree in Business Economics at University Bocconi of Milan as well as a Business Administration degree from University 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. He currently 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 gained a degree in Economics and Business from Università Commerciale L. Bocconi of Milan, where he was also been a lecturer of Extraordinary Finance. In 1970 he joined Citibank N.A., with firstly the roles of General Manager in the Capital Markets area, 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., Populonia it, Populonia Agreenpark Soc. Agr. Boschiva whereas 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.

### **Criteria and diversity policy**

On May 8 2019, the Board of Directors assessed the opportunity to proceed with the adoption of a specific diversity policy and decided not to adopt any specific one, given that the set of regulatory provisions and regulations, including the provisions of the Self-Regulation Code, concerning the composition of the administrative, management and control bodies of the Company, allow an adequate composition regarding aspects such as gender, age, experience, professional and personal characteristics.

### **Maximum number of offices held in other companies**

In accordance with the provisions of Principle 1.P.2 of the Self-Regulation 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, prior to accepting office at the Company and notwithstanding the limitations established by the provisions of law and regulations regarding the accumulation of posts, each candidate for the position of Director is to carry out, 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 those posts held outside of the Unieuro Group.

The Board of Directors has not expressed any 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 actually offices held. Based on a recent assessment of the appointments currently held, the Board of Directors, found that the number and quality of such appointments is compatible with the director efficiently conducting the post he/she holds in the Company.

### **Induction Programme**

The CEO has ensured that the directors are able to participate, after their appointment and during their term of office, in the most appropriate manner, 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 15 March 2019, 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 obtain more thorough knowledge of the company's organizational structure, of the Organization and Management Model pursuant to Legislative Decree no. 231/2001, and of the new anti-corruption and "whistle-blowing" policies.

### **4.3 Role of the Board of Directors (pursuant to 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 Self-Regulation 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 is vested with 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 Italian 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, shall 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 within Italy.

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 such place is within the European

Union or the United Kingdom, whenever the Chairman - or the vice chairman should the former be absent or prevented from deciding -so, , deems 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 resolve on a specific management issue they consider to be of particular importance; this issue shall be mentioned in the meeting 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 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.

More specifically, the Legal Director is an established participant 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 participate in most meetings of the Board of Directors, as does the Internal Audit Manager or 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 from which the Chairman and Secretary take part. .

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

The Board of Directors meets regularly: during Financial Year it met 7 times (with meetings lasting an average of around 1.8 hours each) and attendance stood at around 77% for directors and 92% for Independent Directors. During current fiscal year, at least 5 meetings are scheduled (2 of which have already been held as of 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 timescale 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, and as of 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, with sufficient time in advance, except for those particular issues in relation to which, in any event, adequate and timely further in-depth information is generally obtained during in the course of the work of the board.

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 May 8 2019, the Board evaluated the adequacy of the Issuer's organizational, administrative and accounting structure as set up 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 remit of the powers conferred upon the Executive Director are subject to approval by the Board of Directors.

On 15 March 2019, the Board of Directors assessed the operation of the said 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, also in relation to diversity criteria, as required by Application Criterion 1.C.1., letter g of the Self-Regulation 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 preparing the questionnaires to be sent to the members of the Board, and conducted in-depth interviews with some directors. When assigning the task to the aforementioned consultancy company, the Company asked Korn Ferry to take into account in the course of its activities, the recommendations set forth in the Letter of the Corporate Governance Committee of 21 December 2018. The directors thus proceeded to provide their own feedback, including comments or suggestions for any improvements deemed appropriate, with regard to the composition and functioning of the Board and the committees established by the same.

The results of the feedback provided by the individual directors were then processed anonymously and summarized in a document made available to those present in view of the Board meeting of 15 March 2019. 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 considered adequate the functioning of the Board, with regard to the following aspects: (i) organization of meetings; (ii) informative 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 in relation to 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 balance 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 to facilitate both Italian and foreign directors' physical attendance at 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 Empowered 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 Italian 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 conferred the following powers on Director Giancarlo Nicosanti Monterastelli, as subsequently amended and supplemented (most recently on 10 January 2019):

- A. (contracts) the power to make, implement, enter into, negotiate, conclude, sign, finalise, modify and terminate: (a) leases involving businesses or lines of business (including so-called "shop in shop" set ups, lease agreements involving real estate, (i) by individual signature for total amounts not exceeding the maximum limit of €1,000,000 (one million) per single item , meaning the amount of rental agreed (including expenses) for each individual year of the term of the actual lease (if the rental increases the total amount is upwardly adjusted ;if the rental is a percentage of revenues then the amount is calculated with reference to the store business plan, and (ii) this power of signature does not cover individual transactions over this 1 million limit (or items within in a single transaction which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction), for which the Board of Directors remains exclusively and collectively responsible; (b) contracts relating to the provision of services, consultancy (legal, tax, technical, etc.), marketing, IT systems, telephone systems, call centre and customer care (i) by single signature where they involve commitments for the Company for total amounts not above the maximum limit of €2,000,000 (two million) per individual item and therefore (ii) this power of signature does not cover individual transactions over this 2 million limit (or items within in a single transaction which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction), for which the Board of Directors remains exclusively and collectively responsible; (c) advertising and promotion contracts (including the acceptance of regulations for prize-awarding competitions as set out in paragraph 3 of art. 10 of DPR 430/2001), (i) with single and separate signatures where they involve commitments for the Company for overall amounts not above the maximum limit of €10,000,000 (ten million) per single item and (ii) this power of signature does not cover individual transactions over this 10 million limit (or items within in a single transaction which are each below this specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction) per individual document and sponsorship

agreements which tie the image of the Company to a testimonial, for which the Board of Directors remains exclusively and collectively responsible; (d) all risks insurance contracts, (i) by single signature where they involve commitments for the Company for overall amounts not above the maximum limit of €2,000,000 (two million) per single item and (ii) this power of signature does not cover individual transactions over this 2 million limit (or items within in a single transaction which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction)), for which the Board of Directors remains exclusively and collectively responsible; (e) tender contracts involving, by way of example, building works and plant facilities at sales outlets or the head office, as well as involving routine and extraordinary maintenance of Company real estate assets and real estate-related in general (such as, by way of example only, leases, bailment agreements, other) held by the Company (i) by single signature where they involve commitments for the Company for overall amounts not above the maximum limit of €1,000,000 (one million) per single item and (ii) this power of signature does not cover individual transactions over this 1 million limit (or items within in a single transaction which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction) for which the Board of Directors remains exclusively and collectively responsible; (f) contracts for the supply of energy by single signature, without any limit on the value; (g) franchise agreements with the granting of licences to use the brand/logo, owned by the Company, corresponding to either the Unieuro or Unieuro City brand/format by single signature, with no limit on the amount; (h) framework agreements with suppliers concerning the purchase of goods destined for sale within the scope of ordinary activities, by single signature, with no limit on the amount; (i) purchase, sales or exchange contracts concerning movable assets destined for sale, by single signature, with no limit on the amount; (l) tender contracts for logistics services (by way of example only and not by way of exhaustive list, portorage, transportation, etc.) by single signature, with no limit on the amount; (m) purchase, sales or exchange contracts concerning movable assets (other than those mentioned above), including equipment for Company plant, office furniture, raw materials, motor vehicles, cars and every other type of movable asset whether or not such asset is required to be registered, (i) by single signature for total amounts not above the maximum limit of €2,000,000 (two million) per single item (as regards lease agreements, this means the sum of the rentals agreed for the entire effective duration of the lease), and therefore (ii) this power of signature does not cover individual transactions over this 2 million limit (or items within in a single transaction which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction) for which the Board of Directors remains exclusively and collectively responsible; (n) out of court settlement agreements concerning trade receivables and/or payables disputes (i) by single signatures for total amounts not greater than the maximum limit of €500,000 (five hundred thousand) per single item, and (ii) excluding those trade receivables and/or payables disputes where the value of the claim exceeds €500,000 (five hundred thousand) per single item ( or settlement agreements which are each below this specific limit, however which in aggregate exceed this specific limit; this latter concerns those settlement agreements which are between the same

parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction), for which the Board of Directors remains exclusively and collectively responsible;

(finance) power to carry out any debit or credit transaction in Italy or abroad, with Banks, Financial Institutions and Postal Administrations in domestic or foreign currency, and in particular the power to: (a) negotiate, enter into, amend, terminate and settle: credit agreements, mortgage secured and unsecured loans, financing with authorised parties (i) by single signature provided the amount of the single transaction does not exceed the maximum amount of €15,000,000 (fifteen million), and therefore (ii) this power of signature does not cover transactions above this Euro 15 million limit (or items which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction) for which the Board of Directors remain collectively responsible; (b) use all lines of credit granted to the Company, within the maximum agreed limit (by way of example, but not by way of exhaustive list, revolving lines of credit, facilities, etc.) without a limit on the amount of the individual transaction, with single signature; (c) negotiate, enter into, amend, settle, terminate finance lease agreements, with single signature, provided that the amount of the individual transaction does not exceed the sum of €2,000,000 (two million) and therefore (ii) this power of signature does not cover individual transactions above this Euros two million limit (or items which are each below this specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction) which remain the exclusive and collective responsibility of the Board of Directors; (d) negotiate, enter into, amend, settle factoring agreements and, generally, for credit assignment, whether transfer or acquisition thereof , by single signature up to the maximum amount of €10,000,000 (ten million) and, therefore, excluding single transactions more than €10,000,000 (ten million) in total (or items which are each below this specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction); (e) negotiate, enter into , amend, settle, terminate contracts relating to consumer credit, with single signatures with no limit on the amount; (f) receive, collect and use in the ascribed manner, cheques, wire transfers, letters of credit, and any other collection and/or payment instrument, whether in Italy or abroad, including the signature of non-transferable current account cheques and the endorsement for cashing current account cheques, money orders and any other negotiable instrument in favour of the Company, with the right to issue a receipt for full and final acceptance of the balance for all sums pertaining to the Company that are paid or accredited on whatever grounds, by single signatures; (g) apply to credit and insurance institutes for the issuance of guarantees surety bonds to guarantee fulfilment of the Company's obligations, by single signature for total amounts not exceeding the maximum sum of €1,000,000 (one million) per single item (or items which are each below this specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction); (h) issue guarantees or or letters of patronage in the interest of other group companies (i) by single signature for total amounts not exceeding the maximum limit of €1,000,000 (one million) per single document, and

therefore (ii) this power of signature does not cover transactions above this Euro 1 million limit (or items which are each below the specific limit, however which in aggregate exceed this specific limit; this latter concerns those items which are between the same parties and concern the same subject matter so, as such, are deemed to be a segment of the same overall transaction) for which the Board of Directors remains exclusively and collectively responsible; (i) open, use, close (agreeing the relative terms and conditions) deposits on current accounts at banks, financial institutions and postal administrations, both in Italian and foreign currency, if necessary, designating the persons (also from employees or para-subordinate 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 are permitted to operate on these accounts, conferring upon them the necessary powers to carry out deposit and withdrawal transactions within available limits previously agreed – with single signature; (l) enter into service agreements for the management of electronic money, transport of currency and all other matters to ensure the correct management of store takings, with single signatures, with no limit on the value; (m) represent the Company, before any financial administration office, administrative or tax commission at any level, in all procedures, including assessment and judicial proceedings at any level and before any 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 signature. To represent the Company in administrative and judicial proceedings with the power to bring court action before any level of court and before any venue, including the Italian supreme court of Cassation, 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 any applications brought against the Company and to appoint for such purpose attorneys-at-law, registered and chartered accountants, attorneys-in-fact and experts;

- B. (staff) with regard to the staff of the Company, and for the carrying out of Company business, except as otherwise provided for below, the powers - in relation to operations of any amount - to: (a) negotiate and enter into collaboration and contractor agreements for the supply of labour with authorized Employment Agencies, or contracts with autonomous labour resources (including job contracts, coordinated and continuous 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 goods' storage facilities, whether in Italy or abroad; (c) negotiate and enter into contracts for the hiring of employees; (d) negotiate and determine the conditions and modalities of the employment relationship (also amending any such agreement in force), including remuneration policies and promotions; (e) adopt disciplinary measures; (f) terminate the labour and contractor relationships with the Company 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 before any Entity and/or Institutions provided for by law (such as, by way of example but not by way of exhaustive list, 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 before any appropriate territorial labour office or body, with respect to the management of staff and the completion of the processes inherent thereto (including, by way of example and by way of exhaustive list, notification of hiring and firing, apprenticeship agreements, apprenticeship projects, opening new INAIL-INPS positions, reporting of accidents and of disabilities), with the power for such purpose to freely agree on any covenant or condition that he or she deems necessary for the performance of the tasks entrusted to her/him.; (h) sign off 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 settlement agreements 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 any limit on the amount thereof; (l) file appearances in court and in any extrajudicial 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, manage the enforcement 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 grants, as well as funds, contributions or incentives provided for by EU, domestic 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 off 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 sanctions of managers of the Company, for which powers the Board of Directors retains exclusive collective responsibility.

- C. (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;
- D. (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 to ensure protection against infringement of competition law, with powers to prepare and sign any pertinent record and declaration;
- E. (workplace safety) considering the type and structure of the current corporate organisation and, for the purposes of ensuring an ever more efficient and strict compliance with the legal occupational health and safety obligations, to identify the CEO, Giancarlo Monterastelli Nicosanti -considering his position on the corporate organizational chart and based on both his own experience and professional background - as the person most appropriate for assuming the tasks inherent to 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 those relative to the workplace as well as those workplace appurtenances for which the Company has legal title to disposal of (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, meaning that the above-mentioned Employment Provider may, at his discretion, dispose of property of the Company with no limitation on such power, insofar as he deems it necessary to guarantee the best possible



conditions of safety and health for employees; as Employment Provider, he shall also have, among other things, the power to represent the Company in matters of social security and workplace personal injury prevention before all appropriate bodies, including supervisory bodies and judicial authorities, as well as in relation to employees and their representatives, suppliers, outside contractors and other contractors working in cooperation with the Company, in general. Notwithstanding the foregoing, the powers 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, remains unaffected. Therefore, the Chief Executive Officer is conferred all powers relating to the handling and adoption of all necessary safety measures, providing for all appropriate personal injury and fires prevention activities as well as those relating to occupational health and safety and mandatory insurance with the power to make all payments necessary for that purpose and availing himself of consultants and entering into contracts with them with no limit on expense, by single signature; In particular but not by way of limitation, , the CEO is conferred the powers to organise and coordinate the functions of company safety, fire prevention, accident prevention, and occupational health and safety, and he is permitted to delegate or sub-delegate the appropriate powers to employees and contractors by means of the notarised powers of attorney and, in any event in compliance with the provisions referred to in the Consolidated Act. By way of example, the following are included in the powers conferred to the CEO: (i) ensure company compliance with the with the legislation protecting the occupational health and safety of workers, including compliance with the provisions of the Consolidated Act; (ii) updating staff on the legislation and on proper use of facilities, machinery and tools, and to supervise 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 of personal injury in the workplace and occupational illnesses pursuant to Presidential Decree no. 1124 of 30/6/1965 and subsequent amendments.

- F. (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 deriving from it, as well as the disposal thereof, with full powers of sub-delegation. The powers may include those to confer powers of representation and independent management of funds to enable the actual implementation of the activities sub-delegated to employees or contractors whenever their involvement is deemed appropriate, depending on the need for technical specialisation or particular professional qualification, mindful also of compliance with the provisions referred to in Legislative Decree no. 152/2006 ("**Environmental Rules**") and the subsequent amendments thereto, as well as the power to use consultants and to enter into contracts with them without limitation on expense and by single signature;
- G. (privacy protection)
  - (i) take decisions on behalf of the Company regarding the processing of personal data owned by the Company and implement all the technical and organizational measures

necessary to guarantee, and be able to demonstrate, that the processing is carried out by the Company in accordance with Regulation (EU) 2016/679 ("**Regulation**") and in general with the applicable legislation, including Legislative Decree no. 196/2003, as amended by Legislative Decree no. 101/2018 and the provisions of the regulatory authorities regarding the protection of personal data *pro tempore* applicable (hereinafter "applicable legislation");

- (ii) appoint the data protection officer ("**DPO**") pursuant to article 37 of the Regulation and interact with them in accordance with the provisions of art. 38 of the Regulation;
- (iii) designate the persons authorized to process personal data, who will operate under his direct authority and in accordance with his instructions, as well as any person(s) who may be in charge of a unit for which the scope of the data processing allowed to its employees is identified, and give them the necessary instructions so that they may operate in compliance with the regulations in force at the time and carry out their training on protection of personal data;
- (iv) identify, if necessary, within the company organization, the names of persons who, due to experience, ability and reliability, can suitably guarantee full compliance with the applicable legislation , including in terms of security and authorizing them to process personal data belonging to the company and delegating to them all the necessary and appropriate powers, so that each of them shall, in the name and on behalf of the same company do the apposite tasks, by way of example only,: prepare and disclose in the manner ascribed by the applicable legislation, information concerning the processing of personal data and, where requested, the collection of any consents necessary for the processing of personal data, according to the procedures provided for by the applicable legislation; select the service providers in the manner indicated in per paragraph (v) below, and enter into data processing agreements, pursuant to Article 28 of the Regulation; draw up, where required with the support of the data protection officer, the requisite data protection impact assessment ("**DPIA**") pursuant to art. 35 of the Regulation; in the event processing is in legitimate interests of the company pursuant to art. 6 (1) (f) of the Regulation, then draw up the necessary assessment illustrating the balancing of the legitimate interest of the company with the rights and freedoms of the interested parties ("legitimate interest assessment" or "**LIA**");
- (v) when choosing external service providers and professionals to process personal data owned by the company, to select subjects of which their experience, ability and reliability provides a suitable guarantee of full compliance with the applicable legislation , concerning the processing of personal data, including in terms of security, and entering into agreements with them for the processing of personal data pursuant to article 28 of the Regulation;
- (vi) negotiate, enter into, subscribe to, sign, renew, terminate and modify collaboration, consultancy agreement for the provision of professional services in the field related to the processing of relevant personal data pursuant to the applicable legislation on the protection of personal data , commission studies and codes of conduct pursuant to art. 40 of the Regulation, by signing the relative contracts and documents as well as confer and revoke professional appointments in relation to the foregoing;
- (vii) maintain and control the personal data being processed, in such a way as to reduce to a minimum, through the adoption of appropriate and preventive security measures,

- including the application of the procedure on the management of data breach pursuant to Articles. 33 and 34 of the Regulation, the risks of infringement of personal data laws;
- (viii) maintain adopt, in compliance with the regulations in force at the time, the technical and organizational measures, including all the procedures contained in the company's privacy organizational model that shall be suitable to, and shall, guarantee compliance of the processing with the principles of the applicable legislation ;
- (ix) draw up the Processing of Data Register pursuant to art. 30 of the Regulation and keep it constantly updated;
- (x) plan and execute, in agreement and collaboration with the Data Protection Officer and with the relevant internal functions, the audits envisaged by the applicable legislation, in particular with reference to the security measures and the obligations relating to system administrators (where applicable);
- (xi) perform whatever activity as may be necessary to correct any non-conformities reported by the Data Protection Officer in the exercise of his functions and those reported by the relevant functions or during audit with a view to continuous improvement required by the most recent security standards (for example: ISO / IEC 27001);
- (xii) represent the Company in disputes, both judicial and extrajudicial, in the cases provided for by the applicable legislation on data protection, vested with the broadest powers, including those for appointing and revoking lawyers, counsel to bring/defend disputes, arbitrators and experts, as well as those to conciliate and settle disputes, ensure enforcement of judgements, and do whatever is necessary and appropriate, with no exceptions or exclusions;
- (xiii) manage, together with the Data Protection Officer, relations with the Regulatory Authority (the "**Privacy Regulator**"), on behalf of the Company, in accordance with in the provisions set out in the "procedure for cooperation with the authority ") and to file appeals, complaints, requests for prior consultation, opinions or other;
- (xiv) in any case, carry out any activity, adopt any decision and implement any necessary initiative to guarantee, and be able to demonstrate, that the processing is carried out by the Company in compliance with the applicable legislation;

For matters not expressly mentioned above, to fully implement the applicable legislation, including the provisions adopted by the Privacy Regulator or any other authority regarding the protection of personal data, in Italy and abroad, where applicable;

- H. 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;
- I. sign and/or submit complaints to any appropriate authority (including- by way of example only - public safety, security and judicial authorities) in relation to thefts and burglaries of goods, missing cash and other such events at the sales outlets, warehouses, central office or any place where the Company may do business;
- J. 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, including where registered/certified and insured, and/or in any manner inherent to importing and exporting in general (whether or not subject to specific regulation) , including temporary operations,

operations in transit and free-of-charge operations, for any goods, including for warehouse), with the power to issue receipts by way of 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;

- K. 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 whatever nature, including declaratory actions, enforcement, currency exchange actions, joinder as civil party, and, as well, proceedings for bankruptcy, composition and judicial administration and moratorium and extra ordinary administration fulfilling the pertinent formalities and thus managing the appointment of special delegation parties, , 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 ADR , for any and all disputes in which the Company may have an interest; (ii) validly propose and sign settlements, whether for in court or out of court settlements, 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;
- L. (legal representation) the legal representation of the Company, subject to the same limitations as the matters entrusted to the Chief Executive Officer himself as set forth above, and always within those limitations, the power to sign administrative correspondence of the Company.

The CEO has the status of principal executive 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.6. of the Self-Regulation 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, in respect of 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 meetings, 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 art. 2381, para. 5, of the Italian Civil Code and in Application Criterion 1.C.1., letter (d) of the Self-Regulation Code, Section 18.2 of the Articles of Association, 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.

The Articles of Association also states that the directors promptly report, at least on a quarterly basis, to the Board of Statutory Auditors on the activities carried out and on the most significant economic, financial and asset transactions carried out by the Company or its controlled companies and, in particular, on transactions in which such directors have an interest, be it on their own behalf or on behalf of third parties, or which are influenced by the party who may exercise direction and coordination. Such information is usually given at meetings of the Board of Directors.

#### **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 provisions 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 Regulation and article IA.2.10.6 of the Instructions to the Stock Market Regulation and pursuant to Principle 3 of the Self-Regulation Code, two Independent Directors currently sit on the Board of Directors; they are Stefano Meloni and Marino Marin, who:

- (i) do not control the Issuer, whether directly or indirectly, or through controlled companies, trustee companies or a third party nor are they able to exercise significant influence over the Issuer;
- (ii) are not party, whether directly or indirectly, to any shareholders' agreement through which one or more individuals can exercise control or significant influence over the Issuer;
- (iii) are not, and have not been in the previous three financial years, top level executives (meaning the Company Chairman, Chairman of the Board of Directors, an executive director or a key manager) of the Issuer or of a strategically significant controlled company thereof or of a company which is subject to joint control, a company or an entity which, jointly with others through a shareholders' agreement, controls the Issuer or is able to exercise significant influence thereover;

- (iv) do not hold, and have not held in the previous company financial year, whether directly or indirectly (for example through controlled companies or companies in which they act as top level executives, having the same meaning as that indicated under point (iii) above, or as partners of a professional firm or a consulting company), a significant commercial, financial or professional relationship: (a) with the Issuer, a controlled company or any top level executives, pursuant to point (iii) above, thereof; (b) with any individual which, including jointly with others through a shareholders' agreement, controls the Issuer, or if this is a company or an entity, having top level executives, having the same meaning as under point (iii) therein or (c) they do not hold and have not held in the previous three financial years an employment relationship with the aforementioned entities and individuals;
- (v) 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 controlled companies or parent company or any company subject to joint control; (b) with the Directors of the Issuer; (c) with individuals that are spouse to, or are blood relations or relations by operation of law up to the fourth degree with, the directors of the companies under point (a);
- (vi) do not receive, and nor have they received in the preceding three company financial years, from the Issuer or a company that is a controlled or parent company of this latter, 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;
- (vii) have not been Directors of the Issuer for more than nine of the last twelve years.
- (viii) have not held the position of executive director in another company in which an executive director of the Issuer is a director;
- (ix) 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;
- (x) are not close family members of a person that is in one of the situations listed above and in any case not with any spouses or blood relatives or relatives by operation of law up to the fourth degree, of directors of the Issuer, or directors, spouses, or blood relatives or relatives by operation of law up to the fourth degree of directors of the companies controlled by the Issuer or that control the Issuer or 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 Stefano Meloni and Marino Marin have the requirements to be qualified as independent according to the application criteria defined in the Self-Regulation 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 8 May 2019, also in the presence of the Board of Statutory Auditors, the Board 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 and in any case the information that is nevertheless available to the Board.

The Board of Statutory Auditors, within the remit of the tasks entrusted 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 within the remit of the statutory auditor's report to the Shareholders' Meeting.

During the FY 2019, the independent directors met without the other directors on one occasion at an autonomous' meeting held on 9 February 2019.

#### **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.4. of the Self-Regulation Code to do so are not fulfilled.

## 5. PROCESSING OF COMPANY INFORMATION

The Board of Directors of the Company, at its meeting on 12 July 2018, approved the new releases of:

- i. the “Internal regulation for the management of insider and relevant information”;
- ii. the “Internal regulation relating to the keeping of the register of persons who have access to insider and relevant information”;
- iii. the “Internal Dealing Regulation”,

originally adopted on 12 December 2016.

The above-mentioned regulations are in line with the rules governing market abuse, outlined by MAR and can be found on the Issuer's website in the “<http://unieurospa.com/en/corporate-governance-2/corporate-documents-and-procedures/>” section.

### a. Internal regulations for the management of insider and relevant information

The Internal regulation for the management of relevant information and insider information 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. It is also the goal of the regulation to prevent certain recipients of such information, from using it in order to carry out speculative transactions on the market, to the detriment of investors, who are not aware of this information.

Note that: (i) “**Insider Information**” means information of a precise nature, which has not been made public and which directly or indirectly concerns the Company or its financial instruments which, if made public, could have a significant influence on the prices of the Company's financial instruments; (ii) “**Relevant Information**” means any information or news not yet classified as Insider Information that the Company deems relevant, as it relates to data, events, projects or circumstances that, continuously, repetitively, periodically, or occasionally, occasional or unexpected, directly concern the Company itself and that can, at a later stage, become Insider Information; and (iii) “**Confidential Information**” means any information or information that cannot be classified as Insider Information concerning, directly or indirectly, the Company and / or its controlled companies (the “**Controlled Companies**”), which is not in the public domain or that it is by its nature confidential or exclusive to the Company and / or its Controlled Companies, acquired by the recipients in the performance of their duties and / or functions.

The Regulation is applicable to all those who have access to Relevant Information and/or Insider Information and/or Confidential Information, 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 Controlled Companies ; (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 Confidential Information, Relevant Information and/or Insider Information.

### b. Internal regulations relating to the keeping of the Registers of persons who have access to Insider Information and Relevant Information

If the information is assessed to be a Relevant Information, it must be recorded in a specific section of the Relevant Information Register (“**RIL**”), established and updated by the Company, pursuant to the law and regulatory provisions in force at the time, indicating of the subjects who, due to the work or professional activity carried out or the functions performed, have access to the Relevant Information.



The Company has set up a register in an electronic form pursuant to the legal and regulatory provisions in force at the time (the "**Register**") which it shall keep updated, indicating the persons who, by virtue of the work or professional activity performed or of the functions performed, have access to Insider Information, also on a delayed basis. The Register is made up of: (a) several distinct sections, one for each Insider Information, containing data about the subjects with access to that specific Insider Information. A new section should be added to the list each time new Insider Information is identified. In addition, a so-called permanent section has been established in which the names of the subjects who, because of their functions or tasks performed, always have access to Insider Information.

The internal regulation concerning the keeping of the Register of persons having access to Insider Information and of the Register of persons having access to Relevant Information defines the rules and procedures for keeping and updating the Register and the RIL.

### **c. Internal Dealing Regulations**

The Internal Dealing Regulation, amended by the Board of Directors on 12 July 2018 to reflect the changes made to the Consob Regulations by means of resolution no. 19925 of 22 March 2017, 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 Insider Information concerning the Company directly or indirectly and hold the power to adopt decisions that may affect the Company's future evolution and prospects, as from time to time identified by name by the Board of Directors of the Company or by the subject(s) delegated by it; (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 book value of the shareholding is more than 50% of the assets of the Company as resulting from the last approved financial statements; and (d) anyone holding a shareholding calculated in accordance with article 118 of the Issuers' Regulations, of 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 Internal Dealing Regulation, *inter alia*, identifies the relevant transactions for the various persons targeted by the applicable legislation, the materiality threshold of such transactions and contains the rules regarding management, processing and communication of information relating to such transactions.

## **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 Self-Regulation Code which recommend that, within the Board of Directors, listed companies establish internal committees 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 Self-Regulation 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 Self-Regulation 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 Self-Regulation Code, resolved to establish a remuneration appointments and committee, pursuant to articles 5 and 6 of the Self-Regulation 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, in office as at the date of this Report, were appointed by the Board of Directors on 7 February 2017.

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 Self-Regulation Code which provides that said committee shall be composed of independent directors, or alternatively, of 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 Self-Regulation 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-2/management-and-control-bodies/](#)".

On May 8, 2019 the Company's Board of Directors resolved to grant the above-mentioned Committee a budget of € 30,000 for the entire financial year.

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 Self-Regulation Code and with particular regard to appointments, in compliance with application criteria 5.C.1 and 5.C.2 of the Self-Regulation 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 positions whose presence is deemed appropriate on the Board;
- (ii) it makes recommendations to the Board of Directors regarding the maximum number of offices that a director or statutory auditor may hold in other companies that would be deemed 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 matters that would arise if, in order to deal with organisational requirements, the Shareholders' Meeting were to authorise general or pre-emptive exemptions from the prohibition against competition provided for by art. 2390 of the Italian Civil Code;
- (iv) it proposes the list of candidates for the office of director in cases of co-opting, to the Board of Directors 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 investigations for the preparation of the plan.

In compliance with application criterion 6.C.5. of the Self-Regulation Code, the Remuneration and Appointments Committee is entrusted 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 Managers 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 own remuneration unless the proposals regard all members of the Board Committees in general.

The establishment of this Committee ensures the fullest possible information 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 Italian Civil Code, the Remuneration and Appointments Committee only performs advisory and recommendation functions, whereas the powers to set the remuneration of the directors holding specific offices remains with the Board of Directors, in consultation with the

Board of Statutory Auditors. This power is subject to the right of the shareholders to set the overall figure for the remuneration of all directors - including those directors holding specific offices. at the Shareholders' Meeting.

Regarding the level of participation of the individual members of the Remuneration and Appointments Committee at meetings, please see the information provided in the table at page 18 of this Report.

In the current Financial 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, 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 (a) the definition of the Company's Remuneration Policy; (b) the approval of the Remuneration Report; (c) the approval of the budget proposal for the Remuneration and Appointments Committee;
- (iii) to ponder whether it is opportune to update LTIP Regulation.

The Remuneration and Appointments Committee meetings have been attended by the Company's Human Resources Director (sometimes replaced by the Legal Director) who acted as secretary and presented issues within his responsibility. The Chairman of the Board of Statutory Auditors, was amongst others who participated at the meeting;

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

## 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 which was drafted pursuant to art. 123-ter of the TUF and approved by the Board of Directors on 8 May 2019, after it was examined and approved by the Remuneration and Appointments Committee. It will be made available to the public within the deadlines and in the manner set forth by the applicable provisions of e law and regulations, including by way of publication on the Company website <http://unieurospa/eng/corporate-governance/shareholders-meeting/>

It is highlighted that in any case that, except for an employment contract between the Chief Executive Officer Giancarlo Nicosanti Monterastelli and the Issuer, which provides for severance pay in the scenarios and under the terms set forth in the CCNL (National Collective Bargaining Agreement) for Managers of Retail Companies, there are no other agreements, including insurance agreements, between the company and any directors that provide for compensation 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.

<b>Significant information pursuant to the Self-Regulation Code</b>	<b>Relevant parties in terms of the remuneration report</b>
General remuneration policy (principle 6.P.4 of the Self-Regulation Code)	Section I, letter e)
Share based remuneration plans (application criterion 6.C.2. of the Self-Regulation Code)	Section I, letter e) and Section II
Remuneration of the executive directors (Principle 6.P.2. of the Self-Regulation Code)	Section I, letter e) and Section II, Part I
Remuneration of managers with strategic responsibilities (Principle 6.P.2. of the Self-Regulation Code)	Section I, letter e) and Section II, Part I
Incentive mechanisms for the financial reporting officer (application criterion 6.C.3. of the Self-Regulation Code)	N/A
Incentive mechanisms for the Audit Department Manager (application criterion 6.C.3. of the Self-Regulation Code)	N/A

Remuneration of non-executive directors	Section I, letter e) and Section II
Severance pay for directors in the event of resignation, termination of work relationship or termination of contract following a public takeover bid (principle 6.P.5 of the Self-Regulation 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 Self-Regulation Code which provides that such committee shall be composed of independent directors, or alternatively, non-executive directors, the majority of whom must be independent (in such case the Chairman shall be appointed from 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, in office at the date of this Report, were appointed by the Board of Directors on 7 February 2017.

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 Self-Regulation Code, at least one member of the Control and Risk Committee must possess knowledge of accounting and finance and/or risk management deemed adequate at the time of their appointment by the board. 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 8 May 2019 the Board of Directors and based on the information provided to them, evaluated the internal control and risk management system adopted by the Company consistent with the application criteria pursuant to principle 7.C.1 of the Self-Regulation 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, efficiency and efficacy of the corporate processes, 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 principle 7.C.1 of the Self-Regulation Code.

### **Functions entrusted to the Control and Risk Committee**

To assist the Board of Directors and pursuant to the requirements of application criterion 7.C.2. of the Self-Regulation Code, the Control and Risk Committee shall:

- (i) assess the correct use of accounting standards and their uniformity for the purpose of drafting the financial statements, together with the manager responsible for preparing the company's accounting documents ("**Financial Reporting Officer**") and after consulting with the auditor and the Board of Statutory Auditors;
- (ii) express opinions on specific aspects regarding the identification of the main business risks;
- (iii) examine the periodic reports which contain assessments of the internal control and risk management system as well as those particularly significant reports prepared by the internal audit department;
- (iv) monitor the autonomy, adequacy, effectiveness and efficiency of the internal audit department operations;
- (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 subject to approval, on the activities carried out as well as on the adequacy of the internal control and risk management system;
- (vii) support by means of appropriate investigative activities, the assessments and decisions of the Board of Directors on the management of risks arising from detrimental issues that have been brought to the attention of the Board of Directors.

In compliance with the provisions of application criteria 7.C.1 of the Self-Regulation Code, the Control and Risk Committee, furthermore shall issue 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 Controlled Companies can be correctly identified, adequately measured, managed and monitored, so 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 the adequacy of the resources assigned to such manager for the fulfilment of his or her functions.

Regarding the level of participation of the individual members of the Control and Risk Committee at meetings, please see the information provided in the above table at page 18 of this Report.

During current financial year, the Control and Risk Committee shall meet whenever considered necessary for the correct and effective discharge of its duties. During Financial Year, it met 4 times.

During Financial Year, the Control and Risk Committee has met, *inter alia*:

- to examine (i) the audit plan pursuant to Law 262/2005; (ii) the proposal for an amendment of the Organisation and Management Model as provided by Legislative Decree no. 231/2001; (iii) the activities required prior to approval of the financial statements;
- to assess the correct use and consistency of the accounting principles used for the approval of the draft financial statements ( application criterion 7.C.1. letter e) and 7.C.2 letter a) of the Self-Regulation Code); report of the Legal Auditor on any critical issues found; comment on the correct use of the standards for the purposes of any non-financial declarations drawn up pursuant to Legislative Decree no. 254/2016 and/or the completeness and reliability of such declarations;
- to review the data relating to the impairment test;
- to examine the adequacy of the internal control and risk management system and of the annual Internal Audit report for the Financial Year;



- to verify effective compliance by the Financial Reporting Officer with the accounting and administrative procedures as well as examine the adequacy of the means and powers available to him as per Law 262/2005 and the Financial Reporting Officer's report;
- to assess the adequacy of the organizational, administrative and accounting structures;
- to examine the Audit plan;
- to assess the results of the identification, analysis and measurement of the main risks (strategic, operational, financial and regulatory), which characterize the Company's business (application criterion 7.C.4. Of the Self-Regulation Code);
- to undertake a training session on Legislative Decree no. 231/2001 and examination of the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001, the Code of Ethics, the Anti-corruption Policy and the Whistleblowing Policy; and
- to examine the internal auditor's report.

The Control and Risk Committee has been regularly attended by the Company's Internal Auditor, who acted as secretary, in order to present issues under his/her responsibility as well as - as the case may be - attended by the Supervisory Body, the Auditing Firm and/or consultants of the Companies called from time to time to support the Committee in the performance of its functions.

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

The Control and Risk Committee is entitled to access information and company functions, as required for such Committee to perform its duties, also using 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 current financial year, to enable it to carry out its tasks. In compliance with the provisions of the Board Regulation, in particular circumstances, any such budget provided to the Control and Risk Committee may be increased.

## **10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

In compliance with Principle 7.P.1 of the Self-Regulation 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 contribute to protect the company's assets, the efficiency and efficacy of the corporate processes, compliance with the laws and regulations, the Articles of Association, the internal procedures as well as the reliability of the financial information. In this area, the internal control system, set up with the objective of guaranteeing the reliability, accuracy, integrity and timeliness of the financial information, must therefore be considered as an integrative element rather than separate from the general risk management system adopted by the Company.

Said system is integral to the general organizational and corporate governance structures adopted by the company, taking into consideration as appropriate the best domestic and international practices as well as the models of reference, also in light of the evolution of this subject.

In particular, the planning, implementation and monitoring of the internal control and risk management system determined by the company have been inspired by the CoSo Framework methodology developed on the basis of the guidelines of the Committee of Sponsoring Organizations of the Treadway Commissions; the company plans and carries out ongoing development and streamlining of the system in all its components, in the context of continuous improvement. These components are briefly summarised below.

### **a) Control environment**

The control environment is the organizational context within which the strategies and objectives are established as well as the procedures by which the business activities are structured and the risks are identified and managed. This encapsulates 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 conferred.

### **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 required by the organizational model overall, the status as a listed company and the business dynamics, the Company has initiated a structured process aimed at identifying and assessing risks, which provides the base methodology for identifying control system and audit plan priorities.

### **c) Control activities**

The control activities are determined within the 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 task of optimising corporate resources and efficiency, has been implemented taking into consideration the main results of the risk assessment activities; these elements were supplemented by control activities that were triggered as a result of the requirements stated 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 evaluation by the Control and Risk Committee.

### **d) Information and Communication**

Information is necessary at all corporate levels to identify, evaluate and implement the decisions for the handling of the risks as well as to carry out control activities in compliance with the objectives that have been previously set. The individuals who make up the internal control and risk management system carry out their function also by maintaining 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 align the structure and the implementation procedures with the specific requirements of the organization and the market in which the Company operates, according to the guidelines expressed by the Board of Directors

On 8 May 2019, based on the information provided to the Directors and having heard the opinion of the Control and Risk Committee, the Board of Directors held that the internal control and risk management system adopted by the Company is consistent with the provisions of Application Criterion 7.C.1. of the Self-Regulation Code for listed companies.

### **10.1 Risk management system in relation to financial reporting**

As regards the internal control system in place for the preparation of the financial reports, the Company has undertaken a process of adjustment to the indications set forth in law 262/05. This process aims to document the accounting and administrative model that has been adopted as well as to put in motion specific audit checks by way of support to the certification process under the Financial Reporting Officer's responsibility.

The above-mentioned accounting and administrative audit model constitute the totality of 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 is set forth 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 preparing the Company's accounts.

The valuation of the risks identified by the financial reporting at both the entity and 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 is mindful of possible risks due to innocent mistake as well as the risks that derive from fraudulent intent, thus providing for the planning and monitoring of safeguards and controls that guarantee coverage of this nature of risk, as well as coordination with those control protocols that have been implemented as part of the overall internal control system.

Furthermore, the approach adopted is mindful of both manual controls and those made by information systems in support of the accounting and administrative processes, in other words, so-called automatic controls at the application system level and 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 analyses to reveal issues and carry out initiatives aimed at strengthening it.

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 closing of those operations which the company documents, allocates the responsibilities therefor and authorizes through a dedicated information system, so as to guarantee the completeness and accuracy thereof.

During the Financial Year, 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 tracking of the processes, risks and controls, the company determines improvement plans aimed at introducing and/or modifying the controls whether at the general or at the individual process level and moves to determine or update the administrative - accounting procedures.

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

By way of support to the Issuer's internal control and risk system and 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 having the duties listed in application criterion 7.C.4. of the Self-Regulation Code. To this end, the Issuer deems that the appointment of Giancarlo Nicosanti Monterastelli, also CEO, to this position is in line with the provisions of the Self-Regulation Code, which outlines the positive aspects connected to a choice of this nature, also having regard to the specific knowledge held by the individual appointed to the role.

In conformity with the provisions of art. 7 of the Self-Regulation Code (Application Criterion 7.C.4.), the Director in charge of the internal control and risk management system is required to:

- identify the main corporate risks, taking into account the characteristics of the activity carried out by the Issuer and its Controlled Companies and periodically submit them for examination by the Board of Directors;
- put into effect the guidelines determined by the Board of Directors, as follow-up the planning, realization and management of the internal control and risk management system and verify the relative adequacy and efficacy on an ongoing basis;
- deal with any adaptation of the control system to the dynamics of the operating conditions and the legislative and regulatory environment;
- request, at his discretion, the Internal Audit department to check specific operating areas and compliance with the internal rules and procedures in executing the corporate operations. In such case he shall concurrently inform 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 inform the Control and Risk Committee (or the Board of Directors) of any problems and critical areas that are flagged up as a result of activities or of which he becomes aware so that the committee (or the board) can take the appropriate actions.

### **10.3 Internal Audit Department Manager**

At its meeting of 12 April 2017, the Board appointed Raffaella 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 favourable opinions from Control and Risk Committee and 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 favourable opinions from the Control and Risk Committee and Board of Statutory Auditors, the Board fixed the remuneration of the Internal Audit Department Manager in line with the corporate policies and ensured that the appropriate resources for the discharge of the relative duties are available to such manager.

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 his/her disposal to carry out the allocated tasks. During Financial Year, the Internal Audit Manager carried out her tasks in conformity with Application Criterion. 7.C.5. of the Self-Regulation 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 no. 231/2001)**

On 17 May 2016, the Company approved and adopted the Organisation, Management and Control Model, pursuant to Legislative Decree no. 231/2001 (respectively: the "**Model**" and "**Decree**"). Additionally, on 12 April 2017, the Company updated and approved the new Model in line with the rules governing market abuse offences. On 15 March 2019, the Company approved an updated version of the Model and, simultaneously, the new Code of Conduct, as well as the Anti-Corruption Policy and the Whistleblowing Policy.

The Code of Conduct provides for standards of conduct and guidelines to follow when conducting business, in the relations between employees of the Company and the Group, and relations with third parties. This document was prepared mindful of the Company's specific requirements arising in virtue of its operations. The Code of Conduct and the aforementioned policies are available on the Company's website [www.unieurospa.com](http://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 which are Giorgio Rusticali (as the Chairman), Chiara Tebano (Lawyer), and Raffaella Folli. The Supervisory Body so constituted fulfils the requirements of autonomy, independence, professionalism and continuity of the applicable activities.

The Model consists of two parts. The first is of a general character and illustrates the purposes, recipients, members of the preventive control system of the Model itself and, in line with the provisions of 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.

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

The second part of the Model is of a special nature and contains a description of the types of offences provided for in the Decree as well as the penalties applicable to them, with regard to the risk areas considered to be applicable to the Company, based on the risk areas identified during the risk assessment process.

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

- a. Offences involving relations with the Public Administration;
- b. Corporate offences;
- c. Crimes for the purpose of terrorism or subversion of democratic order, transnational crimes, organized criminality, handling stolen goods, money laundering, concealing/handling the proceeds of crime, usage of Unlawfully obtained money, goods or utilities or employment of third countries, who reside illegally in the country;
- d. Crimes against persons;
- e. Market abuse crimes;
- f. Culpable offences in violation of the laws on occupational health and safety;
- g. Computer crime and illegal data processing;
- h. Falsifying instruments and identification marks and crimes against industry and commerce;
- i. Crimes involving intellectual property rights;
- j. Inducement to withhold from or make untruthful declarations to the Court Authorities;
- k. Environmental crimes;
- l. Corruption between private parties;

#### **10.5 Auditing firm**

Pursuant to the applicable definitions and provisions of the law, the Shareholders' Meeting as at 12 December 2016 appointed 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, to conduct the legal audit of the annual financial statements for the financial years that will end from 28 February 2017 until 28 February 2025, pursuant to articles 14 and 16 of Legislative Decree no. 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 from the Independent Auditors due to, *inter alia*, the acquisition of the investment in Monclick S.r.l., the Issuer conferred on the Independent Auditors, the task of 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 from to the Auditing Firm 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 consequence of the acquisition of the business units and shareholding in Monclick S.r.l. – the Company has upwardly

adjusted the fees payable to 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 must give grounds for its decision. The provision set forth in the 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.

Upon appointment, the Board vested the Financial Reporting Officer with the powers and means necessary for the performance 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 Data Protection Officer**

During the Financial Year, the Company adopted a Privacy Organizational Model, in compliance with the provisions set forth in Regulation (EU) 2016/679 (GDPR) and, in general, with the regulation on privacy, defining guidelines, *inter alia*, for the management of corporate and organizational relations and for the necessary coordination of operational and compliance activities regarding personal data processing. On 26 April 2018, the Board of Directors appointed the law firm, Balboni Bolognini & Partners, with registered office in Bologna, VAT number IT07490370967, as Data Protection Officer ("**Data Protection Officer**" or "**DPO**"), for the Company and its controlled company, Monclick Srl with Sole Shareholder, ICT Legal Consulting and conferred upon such DPO all the powers and functions referred to in article 39 GDPR.

#### **10.8 Coordination between the parties 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 Self-Regulation Code, the Company has identified the roles and responsibilities of the individuals involved in the internal control and risk management system, to avoid overlapping of the respective areas of activity and skills or duplication of controls carried out.

Specifically:

- 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 is required to promptly inform the Control and Risk Committee and the Board of any problems and critical issues that arise during the carrying out of his/ her activities or which he/she has otherwise

become aware of, so that the Committee and the Board are able to take the appropriate actions;

- the Internal Audit Function Manager shall ensure that there is a periodic flow of information, including for those issues that are particularly significant, not only with the Control and Risk Committee but also with all individuals who, in their 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 for the issues within their respective areas of competence;
- the Internal Audit Function Manager shall directly participate at meetings of the Supervisory Body as an internal member and shall regularly take part in verifications conducted by the Board of Statutory Auditors;
- the Board of Statutory Auditors shall communicate periodically with the Board of Directors, Control and Risk Committee, Supervisory Body, Audit firm and the Financial Reporting Officer;
- the Supervisory Body may be called to 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 may be invited to take part in the Control and Risk Committee meetings to update the Committee on the activities conducted;
- twice a year, at the half-year and annual closings, a meeting takes place of the control bodies (Control and Risk Committee, Board of Statutory Auditors, Supervisory Body, Internal Audit, Financial Reporting Officer, Director in charge, Independent Auditors) 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 then in office, 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](http://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 directly by the Company or through controlled companies.

In conformance with the Consob Related Party Regulation, the procedure governs, *inter alia*, the inquiry and approval procedures regarding transactions with related parties of *greater importance* based on the criteria indicated in Consob's Related Party Regulation and those transactions with related parties classified as of *lesser importance*, which are transactions other than those of *greater importance* and transactions involving small amounts (individual transactions of not more than €150,000 where the related party is a natural person and not more than €300,000 where the related party is not a natural person).

Pursuant to the provisions of the Consob Related Parties Regulation, the Procedure considers to be transactions of greater importance with related parties those in which at least one of the relevant indexes indicated in attachment 3 of the Consob Related Parties Regulation is higher than the threshold of 5% and requires that a specific corporate body (comprised of the Chief Financial Officer and the Legal Director) be entrusted with the task of deciding how to apply the Procedure to the specific transaction, including the manner for classifying a transaction as of greater importance or of lesser importance.

The Procedure provides that the Company may rely on an exemption granted under article 10 of the Consob Related Parties Regulation, on grounds that the Company has recently been listed and therefore, approval of the transactions of greater importance with related parties will follow the Procedure set forth for approval of transactions of lesser importance related parties. Such simplified regime is applicable as of 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 shall be comprised exclusively of unrelated and non-executive directors and a majority of independent directors pursuant to the TUF and the Self-Regulation Code - shall give 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 related thereto. To this end, it is noted 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 entrusted with particular duties and 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 managers with strategic responsibilities, provided that:
- the company has a remuneration policy in place which Remuneration and Appointments Committee was involved in determining;
  - a report describing the remuneration policy has been submitted for approval and vote at the Shareholders' Meeting; and
  - the granted remuneration is coherent with such policy;
- (iii) transactions of a negligible amount;
- (iv) remuneration plans based on financial instruments approved at the Shareholders' Meeting pursuant to article 114-*bis* of the TUF and the relative executive operations;
- (v) ordinary transactions (these are transactions in the remit of ordinary operations and their relative that are connected to the financial activities of the Company or the Controlled Company carrying out the transaction) that are concluded at arm's length with regard to the market or standard;
- (vi) transactions carried out by the Company with its Controlled Companies or transactions carried out between such Controlled Companies, as well as connected companies, to the extent that the Controlled Companies or connected 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 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 prior to the formal adoption of the related party transactions policy and Procedure described above, shall be made in compliance with this Procedure once it is approved by the Board of Directors subsequent to the Trading Start Date.

#### **Functions of the Related Parties Committee**

The internal board body, composed of two Independent Directors as a result of the above-mentioned simplified regime, is currently called upon (and shall be until the date of approval of the financial statements for the year ending 29 February 2020) to express a mere non-binding reasoned opinion on the interests of the Company to carry out the transaction as well as on the convenience and essential fairness of the related conditions.

## 12. APPOINTMENT OF THE STATUTORY AUDITORS

The Board of Statutory Auditors is appointed at 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.

For as long as 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 at the ordinary Shareholders' Meeting on the basis of lists submitted by the shareholders as provided below and ensuring a gender balance as required by applicable law and regulations.

The lists have two sections: one for the appointment of statutory auditors and the other for the appointment of alternate auditors. The first candidate in each section shall be a certified auditor and shall 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 from time to time. In the event of non-fulfilment of the obligations laid down in this paragraph, the list will be deemed unsubmitted.

Each, that contains 3 (three) or more candidates given that there are two sections, shall also include candidates of both sexes, such that the under-represented gender accounts for at least one-third (rounded up) of candidates proposed for the office of statutory auditor and at least one candidate proposed for the office of alternate auditor (in the scenario that 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 unsubmitted.

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 together within the meaning of art. 144-*quinquies* of the Issuer Regulation, then lists may be submitted for up to three days after said deadline. 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 the candidates and a declaration from each candidate attesting 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 as may be required by applicable legislation and regulations.

Any shareholder, shareholders who have signed a shareholders' agreement pertaining to the Company and relevant for the purposes of article 122 of the TUF, parent company, controlled companies and companies under common control and other entities parties with 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 shall be considered ineligible.

Any list not complying with the provisions set forth in this paragraph 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 alternate candidate 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, the necessary replacements will be made from 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 at the Shareholders' Meeting, by a relative majority resolution and ensuring that the gender balance required under applicable legislation and regulations is achieved.

In the event of a tie between the lists, a tie-breaker vote between the candidates subject of the tie 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 shall be elected from that list in accordance with applicable legislation and regulations. If no list is submitted, the Shareholders' Meeting will shall resolve by majority as provided for by law.

The Chairman of the Board of Statutory Auditors shall be 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 shall be appointed at the Shareholders' Meeting, by a relative majority resolution of representative votes.

**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 as required by law and the other applicable provisions.

As concerns the requirement 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 carried out by the Company means those matters and sectors of activity connected to or inherent in the operations of the Company, as these are indicated in the corporate objects clause.

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

Statutory Auditors shall remain in office for three company financial years. Their term of office shall expire on the date of the Shareholders' Meeting convened to approve the financial statements relative to their third year in office.

The Board of Statutory Auditors in office at the date of this Report and appointed at 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), shall 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 ***
<b>Chairman</b>	Maurizio Voza	1976	23/06/2012	12 December 2016	29 February 2019	N/A	X	88.9%	0
<b>Statutory auditor</b>	Giorgio Gavelli	1966	22/10/1998	12 December 2016	29 February 2019	N/A	X	100.00%	13
<b>Statutory auditor</b>	Luigi Capitani	1965	12/12/2016	12 December 2016	29 February 2019	N/A	X	100.00%	27 (2)
<b>Alternate auditor</b>	Sauro Garavini	1972	12/12/2016	12 December 2016	29 February 2019	N/A	X	-N/A	12
<b>Alternate auditor</b>	Giancarlo De Marchi	1950	12/12/2016	12 December 2016	29 February 2019	N/A	X	N/A	10 (2)
<b>AUDITORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR</b>									

-	-	-	-	-	-	-	-	-	-
<b>Number of meetings held during the year: 9</b>									
<b>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): 4.5% established with Consob's Management Deliberation n. 15 of 15 March 2019</b>									

#### Key

\* 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 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 held by the individual in question as a director or statutory auditor which are deemed relevant for the purposes of article 148-bis of the TUF (including the Issuer), in addition to the office held in the Company and in any of its controlled companies. The complete list of offices is published by Consob on its own website pursuant to art. 144-*quinquiesdecies* of the Issuers' Regulation. Posts (if any) held at large companies are indicated between brackets.

For more information regarding the members of the Board of Statutory Auditors, please see the website of the Issuer [www.unieurospa.com](http://www.unieurospa.com) under the section "governance/Board of Statutory Auditors", which contains the CVs of the Statutory Auditors setting out their professional information.

Pursuant to the recommendations made in the Self-Regulation Code and 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 any non-auditing services this latter may provide. To correctly perform 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, in the performance of its activities, the Board of Statutory Auditors have coordinated with the Internal Audit Department and the Control and Risk Committee by means of participation in discussions on issues of specific interest. The Internal Audit Manager has participated on a regular basis in the checks carried out by the members of the Board of Statutory auditors.

All 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 Self-Regulation Code, the above-mentioned article 21 of the Articles of Association provides that all Statutory Auditors must possess the requirements of independence set forth in the applicable legislation and regulations.

In application of article 144-*novies* of the Issuer Regulation and the above-mentioned application criterion, the holding the requirements indicated above by the members of the Board of Statutory Auditors shall be assessed by the Board of Directors and the Board of Statutory Auditors:

- (i) after their appointment; the outcomes of this verification shall be disclosed to the market by press release;
- (ii) every year; the relative results shall be provided 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 cumulative limit set under article 144-terdecies of the Issuer Regulation.

The 8 May 2019 was the last occasion upon which 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. At 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 Self-Regulation Code, for all members of the Board of Statutory Auditors and found that none of them falls within the remit of the matters under article 148, paragraph 3 of the TUF and the combined provisions of articles 3 and 8 of the Self-Regulation Code.

The Board of Statutory Auditors shall verify 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 a summary on the members of the Board of Statutory Auditors.

#### **MAURIZIO VOZA**

Maurizio Voza was born in Eboli (SA) on 5 February 1976 and he gained his degree in business administration in 1994 from Federico II University of Naples. In 2001 he undertook a master's degree course in insurance and risk management at the "Luigi Bocconi" University of Milan, while in 2007 he gained a master's degree in VAT Specialization 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. Since October 2003 he had been a certified public accountant and auditor and he is 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 held the post as board's member.

#### **GIORGIO GAVELLI**

Giorgio Gavelli was born in Cesena (Forlì-Cesena) on 17 November 1966 and he gained his degree in business administration from the University of Bologna. He is admitted to the roll of Chartered Accountants and that of Legal Auditors, and is currently a chartered accountant and technical consultant in Forlì, where he is a partner of the "Sirri – Gavelli – Zavatta" firm. He provides tax and business consulting to companies operating in various industrial and commercial sectors and, furthermore, has acted as expert of tax laws and applied accounting at the University of Bologna. He speaks and coordinates conventions and seminars on tax and financial issues. He has also written important papers on corporate issues and is an ongoing collaborator with major tax and business magazines.

#### **LUIGI CAPITANI**

Luigi Capitani was born in Parma on 30 November 1965 and he gained his degree in business administration from the University of Parma in 1990. He has been on the roll of Chartered Accountants since 1993 and is also admitted to the roll 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 concerning extraordinary merger

operations, acquisitions and corporate restructuring. He is also a member of various boards of statutory auditors and boards of directors, a member of supervisory bodies, an insolvency practitioner and independent court expert. He also speaks at numerous conventions and courses.

#### **SAURO GARAVINI**

Sauro Garavini was born in Forlì (FC) on 31 July 1972 and he gained his degree in business administration from the University of Bologna - Forlì branch in 1991. After collaborating with the firm of certified public accountant Porcellini, in 2001 he was admitted to the roll as a certified public accountant and currently carries out his own professional activities at 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 gained his degree in business administration from the 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, automotive parts, textile and fashion, tooling, shipyard and services Industries, offering consulting on a broad range of auditing projects, organization and M&A operations. He has been admitted to the roll chartered accountants since 1978 and the register of legal auditors since it was established. As of 2009 he has been a professional consultant for Italian and foreign companies.

#### **Criteria diversity policies**

With regard to the diversity policy, as already reported above in relation to the Board of Directors, on 8 May 2019, said Board of Directors assessed whether it would be opportune to adopt of a specific diversity policy and decided that a specific one was not necessary on grounds that the set of legislative and regulatory provisions, including the provisions of the Self-Regulation Code, concerning the composition of the administrative, management and control bodies of the Company allows an adequate composition regarding aspects such as gender, age, experiences, professional and personal characteristics.



#### **14. SHAREHOLDERS' RELATIONS**

Shareholders have access to 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 has been 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 consulted on the above website.

Pursuant to Article 2.2.3, paragraph 3, letter i) of the Stock Market 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 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 Company fully embraces the references contained in art. 9, Principles 9.P.1 and 9.P.2 of the Self-Regulation Code, which aim to (i) promote initiatives to facilitate participation of the largest possible number of shareholders at the Shareholders' Meetings and the exercise of their shareholders' rights and (ii) ensure continuing dialogue with the shareholders which is founded on an understanding of the reciprocal roles (Board of Directors and Shareholders' Meeting). The Company considers appropriate, -in addition to ensuring regular participation of its own directors at the Shareholders' Meetings - to also adopt specific measures aimed at appropriately making best use of the meeting institution.

Indeed, including pursuant to the special legislation regarding listed companies, by 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 give personal input on issues 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.

In accordance with art. 9 of the Articles of Association, the Shareholders' Meeting may be ordinary or extraordinary as defined by 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 Italy. The convocation notice, which shall contain the information that is required pursuant to the applicable law and regulations shall be published on the Company's website and advertised in the other ways provided by the applicable law and regulations.

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

During the Financial Year, a Shareholders' Meeting was held on 5 June 2018. In attendance were shareholders holding 55.471% of the share capital.

Certain members of the Board of Directors and statutory auditors in office at that date participated in the above-mentioned Shareholders' Meetings. During such Shareholders' Meeting, the Chairman of the Board of Directors and the Chief Executive Officer reported on behalf of the Board of Directors on the operations both carried out and scheduled furnishing the shareholders with sufficient information so they have knowledge of the facts as required for them to resolve on the decisions under the competence of the Shareholders' Meeting. Shareholders were provided with also prior to the meeting, the terms and in the forms provided by law and the Articles of Association, all the documentation prepared regarding the individual agenda items.

### **a. Right to participate and vote at the Shareholders' Meeting**

Each share carries one vote.

Persons who are entitled to vote are allowed to intervene at the Shareholders' Meeting.

The right to attend the Shareholders' Meeting and exercise the voting right is attested by means of a communication to the Company by the intermediary on behalf of the individual with the voting right based on the applicable facts 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. The rights of attendance and vote will still apply even if the communications have been received by the Company later than the deadlines indicated above, provided such communications are received by the commencement of the shareholders' meeting upon single convocation.

Individuals entitled to attend the Shareholders' Meeting may be represented by a proxy authorised in accordance with the law. Shareholders are entitled to notify the Company regarding any proxy participation to the Shareholders' Meeting by sending notice thereof by e-mail to the address indicated in the notice of convocation of the Shareholders' Meeting or by any other methods as may be indicated. Postal voting is permitted in conformity with the applicable laws and regulations and with the methods indicated in the convocation notice.

#### **b. Conducting of Shareholders' Meetings**

The Shareholders' Meeting is deemed quorate and can pass resolutions with the majorities provided for by law.

A Shareholder may vote by post in accordance with the procedures set by law.

The Shareholders' Meeting shall be 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 by means of any specifically delegated person/s, shall verify that the Shareholders' Meeting is quorate, ascertain the identity and legitimation of the attending shareholders and regulate the proceedings - for such purpose establishing the procedures for discussion and voting (no 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 at 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 public.

The resolutions passed at the Shareholders' Meeting must be detailed in the meeting minutes and signed as provided for by law.

In addition to the provisions of the law and the Articles of Association, the Shareholders' Meeting shall also be governed by the Shareholders' Meeting Regulation which was approved on 7 February 2017, effective from the Trading Start Date of the company shares on the MTA - Star segment. The Shareholders' Meeting Regulation is available on the Company's website <http://www.unieurocorporate.it>, Corporate Governance section.

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During the Financial Year, there were no significant changes to the value of the Issuer's shares or to the composition of the shareholders.

**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, please refer to the previous Paragraph 10.4 of the Report with regard to the model adopted by the company pursuant to Legislative Decree no. 231/2001.

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

As of closure of the Financial Year up to the date of this Report, there have been no changes in the corporate governance structure compared to those indicated in the specific sections of this Report.

**18. CONSIDERATIONS ON THE LETTER OF 21 DECEMBER 2018 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations formulated by the Chairman of the Corporate Governance Committee in his communication of 21 December 2018 were, first of all, submitted to the attention of the Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors (the subjects to whom this letter was addressed). Such recommendations were evaluated by the above-mentioned recipients and then were brought to the attention of the Board of Directors and the Board of Statutory Auditors during the meetings held, respectively, on March 15 and May 8, 2019.

With regard to the first recommendation concerning the appropriateness for the Board to express its assessment on the adequacy of pre-board information, it should be noted that such assessment was carried out by the Directors in the context of the overall self-regulation process. As a result of this process, the timing and content of the information was assessed to be adequate.

With regard to the second recommendation, it should be noted that the Company rigorously applies the independence criteria defined by the Self-Regulation Code, in so doing it pays attention acquire from the interested parties an information framework deemed suitable to enable the company's bodies to make well-grounded, well-reasoned and timely assessments. In particular, the Board of Directors did not disapply any of the criteria nor did it deviate from any of the independence indexes laid down in the Self-Regulation Code.

The third recommendation concerns transparency regarding the manner in which the board review is carried out. In this regard, the Board of Directors highlighted the adoption during the Financial Year of the self-assessment procedure carried out by means of a detailed questionnaire prepared by Korn Ferry, as an external consultant. As part of this process, each director has had the opportunity to flag up any issues deemed worthy of further clarification and/or improvement. The Board has processed and evaluated the results of the self-assessment. The Board of Directors shares the principle underlying the last recommendation formulated by the Chairman of the Corporate Governance Committee that of remuneration policies should be consistent with the sustainability of the company. Any need to adopt additional instruments to give higher priority to the sustainability profile linked to performance, with respect to those currently contemplated by the Company's remuneration policy shall be evaluated.

**TABLE 1****SHARE CAPITAL STRUCTURE**

	<b>Number of ordinary shares</b>	<b>% of share capital</b>	<b>Percentage of listed capital: % of ordinary share capital</b>	<b>Rights and obligations</b>
Ordinary shares	20,000,000	100%	47.52%	ordinary

**INTERESTS OF SIGNIFICANT IMPORTANCE IN THE SHARE CAPITAL**Reference date: **MAY 8, 2019**

<b>Subject at the top of the ownership structure</b>	<b>Direct shareholder</b>	<b>Number of ordinary shares</b>	<b>% of ordinary share capital</b>	<b>% of voting share capital</b>
Dixons Carphone Plc <sup>5</sup>	Alfa S.r.l.	1,436,021	7.180%	7.180%
Rhone Capital II LP <sup>6</sup>	Italian Electronics Holdings S.à.r.l.	6,763,088	33.815%	33.815%
Amundi Asset Management	Amundi SGR S.p.A.	1,003,108	5.016%	5.016%

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<sup>5</sup>) These shares are held through Monte Paschi Fiduciaria S.p.A. on a fiduciary duty.

<sup>6</sup>) As a general partner in the limited partnership which indirectly controls Italian Electronics Holdings S.à.r.l. These shares are held through Monte Paschi Fiduciaria S.p.A. on a fiduciary duty.