



UNIEURO S.P.A.

REGISTERED OFFICE IN FORLI', PALAZZO "HERCOLANI", VIA PIERO MARONCELLI N. 10

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

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

**BOARD OF DIRECTORS' EXPLANATORY REPORT ON THE PROPOSAL AT ITEM 5 OF THE
AGENDA OF THE SHAREHOLDERS' ORDINARY MEETING OF UNIEURO S.P.A.
CONVENED ON JUNE 15 2021 IN SINGLE CALL.**



5. Proposal that the remuneration of the Board of Auditors be increased. Related Resolutions.

Dear Shareholders,

At the Shareholders' Meeting held on June 18 2019, it was resolved that remuneration be imputed to the activity of the members of the Board of Statutory Auditors, such amount fixed for their entire term of office and thus up to the approval of the financial statements as at February 28 2022. Said remuneration was determined in the amount of Euro 60,000, divided as follows: (i) Euro 26,000 for the Chairman plus social security contributions thereon and (ii) Euro 17,000 for each acting Statutory Auditor plus social security contributions thereon.

Said Board of Statutory Auditors has submitted that the remuneration resolved on June 18 2019 is no longer adequate having regard to the commitment actually required and taking into account the broader scope of controls to be carried out as a consequence of the strong growth of the Company - which has led to an increased complexity of the business it operates - as well as the changes to the relative corporate and organisational structure, principally deriving from the intervening change of Unieuro to a public company structure. Said commitment had led to, *inter alia*, a significant increase in the number of meetings, and as a consequence, the number of hours dedicated to participation in meetings of the Board of Statutory Auditors and of other corporate bodies. In its report of 5 May 2021, said Board of Statutory Auditors provided the Board of Directors with an account of the activities carried out and objective grounds based on which it is deemed opportune that the remuneration for the remainder of the term of office be increased, such grounds concerning the intervening factors that have arisen subsequent to their original acceptance of the office and the relative remuneration therefor.

In its sitting of 13 May 2021, the Board of Directors took note of the above-mentioned request of the Board of Statutory Auditors, trusting that an adjustment to the remuneration may be obtained in an amount commensurate to the greater qualitative and quantitative efforts required over and those envisaged for the governance structure on the date the supervisory body was appointed.

Article 2402 of the Italian Civil Code provides that the remuneration of the statutory auditors shall be determined upon their appointment at the shareholders' meeting and shall apply "for the entire duration of their office" with the aim of ensuring the independence of the statutory auditors in virtue of the twofold aspects of onerousness of the office and fixed nature of the remuneration.

As concerns the fixed nature of the remuneration payable to the supervisory body, the positions in legal doctrine are essentially threefold, thus summarised: (i) any increase or decrease to remuneration during the term of office is not permitted save for where a predetermined adjustment mechanism has been provided for based on objective considerations¹; (ii) remuneration may be adjusted upwards on the occurrence of objective and non-contingent changes to the competences, but never downwards - in consideration of the fact that the provision in question concerns public policy since its aim is that of ensuring the independence of the members of the board of statutory auditors also vis-à-vis the majority². Thus, such upward

¹ See Tedeschi, *Il collegio* commentary Schlesinger, Milan, 1992 and Cavalli, *I Sindaci* Colombo-Portale Treaty, V, Turin, 1988.

² See Frè-Sbisà, commentary Scialoja-Branca, I, 1997.

adjustment is permitted in the event there are new activities to be carried out by the Board that involve a higher commitment than that originally envisaged at the time of its appointment and based on which the original remuneration was fixed³. This is in the interest of the company and the shareholders to avoid the scenario in which an economic sacrifice on the part of the statutory auditors diminishes its guaranteed remit of operation⁴; (iii) it is lawful to increase or decrease remuneration if the statutory auditors so accept⁵.

The Board of Directors, particularly in light of the issues raised by the Company's Board of Statutory Auditors, adheres to the orientation referred to in point (ii) above and, given that there are objective and additional grounds justifying increased commitment on the part of the Board of Statutory Auditors, considers that an adjustment of the remuneration complies with the substantive regulatory information in that it shall not cause any actual or potential prejudice to the autonomy of the supervisory body.

For such reasons, the Board of Directors deems it appropriate that the remuneration of the members of the Board of Statutory Auditors of the Company be adjusted with respect to the amount resolved by the Shareholders' Meeting of 18 June 2019 and that it submit at the Shareholders' Meeting its proposal that such remuneration be increased by a total of Euro 45,000, divided as follows: An additional Euro 13,000.00 per annum for each acting Statutory Auditor and an additional Euro 19,000.00 per annum for the Chairman of the Board of Statutory Auditors.

Should this proposed resolution be approved, then the total remuneration of the Board of Statutory Auditors shall be Euro 105,000.00 per year, divided as follows: (i) Euro 45,000 to the Chairman plus social security contributions thereon and (ii) Euro 30,000 to each acting Statutory Auditor plus social security contributions thereon.

In consideration of the foregoing, the Board of Directors submits the proposed resolution set forth below which it cordially invites you to approve:

"The Shareholders at the Shareholders' Meeting of Unieuro S.p.A.

• having examined the explanatory report of the Board of Directors and the proposals contained therein;

resolve

- 1. that with effect as of this Shareholders' Meeting, the overall gross remuneration of the Board of Statutory Auditors shall be increased from Euro 60,000.00 to Euro 105,000.00, and therefore the effective increase shall be by 45,000.00. Such amount shall apply for the residual duration of their term of office.*
- 2. that the increase to remuneration referred to in point 1 above shall be divided as follows: (i) Euro 19,000.00 plus social security contributions thereon for the Chairman of the Board of Statutory Auditors; (ii) 13,000.00 plus social security contributions thereon for each acting Statutory Auditor.*

³ See De Gennaro in the *Rivista dei dottori commercialisti* page 1, 2011.

⁴ See Moro-Visconti, *Rivista dei dottori commercialisti*, 1974.

⁵ See Santini, in the commentary Scialoja-Branca, 1971.



* * *

Forlì, May 13, 2021

ON BEHALF OF THE BOARD OF DIRECTORS
THE CHAIRMAN OF THE BOARD OF DIRECTORS
STEFANO MELONI