



**Report on Corporate Governance and Proprietary Shareholdings**

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.unieurospa.com](http://www.unieurospa.com)**

**This Report refers to the Financial Period closed on 29 February 2020**

**Report approved by the Board of Directors on 6 May 2020**

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## DEFINITIONS

<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>Board/Board of Directors</b>	The Issuer's Board of Directors.
<b>Board of Statutory Auditors</b>	The Company's Board of Statutory Auditors.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A. with its registered office in Milan at Piazza degli Affari no. 6.
<b>Civil Code</b>	The Italian Civil Code.
<b>Code/Self-Regulation Code</b>	The Code of Self-Regulation for listed companies approved in July 2018 by the Corporate Governance Committee (and approved by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confindustria).
<b>Consob</b>	The national commission on companies and the stock exchange, based in Rome at Via G.B. Martini, No. 3.
<b>Consob Related Parties Regulation</b>	The Regulation on transactions with related parties approved by Consob with Resolution No. 17221 of 12 March 2010, as subsequently amended and supplemented.
<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>Executive director</b>	Director entrusted with specific operative or managerial powers including any specific duties allocated to him/her by the Board of Directors
<b>Financial Period</b>	The financial year of the Company is from 1 March 2019 to 29 February 2020.
<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>Issuer / Company / Unieuro</b>	Unieuro S.p.A., with its registered office in Forli at Via V.G. Schiaparelli no. 31.
<b>Issuer Regulation</b>	The Regulation approved by Consob with resolution 11971 of 14 May 1999 (as amended).
<b>Italian Consolidated Finance Act/TUF</b>	( <i>Testo Unico della Finanza</i> ) by way of Legislative Decree No. 58 of 24 February 1998 as amended.
<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>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>Remuneration Report</b>	The report concerning the policy for remuneration and recompense paid prepared pursuant to art. 123- <i>ter</i> TUF and art. 84- <i>quater</i> of the Issuer Regulation.
<b>Report</b>	The present report on corporate governance and proprietary shareholdings that the companies are required to draw up, pursuant to art. 123- <i>bis</i> TUF.
<b>Shareholders' Meeting</b>	The Company Shareholders' meeting.
<b>Stock Market Regulation</b>	The Regulation of the Markets organised and operated by Borsa Italiana S.p.A..
<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.

## 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 proprietary shareholdings ("**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 content of the information, the suggestions made by Borsa Italiana in the dedicated "Format for the report on corporate governance and proprietary shareholdings" (Edition VIII January 2019).

The Report was approved by the Board of Director on 6 May 2020 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

Today Unieuro is the Italian market leader in distribution of consumer electronic products and household appliances thanks to its steady growth over the last fifteen years due to 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 249 stores distributed throughout city centres and in high-affluence shopping malls located mainly in northern and central Italy and 12 direct sales outlets located at several of the main public transport junctions (travel channel); (ii) an indirect channel, consisting of 261 sales outlets managed by third party associated businesses; (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 an 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 of 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 in line with the provisions of the TUF and of the Self-Regulation Code, *inter alia* for the purposes of admission to listing of its 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, whereas 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 goals 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 proposal functions, being the Remuneration and Appointments Committee and the Control and Risk Committee. There is also 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 on the Independent Audit Firm the mandate to undertake 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 tasks 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, *inter alia*, 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 proprietary shareholdings 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) TUF and art 2-*ter* of the Listing Code, as stated in the list published by Consob and updated as at 30 September 2019 <sup>(1)</sup>.

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<sup>1</sup> According to art. 1, paragraph 1, lett. w-*quater*.1) 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 regulations, the rules enacting the above provisions, including the information issuers have to furnish in order to qualify as - or be disqualified as from the definition of - SME. Consob publishes the list of SMEs on its website based on the information provided by the issuer*".



## 2. INFORMATION ON THE PROPRIETARY SHAREHOLDINGS (PURSUANT TO ARTICLE 123-BIS, PARA. 1, TUF)

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

At the date of this Report, the subscribed and paid-up share capital of Unieuro is €4,000,000 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 of 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) 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) TUF)

During the financial year, the former majority shareholder, Rhone Capital II LP, through its subsidiary Italian Electronics Holdings S.à.r.l. ("IEH") disposed of its entire share of capital held in Unieuro, by way of two accelerated book building procedures (namely, 16.25% of its capital on 13 November 2019 and the remaining 17.6% on 22 January 2020).

Following the successful conclusion of the aforementioned procedures, Unieuro has become in all respects a public company, with a free float greater than 85% of capital.

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 TUF, are reported in the table below:

Declarant or party 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%
Amundi Asset Management	Amundi SGR S.p.A.	1,003,108	5.6%	5.6%

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

<sup>2</sup> Shares held through Monte Paschi Fiduciaria S.p.A.

## **TUF)**

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

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

As of the date of this Report, no scheme is envisioned for employee shareholdings.

As concerns the stock option plan adopted on 6 February 2017 ("**Long Term Incentive Plan 2018-2025**") reserved to executive directors, collaborators and employees of the Company which calls for the allocating of non-transferable option rights, it is clarified that, downstream of the approval of the consolidated financial statements as at 29 February 2020, the Company Board of Directors shall verify the (degree of) achievement of the aggregate adjusted net profit target provided for in the business plan for the years closed in 2018, 2019 and 2020, and shall communicate to each beneficiary the number of option rights that will become exercisable.

In light of the current emergency situation concerning the Covid-19 outbreak and the impact, which to date is not foreseeable with any sufficient degree of reliability, that the pandemic could have on the performance of the Company, the Board of Directors, meeting on 6 May 2020, deemed it appropriate to postpone the definition of any new long-term incentive plan (LTIP) based on financial instruments.

For further information, please see the first section of the Report concerning the policy for remuneration and recompense paid drawn-up pursuant to art. 123-ter TUF which shall be available to the public within the timelines and in the manner provided for by the laws and regulations in force.

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

No restrictions on the voting rights of shareholders are envisioned.

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

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

### **h. Change-of-control clauses (pursuant to art. 123-bis, paragraph 1, letter h) 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 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., 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 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 1-*bis* TUF nor provisions that provide for application of the neutralization rules provided for in art. 104-*bis*, paragraphs 2 and 3 TUF.

**i. Delegated powers to increase the share capital and authorisations to acquire treasury shares (pursuant to art. 123-*bis*, paragraph 1, letter m) 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 Civil Code nor to issue equity backed 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.* 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 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 organisational structure, assessing the adequacy of the organisational, 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.

By virtue of a reverse merger transaction that took place during the financial year ending 28 February 2018, International Retail Holdings S.à r.l. was merged by incorporation into Italian Electronics Holdings S.à.r.l.

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 up to 28 February 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 13 November 2019, IEH put in place a further accelerated book-building procedure, disposing of 16.25% of the Company's existing share capital to institutional investors. On 22 January 2020, IEH disposed of the remaining 17.6% of its capital to institutional investors, through an analogous accelerated book-building process, as a consequence ceasing to be a Company shareholder.

On 14 April 2020, the Board of Directors therefore asserted by resolution that the Company is not subject to any management or coordination pursuant to art. 2497 *et seq.* of the Civil Code.

\* \* \*

The Issuer specifies that:

- the information required by art. 123 *bis*, first paragraph, letter i) 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 Report concerning the policy of remuneration and recompense drawn up pursuant to art. 123-*ter* TUF;
- the information required by art. 123-*bis*, first paragraph, letter l) 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 (paragraph 4.1).

### **3. COMPLIANCE (PURSUANT TO ART. 123-BIS, PARA. 2, LETTER A) TUF)**

This Report has been prepared also taking into account the guidelines in the "Format for the report on corporate governance and proprietary shareholdings" 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/codiceeng2018.en.pdf>

The rules contained in the Articles of Association and in the specific Shareholders' Meeting Regulations are an integral part of, and 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 l) 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 limits 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 and 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/her office. A failure to fulfil the prerequisite of independence prescribed by art. 148, para. 3, TUF on the part of an Independent Director shall not cause him/her to forfeit the office to the extent that 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 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 (in the percentage of 4.5% in accordance with the Consob Management Deliberation No. 30 of 6 March 2020) 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 otherwise 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 as may 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 confirms fulfilment of the prerequisites for their respective posts; (iv) indication of the management and control posts held in other companies and any indication of suitability for qualification as

independent director 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 ("*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, then 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 under - represented gender.

If fewer candidates are elected on the lists submitted than there are directors to be elected, the remainder will be elected at 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. If the Board of Directors must, during the course of the financial year, proceed to replace one or more Directors, it shall appoint by co-option pursuant to art. 2386 of the Civil Code, ensuring compliance with the requirements of law and of the Articles of Association regarding the composition of the board.

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

Lastly, it should be noted that, in terms of gender balance, on 1 January 2020 the provisions of the Budget Law 2020 entered into force amending articles 147-ter, paragraph 1-ter, and 148 paragraph 1-bis TUF. In particular, as concerns the renewal of corporate bodies that occurs subsequent to 1 January 2020, this law has: (i) increased the percentage of body members that must be taken up by the under-

represented gender from at least one third to at least two fifths; this applies to both the administrative body and the control body; and (ii) extended the period of validity of this new criteria (minimum two fifths) - from the previous three consecutive terms of holding office - to six consecutive terms of holding office.

With reference to corporate bodies made up of three components, mindful of interpretative uncertainties in the application of this new two fifths rule for the under-represented gender, Consob has clarified by way of Communication No. 1/20 of 30 January 2020 that - pending any adjustment to the regulatory framework - the criterion of rounding up to the higher unit provided for in paragraph 3 of art. 144-*undecies* 1 of the Issuers Regulation is deemed inapplicable on grounds of arithmetic impossibility. Therefore, with reference to these three component bodies, Consob submits that the practice of rounding down to the lower unit is in line with the new legislation. The said regulatory changes necessitate an amendment to the Articles of Association, namely art. 13.6 (election of the members of the Board of Directors) and art. 21.13 (election of the members of the Board of Statutory Auditors), the new provisions in any case being applicable with effect as of the date when the corporate body is subject to renewal.

In light of the above, on 6 May 2020 the Board of Directors has resolved to submit to the Shareholders' Meeting convened for the approval of the financial statements for the year ended 29 February 2020 the amendments to the articles of the Articles of Association mentioned above.

#### Succession plan

Following the board resolutions of 15 March 2019 and 10 July 2019, upon the proposal of the Remuneration and Appointments Committee, Unieuro appointed a first-class specialist consultancy firm to support the Company in determining the succession plan for the Executive Director concerning the reporting line and the development of profiles for successors. Such plan shall be structured as a modular scheme consisting of several phases, each of which may be activated on a stand-alone basis according to the analysis of the particular matter. At the date of this Report, the first phase has already been put into effect, namely the analysis of the business context and the specific characteristics pertaining to the role of Executive Director, so as to fix a reference profile for possible suitable candidates. Analysis of the profiles of direct reports of the Executive Director is expected at a later time.

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

The Board of Directors appointed on 18 June 2019 is made up of nine members. Its term in office shall expire upon approval of the financial statements as at 28 February 2022.

Bernd Erich Beetz, Catia Cesari, Monica Maria Luisa Micaela Montironi, Alessandra Stabilini, Marino Marin, Giancarlo Nicosanti Monterastelli, Gianpiero Lenza and Robert Frank Agostinelli were selected from the "majority" list presented by Monte Paschi Fiduciaria S.p.A. on behalf of IEH (voted by 59.55% of ordinary shares admitted to the vote), whereas Pietro Caliceti was selected from the "minority" list presented by institutional investors (voted by 26.80% of the ordinary shares admitted to vote).

Following the resignation of Robert Frank Agostinelli, Bernd Erich Beetz and Gianpiero Lenza, on 23 January 2020, the resulting lacunae in the Board of Directors of Unieuro was filled on 20 February 2020 by the appointment of Michele Bugliesi, Paola Elisabetta Galbiati and Stefano Meloni (who has held the office of Chairman of the Board of Directors since 24 February). These appointments are subject to confirmation at the Company Shareholders' Meeting convened for 12 June 2020 pursuant to and for the purposes of art. 2386 Civil Code.



As of the date of this Report, the composition of the Board of Directors is 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 the meetings during Financial Period**	Number of other positions ***	Control and Risk Committee during Financial Period		Remuneration and Appointments Committee during Financial Period	
														Attendance	****	Attendance	***
Stefano Meloni	Independent Director according to TUF.  Since 24 February 2020 Chairman of the Board of Directors		1949	06/02/2017	20/02/2020	2020 financial statements approval	N/A		x		X	3/3 (100%)	4	1/1 (100%)	x	2/2 (100%)	x
Giancarlo Nicosanti Monterastelli	Chief Executive Officer		1959	29/01/1998	12/12/2016	2022 financial statements approval	M	X				11/11 (100%)	2	6/6 (100%)	X	8/9 (89%)	x

Michele Bugliesi	Independent Director		1962	20/02/2020	20/02/2020	2020 financial statements approval	N/A		x	x	x	1/1 (100%)	8	-	-	-	-
Pietro Caliceti	Independent Director		1965	18/06/2019	18/06/2019	2022 financial statements approval	m		x	x	x	9/9 (100%)	1	-	-	2/2 (100%)	x
Catia Cesari	Independent Director		1967	18/06/2019	18/06/2019	2022 financial statements approval	M		x	x	X	7/9 (77,77%)	(1)	-	-	7/7 (100%)	x
Paola Elisabetta Galbiati	Independent Director		1958	20/02/2020	20/02/2020	2020 financial statements approval	N/A		x	x	x	1/1 (100%)	(2)	1/1 (100%)	-	-	-
Marino Marin	Independent Director		1968	06/02/2017	06/02/2017	2022 financial statements approval	M		x	x	x	11/11 (100%)	2	6/6 (100%)	x	9/9 (100%)	x
Monica Luisa Micaela Montironi	Independent Director		1969	18/06/2019	18/06/2019	2022 financial statements approval	M		x	x	x	9/9 (100%)	-	5/5 (100%)	X	-	-
Alessandra Stabilini	Director		1970	18/06/2019	18/06/2019	2022 financial statements approval	M		x			8/9 (88,88%)	5 (of which 3 listed)	-	-	-	-
<b>DIRECTORS WHO LEFT OFFICE DURING THE RELEVANT PERIOD</b>																	
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 positions ***	Control and Risk Committee		Remuneration and Appointments Committee	
														Attendance	****	Attendance	***
Bernd Erich Beetz	Chairman		1950	06/02/2017	06/02/2017	2022 financial statements approval <sup>(3)</sup>	M		x			5/8 (62,5%)	-	-	-	-	-

Gianpiero Lenza	Non-executive director		1976	12/12/2016	12/12/2016	2022 financial statements approval	M		x			8/8 (100%)	-	4/5 (80%)	x	7/7 (100%)	
Robert Frank Agostinelli	Non-executive director		1953	12/12/2016	12/12/2016	2022 financial statements approval	M		x			7/8 (87,5%)	-	-	-	-	-
Uwe E. Bufe	Non-executive Director		1944	12/10/2017	12/10/2017	2019 financial statements approval	N/A		x			2/2 (100%)	-	-	-	-	-
		<b>Number of meetings held during the financial year in reference:</b> 11	<b>Control and Risk Committee:</b> 6					<b>Remuneration and Appointments Committee:</b> 9									
<b>Indicate the <i>quorum</i> required for submission of lists by minority shareholders for the election of one or more members (per art. 147-ter TUF): 4.5% % as established by the Consob's Management Deliberation no. 30 of 6 March 2020</b>																	

#### 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. A list of appointments held at "large entities"<sup>4</sup>, if any, are indicated in brackets.

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

<sup>3</sup> Resigned 23 January 2020.

<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>Stefano Meloni</b>	Melpart S.r.l.	Chairman of the Board of Directors
	Samso S.p.A.	Chairman of the Board of Directors
	Popolonia Italica S.r.l.	Chairman of the Board of Directors
	Popolonia Green Park Sabrl	Chairman of the Board of Directors
<b>Giancarlo Nicosanti Monterastelli</b>	GNM Investimenti	Sole Director Chairman
	PallacanestroForli2.015	Chairman
<b>Michele Bugliesi</b>	Università Ca' Foscari Venezia	Chairman
	Fondazione Università Ca' Foscari Venezia	Chairman
	Venice International University	Director
	Centro Internazionale di studi per l'economia del turismo – Ciset	Director
	Fondazione UNIVENETO	Director
	Fondazione CINI	Member of the General Council
	Fondazione di Venezia	Member of the General Council
SMACT Competence Center S.c.p.A	Member of the Supervisory Board	
<b>Pietro Caliceti</b>	Custodia Valore S.p.A.	Director
<b>Catia Cesari</b>	Piquadro S.p.A.	Director
<b>Paola Elisabetta Galbiati</b>	Banca Akros	Director
	Invefin S.r.l.	Director
<b>Marino Marin</b>	Morrow Sodali Global LLC	Director
	MC Square Group of Companies	Chairman, CEO
<b>Alessandra Stabilini</b>	Librerie Feltrinelli S.r.l.	Director
	COIMA RES S.p.A.	Director
	Cerved S.p.A.	Director
	Brunello Cucinelli S.p.A.	Statutory Auditor
	Hitachi Rail STS S.p.A.	Statutory Auditor

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

### **STEFANO MELONI**

Stefano Meloni graduated in Economics and Business from the Luigi Bocconi University of Milan, where he was also a professor of Extraordinary Finance. He started his career in Citibank N.A. in 1970, holding roles of ever-increasing responsibility both in Italy and abroad, becoming General Manager in Capital Markets and subsequently General Manager of Citibank's activities for Italy. Having created and managed the business and financial banking services for Eptaconsors, he was appointed General Manager of Banco di Sardegna and Montedison, as well as President and General Manager of the Eridania Bèghin-Say Group. In 2001 he founded Hedge Invest SGR of which he was President until 2010. From 2002 to 2004 he was part of the Ferrero Group in the role of Executive Vice President of Ferrero International Luxembourg and Executive Vice President of P. Ferrero & C. Alba. In 2004 he founded Valore Reale SGR of which he was President until 2013. Until 2007 he was Senior Advisor for Italy for CVC Capital Partners and up to 2014 President of GGP (formerly Castelgarden) and President of Sardex up to 2017. He is currently Senior Advisor to Early Bird, a Luxembourg Venture Capital fund for investments in Central Europe and Turkey. During his career he has been a member of the board of directors of important and prestigious Italian and international companies, many of which are listed corporations, including Edison, La Fondiaria Assicurazioni, Milano Assicurazioni, Burgo, Banca Mercantile, Bonifiche Ferraresi, Polynt, Barclays Private Equity, as well as Banque de France and the CMF (*Conseil des Marchés Financiers*). Finally, he has been a director of ABI and a member of technical commissions within this organisation. A former member of the board of directors of Unieuro S.p.A. from 2016 to 2019, Mr Meloni also currently chairs the Boards of Melpart S.r.l., SAMSO S.p.A., Populonia Italica S.r.l. and Populonia Green Park Sabrl.

### **GIANCARLO NICOSANTI MONTERASTELLI**

Giancarlo Nicosanti Monterastelli has built his entire career within Unieuro S.p.A. and has been Chief Executive Officer since 2005. Having gained an accounting degree in 1982 he was hired as a member of the administrative staff in the retail sale and distribution of household appliances and consumer electronic goods in the company then known as Sgm Distribuzione S.r.l. In 1986, he moved into the commercial department in the role of Buyer, just four years later becoming Commercial Director. In 2005, in conjunction with the entry of the private equity operator Rhône as a shareholder, Mr Nicosanti Monterastelli was appointed chief executive officer and he guided the company through an intense expansion process leading to acquisition of the former UniEuro (2013) and culminating in the listing on the STAR segment of Borsa Italiana in April 2017.

### **MICHELE BUGLIESI**

Michele Bugliesi holds a degree in Information Science from the University of Pisa, a Master in Computer Science from Purdue University (United States) and a PhD in Computer Science from the Université Paris VII Didier-Diderot (France). Current Rector and Chairman of the Board of Directors of the Ca 'Foscari University of Venice, he is an internationally recognized computer scientist, manager and passionate promoter of digital transformation. He began his academic career in 1991 as a researcher at Ca 'Foscari, becoming Associate Professor in 2000 and Full Professor of Computer Science, before being appointed Rector in 2014. A winner of numerous academic awards and acknowledgements, in recent years Mr Bugliesi has acted as board member for various public and

private bodies, including Ciset, VEGA, SMACT, Fondazione CINI, Fondazione di Venezia and Fondazione Università Ca 'Foscari Venezia, of which he is currently chairman.

### **PIETRO CALICETI**

Pietro Caliceti has practised as a lawyer since 1992. Admitted to represent clients before the Italian Supreme Court, he specialises in corporate and financial law with a particular focus on mergers and acquisitions. After collaborating with leading Italian law firms, he founded his own firm in 2002. Since 2015 Mr Caliceti has been a partner in the Milanese law firm Santa Maria. He has held positions as both director and statutory auditor in numerous companies, including listed Italian and foreign corporations. In addition to his role on the Board of Directors of Unieuro S.p.A., he currently sits on the board of Custody Valore S.p.A., an institution specialised in collateral backed finance. Mr Caliceti is author of numerous publications on legal matters. In 2016 he made his debut in fiction with the novel *The Last Customer*, which was followed in 2017 by BitGlobal, the first novel in the world focused on bitcoins.

### **CATIA CESARI**

Catia Cesari graduated in Economics and Management from the University of Florence. Thanks to her robust experience gained in large multinational groups both in Italy and abroad, she has a strong specialisation in the generation and management of mergers and acquisitions, change management and sustainability. She is currently Operating Partner of Tau Investments, an investment fund with offices in New York, Hong Kong and Geneva focused on the sustainable value chain in the fashion and garments sector. Previously, she held senior positions in GE, GE Energy, Gucci, JAB Holding and primary private equity funds. Currently, Ms Cesari is also an independent Director on the Board of Directors as well as Chairman of the remuneration and appointments committee of Piquadro S.p.A.

### **PAOLA ELISABETTA GALBIATI**

Paola Elisabetta Galbiati graduated in Business Administration from the Luigi Bocconi University of Milan, where she has been a professor of Corporate Finance since 1996. As of 1994 she has been a chartered accountant and statutory auditor in Milan. She practised her professional activity from 1982 to 2005 in Brugger & Associati (formerly Finlexis) as project manager and team leader (also taking on occasional temporary management roles - CEO in Dianos SpA from 2003 to 2005) and from 2005 to 2012 in AlixPartners as Independent Consultant. Ms Galbiati has previously held administration and control positions in numerous industrial companies including those on regulated markets, such positions including independent director of Fullsix S.p.A. (2013-2014), Silver Fir SGR (2016-2017), Servizi Italia S.p.A. (2012-2018), Teze Mechatronics (2013-2018) and standing auditor in Tamburi Investment Partners S.p.A. (2015-2018), independent director of Banca Popolare di Milano (2016) and ok Banco BPM (2017-2020). Currently, in addition to her role on the Board of Directors of Unieuro S.p.A., she sits on the board of Banca Akros S.p.A. (since 2020) and the board of Dr. Ambrosoli Memorial Hospital Foundation (since 2010).

### **MARINO MARIN**

Marino Marin gained a degree in Business Economics from the Luigi Bocconi University of Milan and a degree Business Administration from University ESADE 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. During his career he has provided corporate consulting on numerous international mergers and acquisition operations, having worked for UBS Warburg, Lehman Brothers, Rothschild and Lane Berry Inc. in the United States



in the role of managing director. Mr Marin was also responsible for the creation of the Mergers and Acquisitions Department of UniCredit Banca Mobiliare S.p.A. in Italy. Mr Marin is the founder and current CEO of MC Square and has held office as Chief Executive Officer and General Manager of 1055 Partners LLC and Managing Director of Silverfern Inc., which are all United States-based co-investment platforms. In addition to his role on the Unieuro Board of Directors, Mr Marin is currently a Director of Morrow Sodali Global LLC.

#### **MONICA LUISA MICAELA MONTIRONI**

Monica Luisa Micaela Montironi graduated in law from the University of Milan and gained an LL.M. in Economics and Business Law from the University of Carlo Cattaneo - LIUC of Castellanza (Varese). She was admitted to the Milan Bar Association in 2000. Thanks to her significant experience gained in leading national law firms, Ms Montironi specialises in mergers and acquisitions and corporate and commercial law. She is currently a Partner in Poggi & Associati law firm of which she founded the Milan office. In the past she has collaborated with various entities including NCTM law firm and Accenture S.p.A.

#### **ALESSANDRA STABILINI**

Alessandra Stabilini graduated in law from the University of Milan and is admitted to the Milan Bar Association. Specialised in corporate law - with a focus on listed companies - of financial markets, banking regulation, corporate governance, banks in crisis and financial intermediaries, she has twenty years of professional and academic experience. Ms Stabilini is currently equity partner of NCTM law firm and associate professor of Corporate Governance and Corporate Social Responsibility at the University of Milan. She also holds offices as director of Librerie Feltrinelli S.r.l., COIMA RES S.p.A. SIIQ and Cerved S.p.A., as well as Statutory Auditor of Brunello Cucinelli S.p.A. and Hitachi Rail STS S.p.A.

#### **Criteria and diversity policy**

On 14 April 2020, 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.

In any case, it should be noted that the Board of Directors is currently made up of 5 members belonging to the most represented gender and 4 members belonging to the under-represented gender.

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

The Board of Directors, having considered that:

- in accordance with the provisions of the Self-Regulation Code for Listed Companies, 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 diligent performance of his/her duties, regardless of the positions held outside 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 must carry out an assessment of his/her ability to perform the tasks so assigned with due attention and effectiveness, taking into account, in particular, the overall commitment required by those posts held outside of the Unieuro Group

deemed it unnecessary to express any stance with regard to the maximum number of administrative posts held by board members in other companies, considering it more appropriate that a check be conducted from time to time, as to the overall number of actually offices held.

Without prejudice to that stated above, on April 14 2020 the Board of Directors issued its guidance regarding the maximum number of administration and control offices deemed compatible with effective performance of the office of executive director or member of one or more Company internal board Committees, as illustrated below.

- Executive Directors of Unieuro, being those Directors holding positions on any of the Company's intra-board committees - may accept and retain the office provided that they believe they can devote the necessary time to ensure the effective performance of their duties. Such evaluation shall take into account both the number and nature of the positions held in the administration and control bodies of the Relevant Companies (as defined below) and the commitment required of them to carry out their further professional activities and corporate offices.
- The companies considered as relevant for the purpose of the calculation of the accumulation of positions held in them are:
  - a) Italian or overseas companies with shares listed on regulated markets;
  - b) Italian or overseas companies which prevalently operate in the insurance, banking, securities brokerage, asset management or financial sectors;collectively, "**Relevant Companies**".
- The guidance approved by the Board provides for the following:
  - a) **those persons holding the role of executive Director** of Unieuro may hold up to a maximum of 3 positions as Director or Standing Auditor in Relevant Companies, in addition to the position held in Unieuro;
  - b) **Unieuro Directors who are members of the Unieuro intra-board committees** may hold up to a maximum of 5 positions as Director or Statutory Auditor in Relevant Companies, in addition to the position held in Unieuro.
- For the purposes of counting the offices indicated above, any offices held in non-profit entities or companies directly and/or indirectly controlled by or associated with Unieuro are not taken into account.
- The Directors are required to provide the Board of Directors an annual update stating the administrative and/or control positions held. The Directors shall promptly inform the Board of Directors in the event the roles held by them exceed the limits indicated.
- Should the number of offices actually held exceed the limits set out above, the Board of Directors of Unieuro shall evaluate the situation from the viewpoint of the Company interests and may agree to exemptions (including temporary exemptions), giving reasons therefor.

### **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 light of the current emergency situation concerning the Covid-19 outbreak, it has not been possible to carry out a specific induction session for the Directors Paola Elisabetta Galbiati and Michele Bugliesi who were appointed on 20 February 2020.

#### **4.3 Role of the Board of Directors (per art. 123-bis, para. 2, letter d) 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 Civil Code according to the terms and conditions described therein; (ii) the opening and closing of secondary offices; (iii) the designation of the directors duly authorised to 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 the Self-Regulation Code, the Board is entrusted with the tasks of:

- examination and approval of the Issuer's strategic, industrial and financial plans as well as the periodic monitoring of their implementation;
- examination and approval of the strategic, industrial and financial plans of the group of which the Issuer is the head company, as well as the periodic monitoring of their implementation;
- definition of the corporate governance system of the Issuer;
- definition of the group structure of which Issuer is head company.

Pursuant to art. 18 Articles of Association, the Board of Directors shall meet at the Company registered office or at any other place as shall be indicated in the notice of meeting provided that such place is within Italy whenever the Chairman deems such meeting to be necessary, or by the vice chairman should the former be absent or prevented from calling a meeting.

The Board of Directors shall also meet where requested in writing by at least 3 (three) of its members (if the Board has seven 7 (seven) or 9 (nine) members) or by at least 4 (four) of its members (if the Board has 11 (eleven) to 15 (fifteen) members), to resolve on any specific management issue they deem of particular importance; this issue shall be mentioned in the notice of meeting.

For the purpose of providing appropriate further details regarding the items for discussion on the agenda, invitations to attend board meetings held during Financial Period were given to several senior

staff of the Issuer in charge of pertinent corporate functions as well as several outside consultants. This enabled said board meetings to be used also as opportunities for the Directors 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 board members present.

The Board of Directors meets regularly: During Financial Period it met 11 times (with meetings lasting an average of around 1.5 hours each) and attendance stood at around 93% for directors and 95% for Independent Directors. During current financial period, at least 10 meetings are scheduled (5 of which have already been held as of the date of this Report).

Furthermore, as a general rule, the appropriate documentation in support of proposals and the information necessary to enable the directors to knowledgeably express themselves on the matters discussed shall be made available to the directors at least 5 days before the board meeting date. Where, in specific cases, it is not possible to provide the necessary information within the timescale referred to above, the Chairman shall ensure that adequate more thorough knowledge is imparted during the board meeting. With regard to Financial Period, 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, in sufficient advance time, save for those particular issues in relation to which adequate and timely further in-depth information is generally obtained as a matter of course during the work of the board.

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

In the board meeting which took place on May 6 2020, the Board, having considered the opinion of the Control and Risk Committee, 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 this Report date, the Board has not established any 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.

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

Moreover, 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), 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.

### **Board Evaluation**

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 experience, the gender of members, their seniority in office, diversity criteria, as required by Application Criterion 1.C.1., letter g of the Self-Regulation Code.

For such assessment relating to the current Financial Period, the Company availed itself of the support of the consulting firm Korn Ferry which assisted the Company in preparing the questionnaires to be sent to the members of the Board. Upon 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 19 December 2019. The directors provided their 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 18 March 2020. 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) perceived clarity of Board members regarding the vision of their own roles and the scope of their activities; (ii) the level of alignment of culture and values to be promoted within the Company; (iii) the composition of the Board in terms of the adequacy of the number of directors, balance of their respective experience and skills, and the relationship between executive, non-executive and independent directors. The level of contribution furnished by Board members was also generally considered adequate, endorsed both by the quality and significance of the contributions made as well as the clarity and constructive approach of the activity performed. These factors were deemed facilitated by the climate of mutual trust felt by the Board members. Finally, the Board of Directors was gratified by the attention paid in the form of systematic assessment of the adequacy of the organizational structure having regard to the strategic objectives defined for the Company. In the opinion of the directors, the composition and functioning of the intra-boards 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 improvements to the functioning of the Board of Directors and the Committees established by it, with reference, *inter alia*, to the following areas: (i) a more in-depth analysis of the developments of the succession strategy with particular

attention to the CEO contingency succession plan currently being prepared; (ii) the role performed by the Chairman of the Board of Directors.

#### **4.4 Delegated bodies**

##### **Chief Executive Officer**

Pursuant to art. 20 of the Articles of Association, the Board of Directors may delegate, within the limits of art. 2381 Civil Code, certain 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 26 June 2019, the Board of Directors conferred the following powers on Director Giancarlo Nicosanti Monterastelli:

- 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;

- B. (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 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;

- C. (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.

- D. (fiscal, tax and social security compliance) the power to manage and put in place all necessary activities in order to comply with the provisions of the various laws, regulations and administrative rules on fiscal, tax and social security matters, with the power to prepare and sign any pertinent record and declaration required by law;
- E. (Italian Antitrust Authority) the power to manage and put in place all necessary activities in order to comply with the provisions of the various laws and regulations to ensure protection against infringement of competition law, with powers to prepare and sign any pertinent record and declaration;
- F. (workplace safety) considering the type and structure of the current corporate organisation and, for the purposes of ensuring an 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/her 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/she deems it necessary to guarantee the best possible conditions of safety and health for employees; as Employment Provider, he/she 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 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/she is permitted to delegate or sub-delegate the apposite 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.

- G. (environmental protection) all powers regarding environmental protection and protection against noise, electromagnetic, water, atmospheric and soil pollution, complying with the rules in force, including the power to organise and coordinate corporate functions regarding ecology and environmental protection and to manage the waste produced by the company business or in any manner 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;
- H. (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;

- I. all powers necessary to represent the Company before administrations, authorities, entities and offices whether national, regional, provincial or municipal in the handling, presentation and signature of all operations aimed at opening, restructuring, expanding and adapting shops and central offices;
- J. sign and/or submit complaints to any appropriate authority (including- 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;
- K. carry out, with representatives of the Bank of Italy, customs, consulates, chambers of commerce and any public or private entity, all operations of shipping, clearance, withdrawal of goods, securities or instruments, valuables, parcels, and letters, 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;

- L. representation before the courts: (i) represent the Company before any judicial, administrative, tax, ordinary and special authority in any proceeding at any level and venue, and before mediation bodies, with the power to sign petitions, appeals, declarations of concordance under Legislative Decree no. 218 of 19 June 1997 as amended, claims for exemption and refund, both verbal and written, on any subject matter, bringing and maintaining actions in the civil, criminal and administrative courts, of 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;
- M. (legal representation) the legal representation of the Company, subject to the same limitations as the matters entrusted to the Chief Executive Officer 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 when not provided for by the Shareholders' Meeting, the Board, shall elect a Chairman and possibly one or more Vice Chairmen from among its members, to hold office the same term as that of the Board of Directors.

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

More specifically, 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.

Following the resignation of Bernd Beetz from his office as Chairman of the Board of Directors tendered on 23 January 2020, the Board of Directors appointed Mr Stefano Meloni as Chairman on 24

February 2020. Such appointment is, as previously mentioned, subject to approval at the Shareholders' Meeting.

### **Executive Committee**

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

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

### **Reporting to the Board**

As provided for by art. 2381, para. 5, Civil Code, in Application Criterion 1.C.1., letter (d) of the Self-Regulation Code and Section 20.2 of the Articles of Association, delegated bodies are required to report to the Board of Directors - promptly and at least quarterly - duly reporting during the Board meetings at which at least one representative of the Board of Statutory Auditors is present, on 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 state 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, Mr Giancarlo Nicosanti Monterastelli.

#### **4.6 Independent Directors**

Pursuant to the provisions of article 147-ter, paragraph 4 TUF, where the Board is made up of more than seven members, then at least two of them must meet the independence requirements established for the Board of Statutory Auditors under art. 148 paragraph 3 TUF.

Furthermore, according to the provisions of art. 2.2.3, paragraph 3 letter m) of the Stock Market Regulations and of art. IA.2.10.6 of the Instructions to the Stock Exchange Regulations, where the boards consists of 9 to 14 members, at least three of them must possess the requirements under articles 2 and 3 of the Self-Regulation Code .

Principle 3.P.1 of the Self-Regulation Code provides that an adequate number of non-executive directors must be independent, which means that they must not have, or have had recently, any direct or indirect dealings with the issuer or with any issuer-related party that could be such as to compromise their impartiality of judgement.

That stated, as of the date of this Report, the Board of Directors currently in office is made up of six independent Directors in accordance with the law and the Self-Regulation Code (Michele Bugliesi, Pietro Caliceti, Catia Cesari, Paola Elisabetta Galbiati, Marino Marin and Monica Luisa Micaela Montironi) who:

- (i) do not control the Issuer, whether directly or indirectly or through controlled companies, trustee companies or any 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 of 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 is not a spouse or blood relative or relative 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.



Board member Stefano Meloni was deemed as independent pursuant to the law and the Self-Regulation Code at the time of his appointment as board member. Notwithstanding that his subsequent appointment as Chairman of the Board of Directors has not affected his status as independent director pursuant to the law, he is however no longer deemed independent under the Self-Regulation Code on grounds he is considered a significant Company officer.

The Board ascertained, during the first meetings after its appointment, such meeting being held on 26 June 2019 in the presence of the Board of Statutory Auditors to consider Pietro Caliceti, Catia Cesari, Marino Marin and Monica Luisa Micaela Montironi - and on the 20 February 2020 to consider Michele Bugliesi, Paola Elisabetta Galbiati and Stefano Meloni, that said persons possess the requirements to qualify as independent directors according to the application criteria defined in the Self-Regulation Code and the criteria of art. 147-ter, paragraph 4 TUF which reiterates the criteria set forth in art. 148 TUF.

On March 18 2020 the Board of Directors, upon the favourable opinion of the Remuneration and Appointments Committee and in the presence of the Board of Statutory Auditors, confirmed that Stefano Meloni complies with the independence requirements pursuant to arts. 147-ter, paragraph 4 and 148 paragraph 3 TUF. However, as already specified above, in virtue of his assuming the office of Chairman of the Board of Directors on 24 February 2020, he lost the qualification of independence for the purposes of the Self-Regulation Code.

In the meeting held on 14 April 2020, 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 verified 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 Financial Period the independent Directors met without the other directors on one occasion at an autonomous' meeting held on 20 February 2020 in order to agree on the guidelines for the performance of their role within the Company's Board of Directors also mindful of the new shareholder structure. At such meeting, the Independent Directors also addressed the issue of the effectiveness of the Board of Directors, taking also into account their task of overseeing the regularity of internal processes. The independent directors concluded they are satisfied with the dynamics in place to perform interaction between the diverse Board members.

#### **4.7 Lead independent director**

The Company has not designated an independent director as the lead independent director, on grounds that the prerequisites laid down by Application Criterion 2.C.4. of the Self-Regulation Code 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 section “Corporate Governance/Corporate documents and procedures”.

### a. Internal regulation for the management of Relevant Information and Insider information

The Internal regulation for the management of relevant information and insider information dictates certain procedural safeguards aimed at ensuring 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 (“**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) members of the management, administrative and supervisory bodies, the members of the Company's Committees and the members of any Controlled Companies; (ii) employees; (iii) 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 regulation 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 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 laws and regulatory provisions in force at the time, indicating the subjects who have access to Relevant Information in virtue of the work or professional activity carried out or the functions performed by them.

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 set of Insider Information, containing data about the subjects with access to that specific Insider Information. A new section shall be added to the list each time new Insider Information is identified. In addition, a permanent section has been established which lists the names of those persons who always have access to Insider Information because of the functions or tasks performed by them.

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 sets forth the rules and procedures for keeping and updating the Register and the RIL.

### **c. Internal Dealing Regulation**

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 and 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) 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 any party delegated by the Board; (c) 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 based on 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, with voting rights attached thereto, 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) TUF)**

Pursuant to articles 4, 5, 6 and 7 of the Self-Regulation Code which recommend that, listed companies establish within their board of directors 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) 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 26 June 2019.

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

On 6 February 2020, the Board of Directors resolved to integrate the composition of the Appointments and Remuneration Committee following the resignation of the director Gianpiero Lenza and thus to appoint independent director Pietro Caliceti as third member of the committee.

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 from 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 adequate by the board as at the time of that person's appointment. Currently, the Chairman of the Committee is deemed to fulfil this requirement.

The Regulation of the Remuneration and Appointments Committee can be viewed on the Issuer's website under the section "Corporate Governance / Management and Control Bodies".

On 6 May 2020 the Company's Board of Directors resolved to grant the above-mentioned Committee a budget of € 30,000 for the entire financial year in progress.

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

### **Function of the Remuneration and Appointments Committee**

The Remuneration and Appointments Committee carries out all the duties attributed to it by the 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 said Committee shall:

- (i) provide opinions to the Board of Directors concerning its size and composition and express recommendations with regard to professional positions whose presence is deemed appropriate on the Board;
- (ii) make 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) make recommendations to the Board of Directors regarding any problematic matters that may 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 Civil Code;
- (iv) propose to the Board of Directors the list of candidates for the office of director in cases of co-opting when it is necessary to replace independent directors; and
- (v) assist the board in the investigations for the preparation of the plan in the scenario in which the Board of Directors should decide to adopt a succession plan for executive directors, it will.

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) formulating 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, and specifically by verifying 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.

A director is not entitled to take part in the Remuneration and Appointments Committee meetings in which proposals are made to the Board of Directors regarding that director's 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 art. 19 of the Articles of Association and art. 2389, paragraph 3 Civil Code, the Remuneration and Appointments Committee shall only perform 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 at the Shareholders' Meeting the overall figure for the remuneration of all directors - including those directors holding specific offices.

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 20 of this Report.

In the current financial year, the Remuneration and Appointments Committee intends to meet whenever necessary to ensure the correct and effective fulfilment of duties. During Financial Period, the Remuneration and Appointments Committee met 9 times each meeting having an average duration of 1.02 hours.

The Remuneration and Appointments Committee met:

- (i) to examine the first draft of the report concerning the policy for remuneration and recompense paid 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 evaluate whether it may be opportune to update the LTIP Regulation;
- (iv) to express its opinion on the Company's 2019 final business results ("**MBO**");
- (v) to complete its activities relating to the self-assessment of the Board of Directors and to opine on the Board of Directors functioning and that of the intra-board Committees, as well as on their size and composition (see Art. 5 C) letter a) of the Self-Regulation Code);
- (vi) to support the Board of Directors in carrying out preliminary inquiries to ascertain that the independence and integrity requirements of the Board members are met, as well as to ascertain any causes of incompatibility, ineligibility or forfeiture of such requirements;
- (vii) to support the Board of Directors in carrying out preliminary inquiries to ascertain the maximum number of offices held as director and auditor in other companies;
- (viii) to inquire into any diversity policies as may have been adopted in relation to the composition of the corporate bodies;
- (ix) to inquire into the preparation of a succession plan;
- (x) to approve the report on its activities for submission to the Board of Directors.

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

The meetings were all convened by the Chairman of the Committee who coordinated their tasks. The secretary duly drew up minutes for all the meetings.

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 Period which was drafted pursuant to art. 123-ter TUF and approved by the Board of Directors on 6 May 2020, after having been examined and approved by the Remuneration and Appointments Committee such report to be made available to the public within the deadlines and in the manner set forth by the applicable provisions of law and regulations, including by way of publication on the Company website ([www.Unieurospa.com](http://www.Unieurospa.com)) under section "Corporate Governance / Shareholders Meetings / 2020 Meeting".

The table below shows, for each of the items of information indicated above, the 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)

For further information on the application of the remuneration policy for the Financial Year, please refer to the second section of the Remuneration Report concerning the policy for remuneration and recompense paid by the Company pursuant to art. 123-ter TUF duly approved by the Board of Directors on 6 May 2020 available to the public within the term and in the manner envisaged by the applicable laws and regulations, which includes publication on the website [www.unieurospa.com](http://www.unieurospa.com), within the Section "Corporate Governance/ Shareholders' Meetings / 2020 Meeting"

Please also refer to the first section of this report, relating to the proposed remuneration policy for the 2020-2021 financial year.



## 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) TUF)**

The members of the Control and Risk Committee, including its Chairman, were appointed by the Board of Directors on 26 June 2019. Namely, Gianpiero Lenza, Monica Luisa Micaela Montironi and Marino Marin (as Chairman) were appointed as members of the Control and Risk Committee.

Following the resignation of director Gianpiero Lenza on 4 March 2020, the Board of Directors resolved to integrate the composition of the Control and Risk Committee and thus appointed independent Director Paola Elisabetta Galbiati as the third Committee member, so elected on 20 February.

The Control and Risk Committee in office on the date of this report, is consequently made up entirely of Independent Directors, being Marino Marin (in his capacity as Chairman), Monica Luisa Micaela Montironi and Paola Elisabetta Galbiati.

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.

Please note that, pursuant to the Application Criteria 7.C.1. letters (b) and (d), during the meeting held on 6 May 2020, the Board of Directors, 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 20 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 the Financial Year and up to the date of this Report, the Committee met 6 times, each meeting having an average duration of one hour.

During Financial Period, the Control and Risk Committee met, *inter alia* to:

- illustrate to the newly appointed members those bodies that make up the internal control system of Unieuro and how they operate, as well as to inform them on risk analysis and the audit plan FY2020 (Art. 7 of the Self-Regulation Code);
- review the summary of the main outcomes of the risk assessment of the internal and external security of the current information systems' structure with the support of ICT Director Luigi Pontillo;

- receive information and updates as to the adoption of the new ERP (SAP - FORHANA) with a presentation of the phases envisaged for the transition to the new ERP - monitoring of the main connected risks - sharing of committee's methods and updating times with the support of ICT Director Luigi Pontillo and the Chief Omichannel officer Bruna Olivieri;
- analyse the adequacy of the Unieuro Group policy and systems in line with the privacy legislation with the support of DPO (Data Protection Officer) Paolo Balboni of ICT Consulting Law Firm and Corporate Legal Counsel Filippo Fonzi.
- verify that the respective entrusted manager has ensured effective compliance with the accounting and administrative procedures (art. 154-bis, c.4. TUF) - Law 262/05, such verification limited to the half-yearly financial report;
- receive information on the measures adopted or to be adopted in relation to the COVID-19 epidemic with the participation of the HR Director Paolo Botticelli and the Head of the Prevention and Protection Service Daniele Colli;
- 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 to 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;
- review the data relating to the impairment test;
- examine the adequacy of the internal control and risk management system and of the periodic and annual Internal Audit report in relation to the Control and Risk Committee and the Board of Directors;
- verify effective compliance with the accounting and administrative procedures on the part of the manager responsible therefor, as well as verify the adequacy of the means and powers available to said manager as per Law 262/2005 and examine said manager's report;
- assess the adequacy of the organizational, administrative and accounting structures;
- examine the Audit plan approved by the Board of Directors as well as the periodic Internal Audit report.

It is underlined that the same parameters applied to the financial period closed on 28 February 2019 are deemed to have been applied to the evaluation of identification, analysis outcomes 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);

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 or managers 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 is required to participate 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 Financial Period 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.

The meetings were all convened by the Chairman of the Committee who coordinated their tasks. The secretary duly drew up minutes for all the meetings.

## **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 6 May 2020, the Board of Directors: (i) approved the annual work plan prepared by the head of the internal audit function, having consulted the Board of Statutory Auditors and the director responsible for the internal control and risk management system; and (ii) held, based on the information provided to the Directors and having heard the opinion of the Control and Risk Committee, 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 arising 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.

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, the Company's Board of Directors appointed Giancarlo Nicosanti Monterastelli on 26 June 2019 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 who also holds office as CEO, 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/her 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/she 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/she 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 Period, the Internal Audit Manager carried out the relative 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. It should be noted that, due to the emergency situation linked to the Covid-19 outbreak and the consequent need for compliance with the restrictive measures implemented throughout the country, it has not been possible to carry out those sample testing activities that need to be performed by physical presence in the shops of the Unieuro sales network.

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: "**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 be followed when conducting business, in the relations between employees of the Company and the Group, and in relations with third parties. This document was prepared mindful of the Company's specific requirements arising in virtue of its operations. The Model Code of Conduct and the aforementioned policies are available on the Company's website [www.unieurospa.com](http://www.unieurospa.com) "Corporate Governance" section.

At its meeting of 26 June 2019, the Board of Directors further resolved to confirm the appointment of the Supervisory Body, the members of which are Giorgio Rusticali (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 part is general in nature 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 to familiarise them with 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 thereto, as concerns those risk areas considered applicable to the Company as a result of risk areas that were 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, organised criminality, handling of stolen goods, money laundering, concealing/handling the proceeds of crime, use of unlawfully obtained money, goods or utilities, employment of third parties 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 information 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 on 12 December 2016 resolved to appoint the auditing firm KPMG S.p.A. - with legal and administrative offices located at Via Vittor Pisani no. 25 Milan, registered under number 13 of the Register of auditing firms held by the Ministry of Economy and Finance pursuant to art. 161 TUF and number 70623 of the Register of legal auditors - to conduct the legal audit of the annual financial statements for the financial years ending 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 entire shareholding in Monclick Srl, the Issuer conferred on the Independent Auditors, the task to carry out legal review of the consolidated financial statements for the financial years ending 28 February 2018 on 28 February 2025. Furthermore, in consideration of the activities

required of the Auditing Firm by Legislative Decree No. 39 of 27 January 2010 and by (EU) Regulation No. 537/2014 (due to 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 above-mentioned shareholding in Monclick S.r.l., the Company upwardly adjusted the fees payable to the Audit firm, in compliance with the provisions of the relevant engagement letter<sup>5</sup>.

#### **10.6 Financial Reporting Officer and other roles and corporate functions**

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 albeit non-binding opinion of the Board of Statutory Auditors. Said corporate articles also provide that the Director tasked with preparing the corporate accounting documents shall hold a degree, obtained in Italy or abroad, in an economic or financial subject. He/she shall also have either at least three years of experience in the specific sectors of activity in which the Company operates or in management consultancy which includes administrative and accounting matters. He/she shall possess the integrity requirements envisaged for Directors.

In observance of art. 154-*bis* TUF, and in compliance with the 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.

Upon appointment, the Board confirmed that the appointees possess the requisites mentioned in the above Articles and vested the financial reporting officer with the powers and means necessary for the performance of the duties attributed to such office.

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 Period, 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. On 6 April 2020, ICT Legal Consulting was appointed as DPO also for the controlled sole shareholder company Carini Retail S.r.l.

#### **10.8 Coordination between the individuals involved in the internal control and risk management system**

In order to optimize interaction between them and maximize efficiency of the internal control and risk management system, pursuant to the recommendations of the Self-Regulation Code, the Company has identified the roles and responsibilities of those 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.

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<sup>5</sup> Worthy of note is that on 30 September 2019 the auditing firm KPMG was entrusted with the legal audit of the accounting situation from February 29, 2020 to 28 February 2025 of the 100% subsidiary Carini Retail S.r.l.

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 steps;
- the Internal Audit Function Manager shall ensure that there is a periodic flow of information, including for those issues that are particularly significant, such flow 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, where required, 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) under section "Corporate Governance / Corporate Documents and Procedures".

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 modest 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 said 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*.

In accordance with article 10 paragraph 1 of the Consob Related Parties Regulation, "*recently listed companies*" - meaning those companies whose shares are listed in the period between the start date of trading and the date of approval of the financial statements for the second financial year following the listing - are entitled to apply the procedure provided for the approval of transactions of lesser importance also to the approval of transactions of greater importance notwithstanding art. 8 of the aforementioned Regulation. Unieuro availed itself of this right as expressly indicated in the Procedure.

Unieuro loses the status of recently listed company upon approval of the financial statements for the financial period as at 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 26 June 2019 and consists of the Independent Directors Pietro Caliceti, Monica Luisa Micaela Montironi and Marino Marin (Chairman).

The rules provided by the Procedure do not apply in the following cases which are deemed as exempt therefrom:

- (i) board resolutions regarding remuneration to members of the Board of Directors pursuant to article 2389, paragraph 1 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 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 the 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* TUF and the relative executive operations;
- (v) ordinary transactions (being transactions in the remit of ordinary operations and their relative activity 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 have any significant interests in other related parties of the company;
- (vii) board resolutions regarding remuneration payable to members of the Board of Statutory Auditors, pursuant to article 2402 Civil Code.

It is noted that any decisions regarding the renewal, including tacit or automatic renewal, 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 has been approved by the Board of Directors subsequent to the Trading Start Date.

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

The internal board body, composed of three 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 timely 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 respecting the applicable laws and regulations.

Shareholders have the right to submit a list to the extent that they hold, whether individually or jointly with others on the date of submission of said list, the share percentage established by law or regulations in force from time to time (4.5%, pursuant to the Consob Management Deliberation No. 30 of 6 March 2020).

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. Should the other candidates do not meet such requirement for the immediately preceding period, they must 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 list 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.

As concerns gender balance, please refer to that discussed above in Paragraph 4.1 above in relation to recent regulatory changes and the consequent amendments to the Articles of Association as shall be necessary to give effect thereto.

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 timeline 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 by them;
- (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 those in terms of integrity, professionalism, independence and those concerning 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/s, 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 any other entities with whom a relationship exists, including indirectly within the meaning of applicable legislation and regulations, may not submit or participate in the submission of more than one list, even through an intermediary or trust company, nor vote for different lists.

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

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 ("**Majority List**") and the first candidate from the list obtaining the second highest number of votes ("**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 the gender balance is not achieved as required by applicable legislation including any *pro tempore* regulations, the necessary replacements will be selected from the candidates put forward for the office of standing auditor on the Majority List, 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, including any *pro tempore* regulations, is achieved.

In the event of a tie between the lists, a tie-breaker vote to decide the between the candidates subject of the tie shall be held for anyone entitled to vote at the Shareholders' Meeting. The candidates who obtain a simple majority of the votes shall be 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, LETTERS D) AND D-BIS) TUF)**

Pursuant to art. 21 of the Articles of Association, the Board of Statutory Auditors shall be 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 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. Said auditors may be re-elected.

The Board of Statutory Auditors in office at the date of this Report and appointed at the Shareholders' Meeting on 18 June 2019 is composed of Giuseppina Manzo (Chairman), Maurizio Voza and Federica Mantini (standing auditors), Valeria Francavilla and Davide Barbieri (alternate auditors). Such composition shall remain in office until the approval of the financial statements as at 28 February 2022.

At the Shareholders' Meeting held on 18 June 2019, the standing auditors Maurizio Voza and Federica Mantini, as well as the alternate auditor Valeria Francavilla, were selected from the list of candidates presented by Monte Paschi Fiduciaria S.p.A. on behalf of IEH (Majority List, based on a vote of 59.62% of the ordinary shares admitted to vote). The Chairman of the Board of Statutory Auditors, Giuseppina Manzo as well as the alternate auditor Davide Barbieri were selected from the list (Minority List) presented by institutional investors.



Position	Members	Years 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>	Giuseppina Manzo	1981	18/06/2019	18 June 2019	2022 financial statements approval	m	X	100%	7
<b>Statutory Auditor</b>	Maurizio Voza	1976	23/06/2012	12 December 2016	2022 financial statements approval	M	X	93.75%	2
<b>Statutory Auditor</b>	Federica Mantini	1973	18/06/2019	18 June 2019	2022 financial statements approval	M	X	100,00%	13
<b>Alternate Auditor</b>	Valeria Francavilla	1981	18/06/2019	18 June 2019	2022 financial statements approval	M	X	N/A	-
<b>Alternate Auditor</b>	Davide Barbieri	1984	18/06/2019	18 June 2019	2022 financial statements approval	m	X	N/A	-
<b>AUDITORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR IN PROGRESS</b>									
<b>Statutory Auditor</b>	Giorgio Gavelli	1966	22/10/1998	12 December 2016	29 February 2019				
<b>Statutory Auditor</b>	Luigi Capitani	1965	12/12/2016	12 December 2016	29 February 2019				
<b>Alternate Auditor</b>	Sauro Garavini	1972	12/12/2016	12 December 2016	29 February 2019				

<b>Alternate Auditor</b>	Giancarlo De Marchi	1950	12/12/2016	12 December 2016	29 February 2019				
<b>Number of meetings held during the year: 16</b>									
<b>Indicate the quorum required for the submission of the lists by the minority shareholders for election of one or more members (per art. 148 TUF): 4.5% established by the Consob Management Deliberation no. 30 of 6 March 2020</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 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 Period, 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 TUF and 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 April 2020, was the last occasion upon which the Board of Statutory verified that all the members of the Board of Statutory Auditors continue to fulfil the requirements of integrity and professionalism required by article 148 TUF and the implementation regulation adopted with Decree No. 162/2000 issued by the Ministry of Justice. At 14 April 2020 meeting, the Board of Directors also verified the continued fulfilment of the independence requirements of article 148, paragraph 3 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 TUF and the combined provisions of articles 3 and 8 of the Self-Regulation Code.

On 8 April 2020 the Board of Statutory Auditors examined the outcomes of the self-assessment process pursuant to rule Q.1.1. (Code of Conduct of the Board of Statutory Auditors of listed companies - April 2018) to ascertain the recurrence and permanence of members' suitability requirements as well as its correct and effective operation. Said Board of Statutory Auditors' self-assessment process, successfully concluded, was recorded in minutes and sent to the Board of Directors.

Following is a summary on the members of the Board of Statutory Auditors.

#### **GIUSEPPINA MANZO**

Giuseppina Manzo was born in Taranto on 9 January 1981 and graduated in Business Law and Economics from the Luigi Bocconi University of Milan in 2004. In 2009, she was admitted to the Order of Chartered Accountants of Milan and the Register of Official Auditors. In 2013, she gained an Executive Masters diploma in Corporate Finance and Banking from the SDA Bocconi School of Management. She acts as auditor for numerous companies, some of which are listed on the Italian Stock Exchange. Ms Manzo is also a member of the board of auditors of the Association of Chartered Accountants and Accounting Experts, Milan. Having commenced her professional career in Hitachi Europe S.r.l., she moved to Banca Intesa S.p.A. and then to the firm of Professor Angelo Provasoli. Currently she is a manager at the firm Partners S.p.A.

#### **MAURIZIO VOZA**

Maurizio Voza was born in Eboli (SA) on 5 February 1976 and gained his degree in business and economics in 1994 from Federico II University of Naples. In 2001, he attended a master's degree course in insurance and risk management at the Luigi Bocconi University of Milan and in 2007 he gained a master's degree in VAT Specialization organized by IPSOA, Milan. From 2002 to 2005 he worked for Ernst & Young S.p.A. and subsequently became Tax/Balance Supervisor at BMW Group S.p.A. and at Fluidra Service Italia S.p.A. A chartered accountant and auditor since 2003, has held the position of chairman on the board of auditors of numerous companies and acts as sole auditor for numerous Italian councils. He has been the Financial Manager for Lee Hetch Harrison S.r.l./Adecco Group, since 2012, where he also served as a member of the board of directors.

### **FEDERICA MANTINI**

Federica Mantini was born in Milan on 18 August 1973 and graduated in business and economics from the Catholic University of Milan. She is admitted to the Order of Chartered Accountants of Milan, the Register of Auditors and is on the roll of Court Appointed Technical Consultants - Court of Milan. She is an expert on the "Professional Technique" course of the Catholic University of Milan. She sits on the board of statutory auditors of various companies, as well as on the board of directors of Colombo & Associati S.r.l. Founder of LM Studio in May 2019, Ms Mantini was previously a Partner of Colombo & Associati S.r.l. from 2012 to 2019 and has also worked with Borghesi Colombo & Associati, Deloitte Financial Advisory Services S.p.A., Poli & Associati S.p.A. and Deloitte & Touche S.p.A.

### **VALERIA FRANCAVILLA**

Valeria Francavilla was born in Saronno (VA) on December 1, 1981 and graduated in business and economics from the L.I.U.C University of Castellanza (VA). She acts as standing auditor and alternate auditor in numerous public companies in diverse business sectors, as well as sole director of Ma.pi.fin. S.r.l. Having started her professional career at the associated firm Guatri-Contri, she is currently a chartered accountant in Milan at the Conti Firm.

### **DAVIDE BARBIERI**

Davide Barbieri was born in Cremona on 2 July 1984 and graduated in Business Administration and Management from the University of Parma in 2008. In 2012 he was admitted to the Order of Chartered Accountants of Parma and to the Register of Auditors. Mr Barbieri is also a Partner of the "Professional Association of Certified Accountants Cerati Giuseppe Laurini Luca Ampollini Carla". Mr Barbieri acts as chairman of the board of statutory auditors of Danieli & C. as well as standing auditor and alternate auditor of various companies operative in diverse sectors. He also carries out functions of administrator, receiver and liquidator. He is currently a partner of the Cerati Laurini & Ampollini firm.

During the Financial Period, the Board of Statutory Auditors met 16 times, with each meeting having an average duration of 2.5 hours and with a percentage attendance as per that indicated in the above Table. For the 2020-2021 financial period at least 10 meetings have currently been scheduled (4 of which have already been held as at the date of this Report).

### **Diversity criteria and policies**

With regard to the diversity policy, as already reported above in relation to the Board of Directors, on 14 April 2020, said Board of Directors assessed whether it would be opportune to adopt a specific diversity policy; they decided that such a specific policy 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 for an adequate composition regarding aspects such as gender, age, experiences, professional and personal characteristics.

In any case, it should be noted that the Board of Statutory Auditors currently consists of 3 members belonging to the most represented gender and 2 members belonging to the under-represented gender.

The Chief Executive Officer has ensured that following their appointment and during their term of office, the statutory auditors shall be able to participate in the most appropriate way in those initiatives aimed at furnishing them with adequate knowledge of the sector of activity in which the

Issuer operates, the Company dynamics and their evolution, the correct risk management principles as well as the reference regulatory and self-regulatory framework (Application criterion 2.C.2.).

The compensation of the standing members of the Board of Statutory Auditors is determined at an ordinary Shareholders' Meeting at the time of their appointment. The information on the remuneration of the Statutory Auditors is set forth in the Report concerning the policy of remuneration and recompense paid which has been drawn up by the Company pursuant to art. 123-ter TUF and is available on the Company's website.

The Statutory Auditors shall carry out their duties autonomously and independently in relation to the Shareholders. For this purpose, any Auditor who has an interest in a specific Company transaction whether on his/her own behalf or on behalf of any third party, shall promptly and comprehensively inform the other Auditors and the Chairman of the Board of Directors as to the nature, terms, origins and scope of his/her such interest.

#### **14. SHAREHOLDER 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 price sensitive 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 reports on operations) as well as all documentation as is required to be published by law.

Specifically, 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 k) 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 it appropriate to also adopt specific measures aimed at appropriately making best use of the meeting institution - in addition to ensuring regular participation of its own directors at the Shareholders' Meetings.

Indeed, mindful of the desired outcomes intended by special legislation regarding listed companies, by shareholders' meeting resolution of 6 February 2017, the Company obtained 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 shall be convened, pursuant to and in the manner provided by the law, at the headquarters of the Company or elsewhere, provided the location is within Italy. The convocation notice, which shall contain the information required pursuant to the applicable law and regulations shall be published on the Company's website and advertised in the any other manner provided for 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 Period, a Shareholders' Meeting was held on 18 June 2019. In attendance were shareholders holding 59.996% 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' Meeting. 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 carried out and those that are scheduled, duly 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. Prior to the meeting, within the deadlines and in the form prescribed by law and the Articles of Association, Shareholders were provided with all documentation prepared in support of the individual items on the agenda.

### **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 voting rights is attested by means of a communication to the Company by the intermediary on behalf of the individual evidenced as holding voting rights at the end of the accounting day on the seventh day on which the market is open, prior to the date set for the first convocation of the Shareholders' Meeting. Such 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 shall still apply even if the communications have been received by the Company later than the deadlines indicated above, provided such communications are received before 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 at 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 manner 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 shall 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 [www.unieurospa.com](http://www.unieurospa.com) under section "Corporate Governance".

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During the Financial Period, 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) 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 PERIOD OF REFERENCE**

As of closure of the Financial Period 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 19 DECEMBER 2019 FROM THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE**

The recommendations formulated by the Chairman of the Corporate Governance Committee in its communication of 19 December 2019 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 parties 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 15 March and 8 April 2020. Said recommendations were also examined by the Remuneration Appointments Committee in the meetings convened for 13 March 2020 and 8 April 2020.

With regard to the first recommendation - that the sustainability of the business activity be added into the definition of strategies and to the remuneration policy following due assessment of the relevance of those factors as may affect long term value generation - the Board of Directors shared said committee's recommendation. In this regard and in the context of the new long-term share incentive plan for submission for approval at the Shareholders' Meeting presumably by the end of 2020, the Board is considering possible introduction of a performance target linked to a sustainability index. Moreover, emphasis is placed on the fact that the Unieuro strategic plan to be submitted for approval, already takes into account the issue of sustainability as an integrated element in the corporate business scheme. In this context, it should be noted in any case that the MBO system for the financial year 1 March 2019 - 29 February 2020 provides for customer satisfaction performance parameters ascertained on the basis of questionnaires submitted to customers and that such activity confirms that the Company is attentive as to interaction with its end users.

In relation to the second recommendation - that the companies provide for adequate management of information flows through to the board of directors (possibly by provisions within the rules pertaining to the committee tasks), ensuring that the confidentiality requirements are complied with without compromising the comprehensive nature, the usability and the timeliness of the information - the Board underlined how, mindful of the outcomes of the board evaluation carried out for the year ending 29 February 2020, the Board deemed that the management of the information flows is adequately managed. It was not deemed necessary for further measures to be adopted for the purposes indicated above.

With regard to the third recommendation - that the administrative bodies apply the independence criteria defined by the Self-Regulation Code with greater rigor - and that supervisory bodies oversee the correct application of these criteria (defining *ex ante* those applicable quantitative and qualitative criteria appropriate to assess the significance of the independent nature of the relationships) - the Board highlighted how it had carefully and diligently assessed the independence requisites of each individual Director during its annual check thereof, scrupulously adhering to the criteria indicated in the Self-Regulation Code. Indeed, it was found that none of the 6 independent directors (out of the 9 which make up said body), has had any commercial, financial or professional relations with the parties indicated in article 3 of the Self-Regulation Code. Consistent with that stated above, one is also reminded that Stefano Meloni (Chairman of the Board of Directors) was considered compliant with the independence requirements pursuant to the law and the Self-Regulation Code at the time of his appointment as board member. However, in the session held on 18 March (subject preliminary inquiry of the Remuneration and Appointments Committee) he was deemed no longer qualified as independent pursuant to the Self-Regulation Code as a result of his appointment as Chairman on grounds that he is considered a significant member of the Company.

With respect to the final recommendation - that the amount of remuneration paid to non-executive directors and members of the supervisory body be ascertained as adequate mindful of the competence, professionalism and commitment required of them, the Board shall evaluate, in good time prior to the next renewal of the corporate bodies, a possible benchmarking activity having the purpose to establish best among the reference companies.

**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%	100%	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>(6)</sup>	Alfa S.r.l.	1,436,021	7.180%	7.180%
Amundi Asset Management	Amundi SGR S.p.A.	1,003,108	5.6%	5.6%

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<sup>(6)</sup> Shares held through Monte Paschi Fiduciaria S.p.A.