

**REPORT**

**ON CORPORATE GOVERNANCE AND  
OWNERSHIP STRUCTURE**

pursuant to article 123-*bis* of the TUF

(traditional administration and control model)

Issuer: Nice S.p.A.

Website: [www.niceforyou.it](http://www.niceforyou.it)

Year to which the Report relates: the year ended 31 December 2015

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## GLOSSARY

**Borsa Italiana:** Borsa Italiana S.p.A.

**Code / Corporate Governance Code:** the Corporate Governance Code for listed companies, approved in March 2006 (as subsequently amended and supplemented) by the Corporate Governance Committee, and promoted by Borsa Italiana, Abi, Ania, Assogestioni, Assonime and Confindustria.

**Civil code / c.c.:** the Italian Civil Code.

**Board of Statutory Auditors:** the Issuer's Board of Statutory Auditors.

**Board of Directors** or the **Board:** the Issuer's Board of Directors.

**Issuer** or **Nice** or the **Company:** Nice S.p.A.

**Year:** the year ended 31 December 2015.

**Instructions to the Stock Market Regulation:** the Instructions included in the Rules of the Markets organised and managed by Borsa Italiana.

**Stock Market Regulation:** the Rules of the Markets organised and managed by Borsa Italiana.

**Consob Issuers' Regulation:** the Regulation issued by Consob through Resolution no. 11971 of 1999 (as subsequently amended) on issuers.

**Consob Markets Regulation:** the Regulation issued by Consob through Resolution no. 16191 of 2007 (as subsequently amended) on markets.

**Consob Related Parties Regulation:** the Regulation issued by Consob through Resolution no. 17221 of 12 March 2010 (as subsequently amended) on transactions with related parties.

**Report:** the report on corporate governance and ownership structure that companies are due to draw up in accordance with article 123-*bis* of the Italian Consolidated Law on Finance.

**Articles of Association:** Nice's articles of association currently in force.

**Consolidated Law on Finance / TUF:** Italian Legislative Decree no. 58 dated 24 February 1998 as subsequently amended and supplemented.

## 1. ISSUER'S PROFILE

The business of Nice S.p.A. ('Nice' or the 'Company' or the 'Issuer') comprises the design, production and marketing of Home Automation systems that can be integrated and controlled by means of a single radio control unit. The systems provide automation of gates, garage doors and road barriers ('Outdoor line'), as well as awnings, rolling shutters, solar screens and alarm systems ('Indoor line') for residential, commercial and industrial buildings. Nice automation systems stand out for their high levels of technological innovation, the smart design and ergonomics.

Nice Group is greatly involved in developing new products, with ever more practical solutions, showing technological and aesthetic innovation. Nice is based on a single business model marked, on the one hand, by the centralisation of research & development, design (carried out in collaboration with an external company), quality control, logistics and distribution activities and, on the other hand, by the full outsourcing of production, which is entrusted to qualified third parties. Thanks to this model, Nice combines production flexibility and cost structure efficiency with high quality levels and a direct control of the most strategic activities, such as design and technological innovation.

With an export share of more than 80% of consolidated revenues, Nice sells its products in more than 100 countries in different geographical areas ranging from Italy to Eastern and Western Europe, to non-European markets, such as China, the United States, the Middle East, Africa and Australia.

The administration model adopted by the Company is the traditional one, in which governance is characterised by the presence of:

- a Board of Directors in charge of the Company's ordinary and extraordinary management;
- a Board of Statutory Auditors in charge, among the other things, of: (i) monitoring compliance with the law and the Articles of Association as well as compliance with the principles of proper management while performing corporate activities; (ii) checking that the organisational structure, as far as it is concerned, the internal audit system, and the administration and accounting system of the Company are appropriate; and (iii) monitoring the implementation methods of corporate governance rules envisaged by codes of conduct;
- the Shareholders' Meeting, in charge of resolving, during ordinary or extraordinary meetings, also on the following: (i) the appointment and revocation of members of the Board of Directors and of the Board of Statutory Auditors, the relevant compensations and tasks, (ii) the approval of the financial statements and profit distribution, (iii) the purchase and sale of treasury shares, (iv) amendments to the Articles of Association and (v) the issue of convertible bonds;
- an Audit and Risk Committee;
- a Remuneration Committee.

The audit activity is entrusted to B.D.O. ITALIA S.p.A. (formerly Mazars S.p.A.), an audit firm registered in a special registry of audit firms authorised to perform the activities envisaged by articles 155 and 158 of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented (the 'TUF'), available at Consob, specifically appointed by the Shareholders' Meeting following the opinion given by the Board of Statutory Auditors.

## 2. INFORMATION ON THE OWNERSHIP STRUCTURE (pursuant to article 123-bis paragraph 1, of the TUF)

AS AT 31/12/2015

This chapter has been prepared in accordance with and pursuant to article 123-bis, paragraph 1 of the TUF. It should be noted that (i) the information required by said article 123-bis, paragraph 1, letter i) of the TUF (indemnity payable to Directors in the event of resignation, dismissal or termination of their office following a takeover bid) is provided in the chapter devoted to directors' remuneration (chapter 9) of the Report, (ii) the information required by article 123-bis, paragraph 1, letter l) of the TUF (appointment and replacement of Directors and amendments to the Articles of Association) is provided in the chapter devoted to the Board of Directors (chapter 4.1) of the Report, and finally (iii) the other information required by article 123-bis, paragraph 1 of the TUF that is not mentioned in chapter 2 herein, is intended as not applicable to the Company.

**a) Share capital structure (pursuant to article 123-bis, paragraph 1, letter a), TUF)**

Nice share capital amounts to Euro 11,600,000 fully subscribed and paid-in, composed of 116,000,000 ordinary shares with a par value of Euro 0.10 each. Shares are traded on the Mercato Telematico Azionario organised and managed by Borsa Italiana, in the STAR segment. This information is also shown in Table 1, attached as an appendix to this Report.

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

As at the date of this Report, the Shares are freely transferable *inter vivos* and/or in case of succession *mortis causa* and shall circulate pursuant to the regime applicable to the shares issued by listed companies incorporated under the Italian law.

**c) Significant holdings (pursuant to article 123-bis, paragraph 1, letter c), TUF)**

According to the disclosures received in accordance with article 120 of the TUF, supplemented with the disclosures made in accordance with article 152-*octies* of the Issuers' Regulation ('internal dealing'), the shareholders holding at least 2% of the share capital as at 31 December 2015 are (i) Lauro Buoro, through Nice Group S.p.A., with a holding of 69.72%; (ii) Edoardo Marcadante, through Parvus A.M. European LTD, with a holding of 11.75%; (iii) Mediobanca S.p.A. with a holding of 3.19%; (iv) UBS AG with a holding of 3.21%; (v) Nice, with a holding of 4.6%, consisting of shares whose voting rights have been suspended since these are treasury shares. A summary of these significant holdings is also given in Table 1, attached as an appendix to this Report.

**d) Securities carrying special rights (pursuant to article 123-bis, paragraph 1, letter d), TUF)**

As at the date of this Report, the Company's Shares are registered, indivisible and freely transferable and, except for the following, each of them gives the right to one vote in the Company's ordinary and extraordinary meetings. Each share gives the same equity and administrative rights, according to the applicable provisions of the law and of the Articles of Association.

Therefore, as at the date of this Report, the Company has issued no shares carrying special control rights.

On 24 April 2015, the Shareholders' Meeting of Nice amended the Articles of Association in order to introduce the increase in voting rights (as provided for and governed by article 20, paragraph 1, of Italian Law Decree no. 91 of 24 June 2014, converted by Law no. 116 of 11 August 2014), whereby, in case of enrolment of the shareholder in the specific register kept by the Company in relation to a certain number of shares, and following the completion of a period of ownership of such shares of 24 months, the shareholder will be entitled to a double vote in relation to such shares.

During the subsequent meeting on 12 November 2015, the Board of Directors of the Company approved the Regulation relating to shares with increased voting rights that governs, among other things, the procedure for requesting to be registered in the special list pursuant to article 127-*quinquies*, paragraph 2 of the TUF. Further details are available on the Company's website [http://ir.niceforyou.com/home/show\\_man.php?menu=00007&submenu=00007.00005](http://ir.niceforyou.com/home/show_man.php?menu=00007&submenu=00007.00005).

It should be noted that, as at the date of this Report, the number of Nice shares amounts to 116,000,000, which correspond to a number of voting rights in the Company's ordinary and extraordinary shareholders' meetings equal to 116,000,000.

**e) Employee share scheme: mechanism for the exercise of voting rights (pursuant to article 123-bis, paragraph 1, letter e), TUF)**

As at the date of this Report, there are no agreements on employees holding interests in the Company's share capital.

**f) Restrictions on voting rights (pursuant to article 123-bis, paragraph 1, letter f), TUF)**

As at the date of this Report, there are no restrictions on voting rights.

**g) Shareholders' agreements (pursuant to article 123-bis, paragraph 1, letter g), TUF)**

As at the date of this Report, the Company is not aware of any shareholders' agreements pursuant to article 122 of the TUF.

**h) Change of control clauses (pursuant to article 123-bis, paragraph 1, letter h), TUF) and provisions of the Articles of Association on takeover bids (pursuant to articles 104, paragraph 1-ter, and 104-bis, paragraph 1)**

As at the date of this Report, the Company is not aware of any change of control clauses and provisions of the Articles of Association on takeover bids pursuant to articles 123-bis, paragraph 1, letter h) and 104, paragraph 1-ter, and 104-bis, paragraph 1 of the TUF.

**i) Powers to increase the share capital and authorisations to purchase treasury shares pursuant to article 123-bis, paragraph 1, letter m), TUF)**

The Shareholders' Meeting held on 24 April 2015 revoked the resolution made by the meeting on 28 April 2014 for what it was not used, authorising the Board of Directors to purchase Company's treasury shares according to the following conditions, pursuant to article 2357 of the Civil code:

- purchase may take place on one or more occasions, within 18 months from the date of the meeting resolution, and within the limits of available reserves and distributable income as resulting from the last approved financial statements. They will be recognised in accordance with the provisions of the law and applicable accounting standards;
- the purchase price for each share shall not be 20% lower or higher than the closing price per share recorded in the Stock Exchange during the day preceding every single transaction;
- the maximum number of shares purchased, including the shares held by the parent company, if any, shall not have a total par value higher than one fifth of the share capital;
- purchase of treasury shares shall take place in compliance with current provisions of the law for listed companies, and therefore in accordance with the provisions of articles 144-bis of the Issuers' Regulation, 132 of the TUF and in accordance with the methods set out by the Market Regulations and any other applicable laws, including the regulations as per Directive 2003/6/EC of 28 January 2003 and the relevant European and Italian implementation rules and, therefore, through the following methods:
  - i. takeover bid or public exchange offer;
  - ii. on regulated markets under the operating methods established in the organisation and management rules of such markets, which do not permit the direct matching of proposals to buy with predetermined proposals to sell;
  - iii. purchase and sale of derivative instruments traded on regulated markets that involve the physical delivery of the underlying shares, provided that the organisation and management rules of the market provide for procedures that comply with those set forth in article 144-bis, paragraph 1, letter c), of the Issuers' Regulation;
  - iv. granting to shareholders, in proportion to the shares held, of a put option to be exercised within the period of time established in the shareholders' meeting resolution authorising the buyback program.

The same Meeting also resolved that:

- in accordance with article 2357-ter, paragraph 1, of the Civil code, the Board of Directors is authorised to sell all and/or part of the treasury shares purchased, with no time constraints, even before having completed purchases. The shares may be sold on one or more occasions, including by means of public and/or Shareholder offer, on the regulated and/or over the counter markets, or out of the market, including by means of public and/or Shareholder offer, institutional placement, placement of purchase bonuses and/or warrants, or as payment for acquisitions or public exchange offers at a price that shall not be 20% lower than the closing price per share recorded in the Stock Exchange during the day preceding every single transaction. These price limits shall not apply if the sale of shares takes place to employees, including managers, executive directors and partners of Nice and of its subsidiaries, within the scope of the stock option plans as incentives specifically targeting them;

- the Board of Directors is authorised to make, pursuant to article 2357-ter, paragraph 3, of the Civil code, all accounting entries necessary or appropriate, relating to transactions involving treasury shares, in accordance with the current law and the applicable accounting standards;
- the Board of Directors, and therefore its Chairman, shall have all the powers required to carry out the purchases and sales, and in any case to implement the resolutions above, including through attorneys appointed as needed, in compliance with any requirements of the relevant authorities.

It is hereby noted that, during the reporting period, the Company has neither purchased nor sold any treasury shares.

In its meeting of 11 March 2016, the Board of Directors resolved to propose to the Shareholders' Meeting the renewal of the authorisation to purchase and sell treasury shares under the same terms and conditions as the previous resolution of the Shareholders' Meeting, following revocation of the resolution made by the Shareholders' Meeting on 24 April 2015.

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### **I) Management and coordination (pursuant to article 2497 et seq. of the Civil code)**

Pursuant to article 2497 et seq. of the Civil code, Nice deems that Nice Group S.p.A. does not perform management and coordination, and operates with corporate and entrepreneurial autonomy in relation to the aforementioned parent company. In particular, by way of example, it is pointed out that Nice independently manages treasury and trade relations with its own customers and suppliers and it independently defines its own business plans and/or budgets.

## **3. COMPLIANCE**

Nice adheres to the Corporate Governance Code promoted by the Corporate Governance Committee for Listed Companies and published in March 2006, as subsequently amended (available to the public on Borsa Italiana's website <http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2015.pdf>), according to the methods described below.

Corporate Governance is an expression used to identify the set of rules and procedures on which the administration and control system of joint-stock companies is based. Within the initiatives aimed at maximising the value for shareholders and guaranteeing transparency on management operations, Nice defined an articulated and homogeneous system of conduct rules concerning both its organisational structure and transactions with third parties, especially shareholders, in compliance with the best practices followed by most of listed companies at a national and international level.

It is hereby noted that neither the Issuer nor its strategically significant subsidiaries are subject to non-Italian rules and regulations that have an impact on the Issuer's corporate governance structure.

## **4. BOARD OF DIRECTORS**

### **4.1. APPOINTMENT AND REPLACEMENT (pursuant to article 123-bis, paragraph 1, letter I), TUF)**

The Shareholders' Meeting determines the number of members of the Board of Directors upon their appointment, within the limits set forth in paragraph 4.2 below. The Directors will remain in office for no more than three years and can be re-elected. The offices of the Directors appointed in this manner expire on the date of the Shareholders' Meeting called to approve the financial statements for the last year of their office.

The members of the Board of Directors are appointed based on lists of candidates according to the procedures indicated below, also pursuant to current rules and regulations about gender balance.

According to article 15.4 of the Articles of Association, the members of the Board of Directors shall be appointed on the basis of lists presented by shareholders who represent at least 2.5% (2 point 5 percent) of Nice's share capital, in line with article 144-*quater* of Consob Issuers' Regulation (2.5% of share capital for companies whose capitalisation is lower than or equal to Euro 1 billion). The notice of meeting shall indicate the ownership stake required for presentation of the

lists. Each shareholder and members of the same shareholders' agreement in accordance with article 122 of the TUF as subsequently amended and supplemented, subsidiaries and jointly-owned companies pursuant to article 93 of the aforesaid decree, even if they act through an intermediary or a trust company, can present, or contribute to present, and vote one list only. The adhesions and votes expressed in violation of said prohibition cannot be attributed to any list. Each list may present at least three and no more than eleven candidates, ordered by sequential number, and it shall be filed at the Company's registered office at least 25 days prior to the date set for the Shareholders' Meeting on first call. The notice of meeting shall indicate at least one remote means of communication for the submission of the lists.

Each candidate can appear in one list only, otherwise he or she shall not be appointed. Each list shall expressly indicate the candidacy of at least one person, or two if the Board of Directors is composed of more than seven members, having the independence requirements envisaged for Statutory Auditors by current regulations.

The existence of the minimum ownership stake required for presentation of the list is proven according to the terms and conditions set forth by the applicable rules and regulations.

If mandatory criteria about gender balance are applicable, each list of at least 3 (three) candidates must contain a number of candidates of the less represented gender that is at least equal to the minimum required by current laws and regulations.

Together with each list, within the terms for filing the same at the Company's registered office, the following shall be filed: (i) information on both the identity of the shareholders who presented the list and the percentage holding they possess; (ii) statements by which each candidate confirms his or her candidacy and states, under its own liability, that there is no ineligibility or incompatibility, and that he or she possesses the requirements for holding the office of Company's Director set forth by the law have been met, as well as their indication, if any, of the independence requirements envisaged for Statutory Auditors by current provisions of the law; and (iii) the *curriculum vitae* regarding the personal and professional characteristics of each candidate, with information on the offices as director or statutory auditor held in other companies. The lists presented that do not comply with the aforesaid provisions are considered void.

The list shall be published by the Company at least 21 days prior to the date set for the Shareholders' Meeting on first call.

After the vote, the following will be appointed: (i) the candidates of the list that obtained the greatest number of votes (the '**Majority List**'), except for the last candidate of said list, and (ii) the first candidate of the list that obtained the second best result and is not related in any way, even indirectly, to the list that resulted first according to the number of votes (the '**Minority List**').

The candidate of the Majority List appointed at the first place shall be the Chairman of the Board of Directors. In case at least two directors having the independence requirements envisaged for Statutory Auditors by current regulations are not appointed, the non-independent candidates appointed last in the sequential order based on the list presented by the majority shareholder will be replaced, according to the sequential presentation order, by the two first independent candidates who have not been appointed, taken from the same list.

Furthermore, if the candidates appointed according to the procedures indicated above do not ensure a composition of the Board of Directors in compliance with the applicable laws on gender balance, the candidate of the most represented gender that is appointed last according to the sequential order from the Majority List shall be replaced by the first non-appointed candidate of the less represented gender from the same list or, in his or her absence, from the other lists, according to the number of votes obtained by each of them. This replacement procedure shall be applied until the composition of the Board of Directors complies with current rules and regulations about gender balance. If said procedure does not ensure the previously indicated result, replacement shall take place upon resolution of the Shareholders' Meeting with the relative majority of votes, following presentation of candidates of the less represented gender.

In case only one list of candidates is presented, the Board of Directors will be composed of all candidates of the single list, without prejudice to compliance with the gender balance requirement indicated above, where required by the applicable laws and regulations.

Should one or more Directors withdraw during the year, substitutes shall be appointed according to article 2386 of the Civil code, from among other candidates of the same list as the Director who has left his or her office. In case there are no available and eligible candidates for any reason, the



Board of Directors shall appoint the substitute or substitutes through co-option, according to article 2386 of the Civil code, with no restrictions on choice.

Should the Shareholders' Meeting have to appoint the Directors, according to the law, for their integration in the Board of Directors following a withdrawal, the following procedure will be implemented.

In case the Director appointed from the Minority List has to be substituted, only candidates (not appointed) in said list are proposed for the office and the one who obtains the greatest number of favourable votes is appointed. In case no available and eligible candidates are present, it will be given the option to present candidacies for the appointment of the substitute of the withdrawn Director taken from the Minority List exclusively to shareholders who, alone or together with other shareholders, represent at least 2.5% and are other than (i) the shareholders who had presented or voted the list that resulted first in terms of number of votes, (ii) the shareholders that hold, even jointly, a controlling or relative majority interest in the Company's share capital and (iii) the shareholders who are related in any way, even indirectly, to one or more shareholders mentioned in points (i) and (ii) above; the substitute may be chosen exclusively from among the candidates presented by non-controlling shareholders according to what stated above and the candidate that obtains the greatest number or favourable votes will be appointed. Should these provisions not be applicable, the Shareholders' Meeting shall resolve according to the legal majority and with no restrictions in terms of list.

In case the Directors appointed from the Majority List or those appointed by the Shareholders' Meeting, in case of presentation of one single list, need to be replaced, the Meeting shall appoint the substitute/s by choosing from among the non-appointed candidates belonging to the same list. If no available or eligible candidates are present, the Meeting resolves according to the legal majority.

The term of office of the new Director expires at the same time as that of the Directors in office upon his or her appointment and he or she shall be subject to the same provisions of the law and of the Articles of Association that are applicable to the other Directors.

In any case, the provisions of this article aimed at ensuring, within the Board of Directors, the presence of the overall minimum number of independent Directors required by current regulations, as well as compliance with the aforementioned gender balance requirement, where required by current laws and regulations, are still applicable.

Each time the majority of the members of the Board of Directors is lacking for any cause or reason, the entire Board of Directors shall resign and the Shareholders' Meeting shall be called with no delay by the Directors who remained in office in order to appoint it again.

It is hereby noted that, given the structure and size of Nice Group, the Board of Directors has not adopted any succession plans for executive directors as it considers that the replacement procedures in place are appropriate for ensuring continuity and stability of the Company's management.

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

Article 15, paragraph 1, of the Articles of Association envisages that the Company is managed by a Board of Directors made up by three to eleven members, even non-shareholders, including the Chairman.

The Board of Directors of Nice was appointed by the Shareholders' Meeting of 24 April 2015 and will remain in office until approval of the financial statements for the year ended 31 December 2015.

During the year ended 31 December 2015, two Directors resigned from office: Dario Fumagalli, effective 13 November 2015 and Mauro Sordini, effective 20 November 2015.

During the Company's Shareholders' Meeting of 20 November 2015, the Chairman pointed out that the Directors who resigned had been elected by the Shareholders' Meeting on 24 April 2015, based on a list presented by the majority shareholder, which was the only list presented. During the meeting, all the candidates belonging to the list submitted by the majority shareholder were appointed and, therefore, there remained no names on that list of available and eligible candidates to replace the two Directors who resigned. During its meeting of 20 November 2015, the Board of Directors then co-opted a new Chief Executive Officer, Mr Roberto Griffa, who will remain in

office until the next shareholders' meeting (scheduled on 22 April 2016) and granted him the relevant powers.

As at the date of this Report and as a result of the above-mentioned changes, the Board of Directors consists of nine Directors, of which five are executive directors and four are non-executive. Three of the non-executive Directors are independent. All the members, except for Mr. Griffa - who was co-opted - were elected from a single list presented by the majority shareholder Nice Group S.p.A.

Said list included the following candidates:

- Lauro Buoro, born in Winterthur (Switzerland) on 10 January 1963, Chairman;
- Luciano Iannuzzi, born in Sesto San Giovanni (Milan) on 20 April 1956, Director;
- Mauro Sordini, born in Belluno on 3 September 1963, Director;
- Denise Cimolai, born in Pordenone on 24 July 1971, Director;
- Emanuela Banfi, born in Milan on 20 January 1969, Independent Director;
- Giorgio Zanutto, born in Pordenone on 3 October 1961, Director;
- Dario Fumagalli, born in Milan on 27 August 1963, Director;
- Lorenzo Galberti, born in Ponte di Piave (Treviso) on 25 January 1964, Director;
- Antonio Bortuzzo, born in Spilimbergo (Pordenone) on 11 January 1960, Independent director;
- Gian Paolo Fedrigo, born in Sacile (Pordenone) on 23 October 1962, Independent director.

The capital present with voting rights amounted to 81.39% of the entire share capital. All the candidates of the single list presented were appointed by favourable vote of 81.07% of the entire share capital.

For information on the personal and professional characteristics of each Director, please refer to the *curricula vitae* attached as an appendix to this Report.

As a departure from criterion 1.C.3 of the Corporate Governance Code, it should be noted that the Board of Directors did not define general criteria on the maximum number of offices as directors or statutory auditors in listed, financial, banking, insurance companies or companies of considerable size other than those defined by the law since it did not deem it necessary, in general, to limit the maximum number of offices, as it was rather sufficient to carry out verifications on a case by case basis.

### 4.3. ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is invested with the greatest powers for the ordinary and extraordinary management of the Company; in particular, it has the power to carry out all actions that it deems appropriate or useful to attain corporate purposes, excluding only those actions that the law or the Articles of Association reserve to the exclusive competence of the Shareholders' Meeting.

Pursuant to the provisions of article 17 of the Company's Articles of Association, and in addition to the tasks that cannot be delegated as set forth by the law, the Board of Directors is in charge of the following tasks:

- merger decision in the cases envisaged by articles 2505 and 2505–bis of the Civil code;
- establishment and closure of secondary offices;
- share capital decrease in case of withdrawal of shareholders;
- adaptation of the Company's Articles of Association to regulatory provisions;
- indication of the Directors who are Company's representatives;
- transfer of the Company's registered office within the national territory.

In addition, the Board of Directors is exclusively in charge of:

- a. appointing and revoking the Financial Reporting Manager;

- b. verifying that the Financial Reporting Manager has suitable powers and means to perform the tasks assigned to him or her according to the law, as well as compliance with administrative and accounting procedures.

In case of urgency, the Board of Directors can approve transactions with related parties that do not fall within the competence of the Shareholders' Meeting or that do not require its authorisation, including transactions through subsidiaries, in derogation from the usual procedural requirements set forth in the internal procedure for transactions with related parties adopted by the Company, provided that the terms and conditions of this procedure are complied with.

The issues indicated in article 1.C.1 of the Corporate Governance Code shall be reserved for the Board of Directors, since they have not been subject to powers of attorney in favour of the Chief Executive Officer. By way of example, the examination and approval of the following shall be reserved for the Board of Directors:

- strategic, business, and financial plans of the Issuer;
- strategic, business, and financial plans of the group which the Issuer heads;
- the corporate governance structure of the Issuer;
- the structure of the group.

On 6 May 2015, the Board of Directors assessed the size, composition and operation of the Board itself, the Audit and Risk Committee and the Remuneration Committee. The Board of Directors also assessed the appropriateness of the general organisational, administrative and accounting structure of the Issuer with reference to the internal audit system and the management of conflicts of interest.

Such assessment was made by considering the results of the activities carried out during the year by the Internal Audit and Management Control departments and the assessment made by the Risk Management Committee on the Issuer and on significant subsidiaries.

With regards to the management of conflicts of interest, it is noted that the Chairman and the Chief Executive Officer, at least every three months, report to the Board of Directors the transactions in which the Directors encounter potential conflict of interests.

The Board of Directors is in charge of prior examination and approval of the transactions of the Issuer and its subsidiaries in which one or more Directors hold an interest on their own behalf or on third parties' behalf.

In order to comply with article 1 and the relevant criteria to implement the Corporate Governance Code, it is pointed out that the Board of Directors approved the Company's general corporate governance system, consisting in particular of internal procedural rules on transactions with related parties in which a Director holds an interest, in addition to the delegation of powers and functions, including the establishment of Board committees as referred below.

The Board of Directors assessed the general trend of operations, especially taking into account the information received by delegated bodies and periodically comparing the results attained with those envisaged.

Given the structure of Nice Group and the active participation of the Company's subsidiaries in the decision making processes, the Issuer has not set specific criteria for the identification of strategically important subsidiaries and therefore a specific assessment regarding the appropriateness of the general organisational, administrative and accounting structure of those companies was not deemed necessary.

The Board of Directors previously examined and approved the transactions – significant at a strategic, economic and equity level for the Issuer – of the Issuer itself and its subsidiaries.

The Issuer has not established specific criteria for the identification of the transactions that are significant at a strategic, economic, equity or financial level for the Company, as these criteria are set individually for each of the transactions at the time they are approved.

The Directors promptly refer to the Board of Statutory Auditors, and in any case at least every three months, during the meetings of the Board of Directors, or also through written notice, the most significant transactions at an economic, financial and equity level carried out by the Company and its subsidiaries, in order to put the Board of Statutory Auditors of Nice in the condition to be able to establish if the transactions resolved and carried out comply with the law and the

Articles of Association and are not manifestly imprudent or in contrast with the resolutions of the Shareholders' Meeting or such as to jeopardize the integrity of the Company assets.

In particular, the Directors refer the transactions in which they hold an interest, on their behalf or on third parties' behalf, or that are influenced by the subject that performs management and coordination, if any, and possible atypical, unusual transactions as well as transactions with related parties.

Although the Articles of Association do not envisage a minimum frequency of meetings, it is now custom that the Board of Directors meets at least every three months for the approval of the interim accounting reports. The Board of Directors' meetings are scheduled based on a calendar approved at the beginning of the year to favour maximum participation at meetings. The corporate calendar can be found on the Company's website in the 'investor relations' section.

During the Year, the Board of Directors held 8 meetings that saw the regular participation of the Directors. Notably, Directors' overall participation amounted to 89.90% while Independent Directors' participation was 79.17%. Each Director's participation was as follows: (i) 100% Lauro Buoro (ii) 100% Lorenzo Galberti; (iii) 100% Luciano Iannuzzi; (iv) 100% Denise Cimolai; (v) 100% Giorgio Zanutto; (vi) 100% Mauro Sordini; (vii) 100% Dario Fumagalli; (viii) 100% Roberto Griffa and (ix) 62.50% Antonio Bortuzzo; (x) 100% Gian Paolo Fedrigo and (xi) 83.33% Emanuela Paola Banfi. All the meetings were convened pursuant to the Articles of Association's provisions. The average duration of the Board's meetings was approximately forty-two minutes. At least 5 Board of Directors' meetings are expected to take place during the year, three of which were already held at the date of this Report.

Individuals that are not members of the Board can participate in the Board's meetings if they are invited; specifically, Issuer's managers or group companies' managers who head the departments that are in charge, from time to time, of activities related to the topics on the agenda and can therefore provide in-depth analysis on such topics.

In order to maintain an adequate knowledge of the sector in which the Company operates, the Directors receive regularly, and whenever it is necessary, information and updates on the sector in which the Issuer operates and on the applicable laws, including material prepared by the Company.

Pursuant to article 16.2 of the Articles of Association, the meetings of the Board of Directors can be convened at least 3 (three) days before the date of the meeting and, in urgent cases, at least 1 (one) day before the meeting by means of a telegram, fax or email to be sent to the Directors and Standing Statutory Auditors. Directors are notified of the topics on the agenda by means of the above-mentioned notice of meeting and they are also subsequently informed of the documentation concerning such topics.

In addition, Directors and Statutory Auditors receive the necessary documents and information a suitable period of time before the date of the Board's meeting, in order to be able to express their opinion knowing the topics subject to their analysis and approval. The Company generally considers it appropriate to send this documentation at least 1 (one) day before such meeting and, during the Year, these deadlines were duly met.

The organisation of the work of the Board of Directors is the responsibility of the Chairman, who ensures that the items on the agenda are given sufficient time to allow for constructive discussion, and contributions from Directors are encouraged and welcomed during meetings.

The Directors are subject to the prohibition set forth by article 2390 of the Civil code, except in case they are exempted from that prohibition by the Shareholders' Meeting. As at the date of this Report, the Shareholders' Meeting has not authorised derogations to the non-competition clause.

The Board of Directors assesses the appropriateness of the internal audit and risk management system in relation to the business' characteristics.

The Board of Directors ensures that its assessments and decisions relating to the internal audit and risk management system, the approval of financial statements and half-year reports and the relations between the Issuer and the Independent Auditors are supported by a suitable inspection activity. To this end, the Board of Directors set up an Audit and Risk Committee.

The Board of Directors, with the support of the Audit and Risk Committee:

- defines the guidelines of the internal audit system, in order to properly identify, assess, manage and monitor the main risks concerning the Issuer and its subsidiaries, also determining

the compatibility criteria of said risks with a Company management in line with the strategic objectives identified;

- assesses, at least once a year, the appropriateness of the internal audit and risk management system in relation to the Company's characteristics and the risk profile assumed, as well as its effectiveness;
- approves, at least once a year, the work plan prepared by the head of the internal audit department, based on the opinion of the Board of Statutory Auditors and the Director in charge of the internal audit and risk management system;
- describes, in the report on corporate governance, the main characteristics of the internal audit and risk management system, expressing its own assessment on the appropriateness of said system;
- assesses, based on the opinion of the Board of Statutory Auditors, the results presented by the Independent Auditors in the audit letter, if any, and in the report on the fundamental issues that emerged during the audit.

Upon the proposal of the Director in charge of the internal audit and risk management system and based on the favourable opinion of the Audit and Risk Committee as well as the opinion of the Board of Statutory Auditors, the Board of Directors:

- appoints and revokes the Internal Audit Manager;
- ensures that this person has the skills required to carry out his or her duties;
- defines his or her remuneration in compliance with corporate policies.

#### **4.4. DELEGATED BODIES**

##### **Chief Executive Officers**

The Board of Directors assigned powers for the Company's ordinary management to the Chief Executive Officer Roberto Griffa.

Following are the main powers of attorney granted separately and with signing authority by the Board of Directors to the CEO (amount limits were indicated where necessary):

- supervising the production, supply chain, logistics, sales, financial, marketing and communication, and technical sectors of the Company, with full decision-making independence and responsibility, directly and/or through appointed partners, without prejudice to the latter's personal liability;
- signing and terminating agency, distribution, representation, brokerage and commercial procurement contracts and agreements, even with exclusivity clauses, for the best possible placement of Company's products;
- purchasing and selling and in general carrying out transactions involving foreign currencies, pursuant to applicable foreign exchange laws;
- applying for licenses, permits, authorisations and administrative concessions of all types;
- defining, including through settlement, the compensation for damages, including appointment of experts, doctors, loss adjusters, attorneys and arbitrators;
- representing the Company before tax commissions of all levels and before any Tax Jurisdiction, including through the appointment of lawyers, accountants and attorneys qualified in accordance with the law;
- protesting bills and applying for injunctions; taking preventive measures and enforcements, participating in bankruptcy and insolvency proceedings, lodging claims and declaring their truth; proposing and accepting real offers; taking legal and administrative actions at all levels and types of jurisdiction and, therefore, also at the Court of Cassation and for re-examination; settling and submitting to arbitration or agreeing to an amicable settlement; appointing lawyers, attorneys *ad litem* and experts, revoking and replacing them; responding to questioning, deferring, referring and administering oaths; filing and signing any claims, briefs or documents; agreeing, settling, conciliating any legal dispute;

waiving any right of action and accepting the waiver thereof; doing anything else that may be necessary – with any power that may be conferred – for the full representation of the Company in legal proceedings;

- hiring and dismissing employees, determining their tasks and establishing their salaries in accordance with current provisions; participating in trade union negotiations and signing agreements, including at a corporate level; signing project-based contracts;
- demanding or collecting, to any title, including by endorsement, amounts, receivables, payment orders, guarantee deposits whether from the Issuing Banks, Cassa Depositi e Prestiti, Treasuries, Railway, Post and Telegraph Offices or any public or private office and any individual, whether Italian or foreign, issuing receipts and releases;
- endorsing, including for the purpose of discount and collection, demanding and receipting bills of exchange, cheques and payment orders, including orders concerning State, regional, provincial and municipal Treasuries and any other public entity or Public Treasury; issuing cheques drawn on bank current accounts, including overdraft, of the Company up to the credit lines granted by the bank to the Company. The power to sign/endorse promissory notes and bills is not included herein;
- representing the Company before any Public or private Body or before any administrative or financial authority, before the Bank of Italy, Customs, railway, tramway, sailing, delivery and transport companies, post and telegraph offices and in all dealings with said bodies, filing petitions, deeds, declarations and documents, receiving and paying amounts, obtaining and issuing valid receipts and releases;
- carrying out any bank transactions – excluding the opening of new credit lines and short-term loans, the obtention of current account credits, credit requests in general, including in the form of securities lending, the establishment of deposits of securities for custody or administration – up to an amount of Euro 1,000,000.00 (one million/00) per transaction. All credit lines shall be used within the above limits per transaction and he may also terminate relations;
- purchasing, selling, exchanging and carrying out any other negotiation for the purchase of machinery, plants, equipment, vehicles and movable assets in general up to an amount of Euro 500,000.00 (five hundred thousand/00) per transaction, including those recorded in public registers, agreeing conditions, prices and terms of payment. The rights to sign property sale agreements or establishment of rights *in rem* over the same are not included in the assigned powers;
- signing and terminating service, works and consulting contracts up to an amount of Euro 200,000.00 (two hundred thousand/00) per transaction;
- initiating all factoring transactions, including but not limited to the assignment of receivables, the provision of discounts, the issue of orders for collection and the set-up of guarantees, in all cases without limits on the amount of each transaction.

Furthermore, jointly with the Chairman, the Chief Executive Officer is granted the power to:

- hire and dismiss managers, determining their tasks and establishing their salaries in accordance with current provisions; participate in trade union negotiations and sign agreements, including at a corporate level;
- file trademarks and patents, grant and use industrial property rights, also issuing powers of attorney for this purpose.

In order to carry out his duties and the powers attributed to him, the Chief Executive Officer is entitled to use agents, including third parties, to whom he may grant, in whole or in part, jointly or separately, the powers for which they have been appointed.

Furthermore, the Chief Executive Officer is identified as the Employer pursuant to Italian Legislative Decree no. 81/08 and, in addition to the powers above, he has also been vested with the power to delegate, in whole or in part, the functions and powers granted to him. He is vested with the broadest decision-making powers and unlimited spending power, in order to implement protection of health and safety at the workplace, ensuring the good execution and effective implementation thereof. The adoption and updating of the organisational chart of the individuals in

charge of implementing this protection system as delegates of the Employer, managers and supervisors pursuant to Italian Legislative Decree no. 81/08, the appointment of the person in charge of the prevention and protection service and, more generally, the assurance of compliance with the provisions introduced by the accident prevention regulations, also fall under these duties.

At least once every three months, the Chief Executive Officer provides suitable information to the Board of Directors on the general trend of operations and on the outlook, as well as on the most important transactions, in terms of size and characteristics, carried out by the Company and its subsidiaries.

By virtue of the powers granted by the Board of Directors, the Chief Executive Officer is the main person in charge of the business management. It is furthermore specified that there is no interlocking as far as the Chief Executive Officer is concerned.

### **Chairman**

The Board of Directors appointed Lauro Buoro as Chairman. He is also the Company's majority shareholder.

The Chairman directs the Shareholders' Meeting works, checks the regular constitution of the Meeting, ascertains the identity and legitimacy of those present, oversees its performance, including regulation of the order and duration of interventions, determination of the voting system and the vote count, and ascertains the voting results.

Following are the main powers of attorney granted separately and with signing authority by the Board of Directors to the Chairman:

separately and with signing authority:

- purchasing, selling, exchanging and carrying out any other negotiation for the purchase of machinery, plants, equipment, vehicles and movable assets in general up to an amount of Euro 1,500,000.00 (one million and five hundred thousand/00) per transaction, including those recorded in public registers, agreeing conditions, prices and terms of payment. The rights to sign property sale agreements or establishment of rights *in rem* over the same are not included in the assigned powers;
- signing lease contracts of less than nine years, including property leases, rental and extended loans for moveable and immovable property, each insured up to an amount of Euro 700,000.00 (seven hundred thousand/00) per year, including the power to sign the contracts themselves under the terms and conditions that will be set, paying and collecting the agreed upon amounts, issuing receipts and carrying out and concluding any other related operation;
- signing and terminating service, works and consulting contracts up to an amount of Euro 2,000,000.00 (two million/00) per transaction;
- carrying out any bank transaction - including the opening of new credit lines and short-term loans, the obtention of current account credits, credit requests in general, including in the form of securities lending, the establishment of deposits of securities for custody or administration - up to an amount of Euro 10,000,000.00 (ten million/00) per transaction. All credit lines shall be used within the above limits per transaction and he may also terminate relations;
- endorsing, including for the purpose of discount and collection, demanding and receipting bills of exchange, cheques and payment orders, including orders concerning State, regional, provincial and municipal Treasuries and any other public entity or Public Treasury; issuing cheques drawn on bank current accounts, including overdraft, of the Company up to the credit lines granted by the bank to the Company, in any case up to an amount of Euro 10,000,000.00 (ten million/00) per transaction. The power to sign/endorse promissory notes and bills is not included herein;
- issuing comfort letters for subsidiaries up to an amount of Euro 2,000,000.00 (two million/00) per transaction;

- 
- paying taxes and compensation to Directors without limits on the amount;
  - initiate all factoring transactions, including but not limited to the assignment of receivables, the provision of discounts, the issue of orders for collection and the set up of guarantees, in all cases without limits on the amount of each transaction;
  - signing and terminating agency, distribution, representation, brokerage and commercial procurement contracts and agreements, even with exclusivity clauses, for the best possible placement of Company's products;
  - total autonomy in taking and supervising technical decisions connected to the conception, design, development and production of both the electronic and electromechanical components of the products sold or in any case distributed by the Company;
  - hiring and dismissing managers, determining their tasks and establishing their salaries in accordance with current provisions; participating in trade union negotiations and signing agreements, including at a corporate level;
  - filing trademarks and patents, granting and using industrial property rights, also issuing powers of attorney for this purpose;
  - bringing claims to legal and administrative settings of all levels and types of jurisdiction and, therefore, also at the Court of Cassation and for re-examination; settling and submitting to arbitration or agree to an amicable settlement; appointing lawyers, curators *ad lites* and experts, revoking and replacing them; responding to questioning, deferring, referring and administering oaths; filing and signing any claims, briefs or documents; agreeing, settling, conciliating any legal dispute; waiving any right of action and accepting the waiver thereof; doing anything else that may be necessary – with any power that may be conferred – for the full representation of the Company in legal proceedings;
  - representing the Company before any Public or private Body or before any administrative or financial authority, before the Bank of Italy, Consob, Borsa Italiana, Customs, railway, tramway, sailing, delivery and transport companies, post and telegraph offices and in all dealings with said bodies, filing petitions, deeds, declarations and documents, receiving and paying amounts, obtaining and issuing valid receipts and releases;
  - representing the Company before tax offices, signing all statements required by tax laws regarding state and local taxes as well as certifications to be issued, in the capacity as withholding agent, to those receiving employee or similar remuneration and those receiving income other than the latter, signing tax settlements;
  - protesting bills and applying for injunctions; taking preventive measures and enforcements, participating in bankruptcy and insolvency proceedings, lodging claims and declaring their truth; proposing and accepting real offers;
  - demanding or collecting, to any title, including by endorsement, amounts, receivables, payment orders, guarantee deposits whether from the Issuing Banks, Cassa Depositi e Prestiti, Treasuries, Railway, Post and Telegraph Offices or any public or private office and any individual, whether Italian or foreign, issuing receipts and releases;
  - taking care of all necessary deeds for the trading of documentary credits, fulfilling the relevant requirements and signing the necessary documents;
  - issuing bills of exchange and other credit documents relating to business transactions (such as, for example, bank receipts).
  - hiring and dismissing employees, determining their tasks and establishing their salaries in accordance with current provisions; participating in trade union negotiations and signing agreements, including at a corporate level;



- filing trademarks and patents, granting and using industrial property rights, also issuing powers of attorney for this purpose.

Finally, jointly with the Director Lorenzo Galberti, he is vested with the broadest powers as far as the Company's technical sector (electro mechanics) is concerned. They have total autonomy in technical decisions connected to the conception, design, development and production of the electronic components of the products sold or in any case distributed by the Company.

In order to carry out his duties and the powers attributed to him, the Chairman is entitled to use agents, proxies and special attorneys, including third parties, to whom he may grant, in whole or in part, jointly or separately, the powers for which they have been appointed.

Based on the activities carried out by Directors and all company departments, as well as on the trend of operations and the results achieved, the Board believes that the powers of attorney currently granted to the Chairman are appropriate.

#### **Information to the Board of Directors**

The Directors promptly refer to the Board of Statutory Auditors, and in any case at least every three months, during the meetings of the Board of Directors, or also through written notice, the most significant transactions at an economic, financial and equity level carried out by the Company and its subsidiaries, in order to put the Board of Statutory Auditors of Nice in the condition to be able to establish if the transactions resolved and carried out comply with the law and the Articles of Association and are not manifestly imprudent or in contrast with the resolutions of the Shareholders' Meeting or such as to jeopardize the integrity of the Company assets.

In particular, the Directors refer the transactions in which they hold an interest, on their behalf or on third parties' behalf, or that are influenced by the subject that performs management and coordination, if any, and possible atypical, unusual transactions as well as transactions with related parties.

#### **4.5. OTHER EXECUTIVE DIRECTORS**

There are four executive Directors in the Company's Board of Directors, who are Lauro Buoro, Chairman (with powers of attorney), Roberto Griffa, Chief Executive Officer, Lorenzo Galberti, Head of research and development for the electromechanical sector, and Giorgio Zanutto, Head of purchase with power of attorney for the procurement of basic components and logistics.

#### **4.6. INDEPENDENT DIRECTORS**

The Corporate Governance Code recommends that a suitable number of independent Directors be appointed within the Board of Directors. Based on the indications set forth by the Corporate Governance Code, a member is not considered an independent Director if he or she:

- directly or indirectly, including through subsidiaries, trustees or intermediaries, controls the Issuer or is able to considerably influence it, or participates in a shareholders' agreement through which one or more individuals may control or considerably influence the Issuer;
- is or has been, during the previous three financial years, an outstanding representative of the Issuer, of one of its strategically important subsidiaries or of a company jointly controlled by the Issuer, i.e. a company or entity that, including with others through a shareholders' agreement, controls the Issuer or is able to considerably influence it;
- directly or indirectly (for example through subsidiaries or companies of which he or she is an outstanding representative, i.e. as a partner of a professional or consulting firm) has or has had, during the previous financial year, a significant business, financial, or professional relation:
  - with the Issuer, one of its subsidiaries, or any relevant outstanding representatives;
  - with an individual who, including with others through a shareholders' agreement, controls the Issuer or - in case of a company or entity - with the relevant outstanding representatives; or

- is or has been, during the previous three financial years, an employee of one of the aforementioned entities;
- receives or has received from the Issuer or its subsidiary or parent company, during the previous three financial years, a significant additional remuneration (in addition to the 'fixed' fee for non-executive Directors of the Issuer and to the compensation for membership in the committees recommended in the Corporate Governance Code), including in the form of participation in performance-based incentive plans, including on a share basis;
- has been a Director of the Issuer for more than nine years during the last twelve years;
- holds the office of executive director in another company of which an executive Director of the Issuer is director;
- is shareholder or director in a company or entity belonging to the network of the company appointed to audit the Issuer's accounts;
- is a close family member of a person who is in one of the situations mentioned in the previous points.

The current Board of Directors of the Company includes three Directors who meet the independence requirements envisaged by the Stock Market Regulation and the Corporate Governance Code. These persons are Antonio Bortuzzo, Gian Paolo Fedrigo and Emanuela Paola Banfi.

The aforementioned directors also meet the independence requirements envisaged by article 148, paragraph 3 of the TUF.

Given the total number of members of the Board of Directors, the number of independent Directors is in line with the requirements of article 148 of the TUF.

The Board of Directors and the Board of Statutory Auditors assessed the presence of the independence requirements envisaged for the aforesaid directors, also based on their statements, according to article 148 of the TUF and article 2.2.3, paragraph 3, letter k) of the Stock Market Regulation, made on the first suitable occasion after their appointment; the Boards also specified the assessment criteria effectively applied and disclosed the assessment results to the market in a press release.

With particular reference to the Independent Director Antonio Bortuzzo, the Board found that, despite serving as Independent Director within the Board of Directors of Nice S.p.A. for more than nine of the last twelve years, he still meets the independence requirement. The Board made this assessment based on the fact the Corporate Governance Code requires that the assessment of the existence of independence requirements must be carried out with the prevalence of substance over form, merely indicating some examples, including the requirement referred to under letter e) of criterion 3.C.1.

On 6 May 2015, the Board of Directors carried out all relevant assessments on the independence requirements of the three non-executive Directors Antonio Bortuzzo, Gian Paolo Fedrigo and Emanuela Paola Banfi, based on the information provided by them and also applying all the criteria provided for by the Corporate Governance Code. In this meeting, the Board of Statutory Auditors confirmed that it had performed all the necessary checks on the correct application of the assessment criteria and procedures adopted by the Board of Directors to verify the independence of its members. Following these checks, the Board of Statutory Auditors ascertained and confirmed that the procedures followed by the Board of Directors were correct, and disclosed to the market the outcome of these audits in this Report or in their annual report to the Shareholders' Meeting.

The independent directors met 9 times during the Year, in the absence of the other Directors, at the meetings of the Audit and Risk Committee and the Remuneration Committee, of which they are members.

In total, five meetings of the Audit and Risk Committee were held, with the following agenda:

- summarising the work carried out by the Internal Audit Manager and the Controller in coordination with the Audit and Risk Committee in the months under review;
- checking the Company's compliance with the obligations set forth in the Corporate Governance Code as far as the internal audit and risk management system is concerned;
- checking the progress of the work carried out by the Internal Auditor.

In total, the Remuneration Committee met four times and discussed the following:

- definition of the amount of the variable remuneration payable to Directors with specific offices for the year 2014 based on the corporate objectives established by the Board of Directors and the Remuneration Committee;
- definition of the amount and distribution of the variable remuneration for Directors to with specific offices for the year 2015;
- payment of the Directors' remuneration for the year 2015.

The independent Directors had indicated their fulfilment of the requirements to be independent Directors in the lists for appointment to the Board of Directors and, as far as is known to the Issuer, engaged to maintain their independence for the duration of their office.

#### **4.7. LEAD INDEPENDENT DIRECTOR**

The Board of Directors decided to maintain the position of lead independent director also upon renewal of the corporate bodies (which, it is specified, took place upon approval of the financial statements for the year ended 31.12.2014), given that the Chairman continues to be the Company's majority shareholder. Antonio Bortuzzo, independent Director, was confirmed as lead independent director in the meeting of 6 May 2015. Non-executive Directors, and in particular independent Directors, report to the lead independent director so as to better contribute to the Board of Directors' activity and coordination.

During the Year, Antonio Bortuzzo coordinated the proposals and contributions of non-executive Directors, and in particular of non-executive and independent Directors, where required or appropriate.

### **5. PROCESSING OF COMPANY INFORMATION**

#### **Procedures for internal management and release of privileged information**

The Company has adopted, during 2006, the procedures for internal management and release of privileged information, which follow the provisions set forth by the new market abuse directive, also regulating the establishment of the registry of people having access to privileged information, in force since 1 April 2006 and subsequently updated and amended, lastly on 7 June 2013.

The procedure envisages, in general, that the Chairman of the Board of Directors, the Chief Executive Officer and the Head of Finance, separately manage privileged information; it contains specific sections that define privileged information, the relevant management methods, management methods of the so-called market rumours, it regulates cases of delay in disclosure to the market, the approval process of press releases, the establishment of the registry of people having access to privileged information, subjects authorised to have external relations and the subjects who have to comply with non-disclosure requirements.

The procedure is available on the Company's website, in the Investor Relations, Corporate Governance, Codes section.<sup>1</sup>

#### **Internal Dealing**

The Company, in compliance with the provisions of the market abuse directive, adopted the Internal Dealing as set forth by article 152-*sexies et seq.* of the Issuers' Regulation.

According to said document, a series of outstanding subjects, i.e. those who have regular access to privileged information and the power to make operating decisions that could affect the evolution and outlook of the Company, and also people strictly in contact with them, are subject to disclosure to the market requirements with regards to the transactions carried out on listed financial instruments issued by the Company.

The Internal Dealing envisages thresholds and terms for disclosure to the market and the relevant sanctions, in line with what set forth by Consob's provisions on the subject.

On 26 March 2007, the Board of Directors approved a new Internal Dealing which, unlike the previous code, included provisions regarding the so-called black out period. This amendment was

<sup>1</sup> [http://ir.niceforyou.com/home/show\\_man.php?menu=00007&submenu=00007.00005](http://ir.niceforyou.com/home/show_man.php?menu=00007&submenu=00007.00005)

required for compliance of the Internal Dealing with one of the new provisions introduced by the Stock Market Regulation as from 26 March 2007, which was immediately applicable, and in order to fulfil one of the new requirements for maintaining the STAR status. Moreover, following the entry into force of Consob Resolution no. 18079 of 20 January 2012, on 9 March 2012, the Board of Directors resolved to adapt the procedures to be followed in the event of transactions by 'outstanding subjects' involving Company shares or financial instruments related to them, pursuant to article 152-*sexies*.

The procedure is available on the Company's website, in the Investor Relations, Corporate Governance, Codes section.

During the Year, the Company published two press releases on internal dealing, available on the Company's website in the Investor Relations, Corporate Governance, Internal Dealing section, having received the standard notices on major transactions pursuant to article 152-*sexies et seq.* of Consob Issuers' Regulation.

## **6. BOARD OF DIRECTORS COMMITTEES (pursuant to article 123-*bis*, paragraph 2, letter d), TUF)**

The Board of Directors has established internally a Remuneration Committee and an Audit and Risk Committee; for information on their composition and activities, please see the paragraphs below in this Report.

The Board of Directors has not established a committee that carries out the functions of two or more committees as provided by the Corporate Governance Code and the functions attributed to the above-mentioned committees were not assigned otherwise than as recommend in the Corporate Governance Code, nor were these functions reserved to the entire Board of Directors in any case.

## **7. APPOINTMENTS COMMITTEE**

The Board of Directors resolved to defer the appointment of a specific internal committee for appointment proposals, since no need has arisen so far, particularly in view of the structure of Nice Group and the Issuer's shareholding structure.

## **8. REMUNERATION COMMITTEE**

The Board of Directors appointed an internal Remuneration Committee.

The following duties are assigned to the Remuneration Committee:

- regularly assessing the adequacy, overall consistency and effective implementation of the remuneration policy for Directors and managers with strategic responsibilities, using for the latter case the information provided by the chief executive officers; making proposals to the Board of Directors on this subject;
- presenting proposals or expressing opinions to the Board of Directors on the remuneration of executive Directors and of other Directors holding specific offices, as well as on the establishment of performance targets related to the variable part of said remuneration; monitoring implementation of the Board's resolutions by assessing, in particular, the actual achievement of performance targets.

It is hereby noted that the information in this section relating to the functions of the Remuneration Committee and the activities it actually performs is provided pursuant to Section I, paragraph 'Remuneration Committee' of the Report on remuneration published pursuant to article 123-*ter* of the TUF.

The Board of Directors has appointed Antonio Bortuzzo, Gian Paolo Ferdrigo and Emanuela Paola Banfi, All non-executive and independent Directors, as members of the Remuneration Committee duly in office as at 31 December 2015. The Committee appointed Antonio Bortuzzo as its Chairman, who is in charge of coordinating the Committee's work.

Upon their appointment on 6 May 2015, the Board of Directors assessed and deemed appropriate the accounting and financial skills of the members of the Committee.

The members of the Remuneration Committee do not receive additional gross compensation on an annual basis for the work they carry out.

Directors did not participate in the meetings of the Committee that formulated proposals to the Board of Directors relating to their own remuneration.

During the Year, the Remuneration Committee met 4 times. Meetings lasted approximately one hour on average and all members participated. At least one meeting of the Remuneration Committee is envisaged for this year. Such meeting has been already held at the date of this Report. Minutes were regularly taken during the meetings of the Remuneration Committee.

The Chairman of the Board of Statutory Auditors, Giuliano Saccardi, participated in the meetings and the work of the Remuneration Committee.

Given the type of activity carried out by the Remuneration Committee, the Company did not find it necessary to provide this Committee with predetermined spending powers, and will eventually consider its expenditure needs on a case-by-case basis.

In carrying out its functions, the Remuneration Committee has the right to access all information and company departments necessary to carry out its tasks, in addition to the right to use any external consultants it requires, under the terms set out by the Board of Directors.

It is hereby noted that the information in this section relating to the functions of the Remuneration Committee is provided pursuant to Section I, paragraph 'Remuneration Committee' of the Report on remuneration published pursuant to article 123-*ter* of the TUF.

## **9. REMUNERATION OF DIRECTORS**

It is hereby noted that the information in this section relating to the general remuneration policy, share-based incentive plans, the remuneration of executive Directors, managers with strategic responsibilities and non-executive Directors is provided pursuant to Section I of the Report on Remuneration published pursuant to article 123-*ter* of the TUF.

It should be noted that there shall be no indemnity paid to Directors in the event of resignation, dismissal, or termination of their office following a takeover bid.

## **10. AUDIT AND RISK COMMITTEE**

The Board of Directors appointed an internal Audit and Risk Committee, made up by non-executive Directors, who are mostly independent. At least a member of the committee shall have suitable experience on accounting and financial subjects, which is assessed by the Board of Directors upon appointment.

The Board of Directors appointed Antonio Bortuzzo, Gian Paolo Fedrigo and Emanuela Paola Banfi, all non-executive and independent Directors, as members of the Audit and Risk Committee. The Committee appointed Antonio Bortuzzo as its Chairman, who is in charge of coordinating the Committee's work.

Upon their appointment on 6 May 2015, the Board of Directors assessed and deemed appropriate the accounting and financial skills of the members of the Committee.

The members of the Audit and Risk Committee do not receive additional gross compensation on an annual basis for the work they carry out.

During the Year, the Audit and Risk Committee met 5 times and examined the activities of the Internal Audit department, aimed at supporting the monitoring and improvement of the internal audit system and the organisational model set out by Italian Legislative Decree no. 231/2001. The Committee also examined the other actions carried out by the Company to improve the whole internal audit and risk management system, with specific reference to the monitoring of exchange rate risks, and supplied assistance to the Board of Directors where necessary. The Chairman of the Board of Statutory Auditors or another Auditor appointed by him, the Controller (Ms Cimolai), and the Internal Audit Manager, participated, upon invitation, in said meetings.

Meetings lasted approximately one hour on average and 100% of members in office participated. At least 4 meetings are envisaged for this year, 1 of which has already been held as at the date of this Report.

Minutes were regularly taken during the meetings of the Audit and Risk Committee.

### **Functions attributed to the Audit and Risk Committee**

In addition to assisting the Board of Directors in carrying out the duties as per paragraph 4.3 above, the Audit and Risk Committee:

- assesses, together with the Financial Reporting Manager and with the favourable opinion of the Independent Auditors and the Board of Statutory Auditors, the proper use of accounting standards and, in the case of groups, their homogeneity in order to draw up the consolidated financial statements;
- expresses opinions on specific aspects concerning the identification of the major corporate risks;
- examines the regular reports assessing the internal audit and risk management system, and the particularly significant reports drafted by the internal audit department;
- monitors the autonomy, appropriateness, effectiveness and efficiency of the internal audit department;
- may request the internal audit department to carry out audits on specific areas of operation and inform the Chairman of the Board of Statutory Auditors thereof;
- reports to the Board of Directors, at least once every six months, upon approval of the annual and half-year reports, the operations carried out and the appropriateness of the internal audit and risk management system.

In carrying out its functions, the Audit and Risk Committee has the right to access all information and company departments necessary to carry out its tasks, in addition to the right to use external consultants, under the terms set out by the Board of Directors.

Given the type of activity carried out by the Audit and Risk Committee, the Company did not find it necessary to provide this Committee with predetermined spending powers, and will eventually consider its expenditure needs on a case-by-case basis.

During the year, the Audit and Risk Committee carried out all the above activities and, where needed, was supported by the Internal Audit, and Management Control departments and discussed with the Board of Statutory Auditors, the Director in charge of the internal audit and risk management system, as well as other delegated bodies. The outcome of all the activities carried out was presented to the Board of Directors upon the approval of the consolidated results for 2015 (on 11 March 2016).

At least one member of the Board of Statutory Auditors participated in the works of the Audit and Risk Committee.

## **11. INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

The internal audit and risk management system is the set of rules, procedures and organisational structures aimed at ensuring proper management of the Company in line with set objectives, through a suitable identification, assessment, management and monitoring process of the main risks. This system is integrated into the more general organisational and corporate governance structures adopted and takes into due consideration the reference models and best practices existing at a national and international level.

In particular, pursuant to the best international practices (COSO – Internal Control - Integrated Framework), the internal audit and risk management system has been set up to provide reasonable certainty about the achievement of the objectives included in three categories:

- effective and efficient use of corporate resources (operations objectives);

- preparation and publication of financial and other reports, internal and external, that is reliable, timely and transparent as well as compliant with the requirements of the various regulatory bodies and the bodies that define recognised standards or policies for the entity (reporting objectives);
- the Company's compliance with the laws and regulations in force (compliance objectives).

The main activities of a corporate risk management process are the following:

- risk identification;
- risk assessment;
- identification of risk management measures;
- assessment of risk management measures.

During the Year, while defining the strategic, business and financial plans, the Board of Directors defines the nature and the level of risk that is compatible with the Issuer's strategic objectives, as well as the guidelines for the internal audit and risk management system, so that the main risks incurred by Nice and its subsidiaries are duly identified, correctly assessed, managed and monitored, also determining their compatibility with a business management that is in line with the strategic objectives identified.

### **Risk identification and assessment**

Risk identification and assessment is not currently carried out according to a structured process, which includes the definition of the objectives and the identification of the events that can affect, either positively or negatively, the achievement of these objectives.

Nevertheless, in 2013 the Internal Audit department mapped the risks of the operations, financial reporting and compliance components and subsequently assessed each risk through a formal and structured methodological approach, in line with the best international practices. The map of the risks and the relevant assessment have been regularly updated - on an annual basis - through a process involving the identification of the organisational and business changes that were significant for risk assessment purposes. The update was carried out, depending on the significance of the changes occurring, through the use of specifically developed surveys or through interviews with the first line of reporting to the Chief Executive Officer.

This process, as well as the map of the risks and the methodological approach, are currently managed directly by the Internal Audit department; in other words, this map and the relevant assessment are used for prioritising the audit activities of the department itself.

More specifically and with reference to financial reporting risks, the risk identification and assessment phases are carried out in a structured manner, following a formal methodological approach, with the support of the Internal Audit department and as far as the Financial Reporting Manager's consulting task is concerned.

As far as compliance is concerned, also the identification and assessment of crime-risks that are significant for the Organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001, which represents an important component of the overall risk area, are carried out pursuant to a structured methodological approach.

### **Identification and assessment of risk management measures**

The identification and assessment of risk management measures are carried out in a structured and complete manner, according to a formal methodological approach, for financial reporting risks, as far as the Financial Reporting Manager consulting task is concerned. In particular, the update and assessment of the appropriateness and effectiveness of the audits for this risk area is carried out by the Financial Reporting Manager who is supported by the Internal Audit department.

Similar considerations can be made on the identification and assessment of crime-risk management as far as the Organisational management and control model is concerned; in this case as well the activities are carried out in a structured manner, following a formal methodological approach, within the scope of the so-called Consulting tasks provided by the Internal Audit department to the Supervisory Board appointed pursuant to Italian Legislative Decree no. 231/01.

For other risk areas, the Internal Audit department is identifying the controls carried out during the audits. The controls are assessed in terms of appropriateness and, if they are appropriate, they are tested to confirm their efficiency. The Audit Plan ensures that the most significant risks are covered for all the auditable units over a three-year period.

With reference to the administration-accounting sphere, it is herewith specified that the internal audit and risk management system also includes a model supporting the statements of the Financial Reporting Manager pursuant to article 154-*bis* of Italian Legislative Decree no. 58/98, the characteristics of which are described in annex 1 to this Report.

This major component of the internal audit and risk management system implements a so-called 'second level' audit, for which the Financial Reporting Manager is responsible.

Subject to the favourable opinion of the Audit and Risk Committee, the Board of Directors approves, once a year, the work plan prepared by the head of the internal audit department, based on the opinion of the Board of Statutory Auditors and the Director in charge of the internal audit and risk management system.

The Board of Directors also assessed the appropriateness of the internal audit and risk management system in relation to the business' characteristics and the risk profile assumed as well as its efficiency, and expressed a favourable opinion on the system. This assessment considered the work carried out by the Audit and Risk Committee, the Internal Audit department, the Supervisory Board, the Board of Statutory Auditors and the Independent Auditors.

#### **11.1. DIRECTOR IN CHARGE OF THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM**

In its meeting of 25 May 2015, the Board of Directors confirmed Mauro Sordini as the Director in charge of the internal audit and risk management system. Following his resignation, Roberto Griffa was co-opted with a resolution of the Board of Directors dated 20 November 2015 in order to replace him. Roberto Griffa was granted the duties and powers related to the position of Chief Executive Officer; he was appointed executive Director in charge of the internal audit and risk management system.

During the Year, he (i) identified the main corporate risks, taking into account the characteristics of the activities performed by the Issuer and its subsidiaries, and regularly submitted them to the Board of Directors' review; (ii) implemented the guidelines defined by the Board of Directors, providing for the planning, deployment and management of the internal audit and risk management system, constantly checking its overall appropriateness, effectiveness and efficiency; (iii) adapted this system to operational conditions, laws and regulations; (iv) requested, where necessary and pursuant to the relevant procedures, the internal audit department to carry out audits on specific areas of operation and on compliance with internal rules and procedures during the performance of corporate activities, by promptly reporting to the Chairman of the Board of Directors, the Chairman of the Audit and Risk Committee and to the Chairman of the Board of Statutory Auditors, where necessary; and (v) immediately reported to the Audit and Risk Committee (or the Board of Directors) any problems or critical issues that emerged during the performance of his tasks or which he became aware of, in order for the Committee (or the Board of Directors) to take the appropriate measures. Since the appointment of other Internal Audit Managers and the revocation of the current Internal Audit Manager have not been considered necessary, during the Year the Director in charge of the internal audit and risk management system did not propose to the Board of Directors the appointment, revocation or remuneration of the Internal Audit Manager.

#### **11.2. INTERNAL AUDIT MANAGER**

The Internal Audit department is the sole and central provider of assurance and consultancy services on risks and internal audit issues for the various parties involved (Internal Audit and Risk



Committee/Board of Directors, Supervisory Board pursuant to Italian Legislative Decree no. 231/2001, Financial Reporting Manager). The need for coordination, expressly required by the 'Standard for the Professional Practice of Internal Auditing no. 2050', can be practically met also thanks to the involvement of the Internal Audit department, the manager of which ensures that the information is shared and the various activities are coordinated in order to achieve adequate coverage and minimise possible duplications.

In order to secure the skills required for this department, the Company made use of the support of an external company specialised in internal audit services for highly complex listed companies.

On 11 March 2016, upon the proposal of the Executive Director in charge of the internal audit and risk management system, following the favourable opinion of the Audit and Risk Committee and that of the Board of Statutory Auditors, the Board of Directors resolved to extend the term of office of Vittorio Gennaro, the chief executive officer of Operari S.r.l., as Internal Audit Manager of the Company for the 2016-2018 period. The Internal Audit Manager is not responsible for any area of operations and reports to the Board of Directors at a hierarchical level.

The remuneration provided by the Board of Directors – upon the proposal of the Executive Director in charge of the internal audit system, after obtaining the favourable opinion of the Internal Audit Committee and of the Board of Statutory Auditors - to Operari s.r.l., to which the internal audit department's activities are outsourced, is fair and in line with market standards and ensures that appropriate staff will carry out this work.

Following this resolution, the overall internal audit activity was outsourced to a third party that has the required professional, independence and organisational requirements, as this solution was considered to be more effective and efficient in relation to the Group's characteristics. Operari s.r.l. has no corporate relation with the Company.

The resolution to appoint the Internal Audit Manager assigns to the latter the following duties, for the years indicated above:

- Planning:
  - management of a structured process for analysis and prioritisation of the main risks (risk assessment), aimed at the preparation of the audit plan, organised according to auditable units;
  - preparation of the audit plan for approval by the Board of Directors, following the opinions of the Board of Statutory Auditors and the Director in charge of the internal audit and risk management system.
- Implementation:
  - preparation of a schedule for auditing the various functions, to be carried out within the Company or its investee companies;
  - checking, supervision and improvement of the internal audit system, in relation to the efficiency and effectiveness of the corporate processes, the reliability and integrity of the accounting and operating data, the compliance of transactions with the law and the internal policies and procedures;
  - preparation of appropriate recommendations and proposals for improvement in the so-called audit reports;
  - monitoring of the implementation of said recommendations.
- Reporting:
  - preparation of periodic reports containing appropriate information on its activities, the methods used for risk management and compliance with the plans defined for risk reduction; the reports shall also contain an assessment of the appropriateness of the internal audit and risk management system and shall be sent to the Chairman of the Board of Statutory Auditors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Directors, as well as to the Director in charge of the internal audit and risk management system.
- Management of methods and tools:
  - management of the methods and tools for the performance of the internal audit department's activities.
- Performance of institutional roles:

- performance of the individually assigned duties of the institutional role as Internal Audit Manager.

The Internal Audit Manager assessed, on a continuous basis as well as on a case-by-case basis and in compliance with international standards, the operation and appropriateness of the internal audit and risk management system, through an audit plan approved by the Board of Directors, based on a structured process for analysis and prioritisation of the main risks.

In particular, the Internal Audit department carried out 7 assignments in 2015, in line with the work plan prepared by its manager:

- two operational audit *assurance* assignments;
- two *consulting* assignments in favour of the Financial Reporting Manager (relating to the reporting periods ending 30 June 2015 and 31 December 2015);
- three *consulting* and assistance assignments provided to the Supervisory Board in relation to the assessment of the appropriateness and efficiency of six Special Parts of the Organisational, Management and Control Model based on the indications received from the Supervisory Board.

Pursuant to the duties described above, the Internal Audit Manager prepared appropriate recommendations and proposals for improvement, and monitored the implementation of said recommendations.

The Internal Audit Manager had direct access to all the information required to carry out his duties. He prepared regular reports, and in particular an annual report, containing appropriate information on his activities, the methods used for risk management and compliance with the plans defined for risk reduction, as well as an assessment of the appropriateness of the internal audit and risk management system, and sent them to the Chairman of the Board of Statutory Auditors, the Chairman of the Audit and Risk Committee and the Chairman of the Board of Directors, as well as to the Director in charge of the internal audit and risk management system.

In the year just ended, the Internal Audit Manager did not consider it necessary to promptly prepare reports on particularly significant events. In carrying out his functions, he assessed, as part of the audit plan, the reliability of the information systems, including accounting systems, with particular reference to the consulting assignments in favour of the Financial Reporting Manager.

### **11.3. ORGANISATIONAL MODEL pursuant to Italian Legislative Decree no. 231/2001**

The organisational, management and control model pursuant to Italian Legislative Decree no. 231/2001, was updated on 12 November 2015 following the introduction of the new regulations on money laundering, environmental and corporate offences.

By adopting and efficiently implementing an Organisational, management and control model suitable to prevent the crimes considered by Italian Legislative Decree no. 231/2001, the Company can indeed be exempted from the liability for crimes committed by managers and people subject to their supervision and management.

Specifically, by adopting and efficiently implementing the Model, the Company aims to benefit from the so-called 'justification' also with the purpose of (i) protecting its position and image as well as the expectations of its shareholders, employees and stakeholders in general; (ii) further improving its Corporate Governance system based on national and international best practices, so as to keep it in line with high ethical standards and ensure, at the same time, efficient management of operations.

The Organisational, management and control model adopted by the Company is made up by:

- a 'General Part' <sup>(2)</sup> that explains the scope and principles of the Model and that identifies and regulates its common and essential components. In particular, the 'General Part' describes the characteristics of the Supervisory Board, the regulatory system, staff training, spread of the Model, relations with the Company's internal audit system, and the continuous updating of the Model;

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<sup>2</sup> The 'General Part' of the Model is available on the website of the Company ([www.niceforyou.com](http://www.niceforyou.com)) in the Investor Relations, Corporate Governance, Codes section.

- fourteen 'Special Parts' relating to the types of crime-risk deemed theoretically significant for the Company, i.e.:
  - Special Part 'A' on the prevention of crimes committed within the scope of relations with the Public Administration (articles 24 and 25 of Italian Legislative Decree no. 231/2001);
  - Special Part 'B' on the prevention of computer crimes and violation of privacy (article 24-*bis* of Italian Legislative Decree no. 231/2001);
  - Special Part 'C' on the prevention of organised crime (article 24-*ter*);
  - Special Part 'D' on the prevention of offences of forgery of money, public credit instruments, revenue stamps, and identification tools or distinctive signs (article 25-*bis*);
  - Special Part 'E' on the prevention of crimes against industry and trade (article 25-*bis.1*);
  - Special Part 'F' on the prevention of corporate crimes (article 25-*ter* of Italian Legislative Decree no. 231/2001);
  - Special Part 'L' on market abuse (article 25-*sexies* of Italian Legislative Decree no. 231/2001) and, by virtue of the entity's liability claim as per article 187-*quinquies* of Italian Legislative Decree no. 58/98, on the prevention of regulatory offences as per articles 187-*bis* and 187-*ter* of Italian Legislative Decree no. 58/98;
  - Special Part 'M' on the offences committed in violation of laws on accident prevention, hygiene and health protection at work (article 25-*septies* of Italian Legislative Decree no. 231/2001).
  - Special Part 'N' on the prevention of handling of stolen goods, money laundering and use of money, goods or utilities from illegal sources (article 25-*octies* of Italian Legislative Decree no. 231/2001);
  - Special Part 'O' on the prevention of copyright infringement (article 25-*novies* of Italian Legislative Decree no. 231/2001);
  - Special Part 'P' on the prevention of the crime of incitement not to make statements or to make false statements in court (article 25-*decies* of Italian Legislative Decree no. 231/2001);
  - Special Part 'Q' on the prevention of environmental crimes (article 25-*undecies* of Italian Legislative Decree no. 231/2001);
  - Special Part 'R' on the prevention of the employment of illegally staying third-country nationals (article 25-*duodecies* of Italian Legislative Decree no. 231/2001);
  - Special Part 'S' on the prevention of transnational offences (article 10 of Italian Law no. 146/2006).

The Model adopted is addressed to:

- directors, executives and employees of the Company;
- directors, executives and employees of other companies of Nice Group that continuously offer a service on behalf or in the interest of the Company within the activities subject to crime-risk;
- 'external subjects': agents, assistants, consultants, suppliers, partners and, in general, the subjects who perform independent work provided that they operate within the areas of operations subject to crime-risk on behalf or in the interest of the Company;

The General Part of the Model is available on the Company's website in the Investor Relations, Codes section.

In view of the specific tasks entrusted to the Supervisory Board, such duties were not assigned to the Board of Statutory Auditors, but a collective body chaired by the lead independent director, who is also a member of the Company's Audit and Risk Committee, assisted by the Internal Audit Manager and by a lawyer specialised in company law, was chosen.

The Board of Directors' meeting held on 6 May 2015 appointed these members of the Supervisory Board: Antonio Bortuzzo, who is the Chairman of the Supervisory Board, Vittorio Gennaro and Alberta Figari. The current Supervisory Board will remain in office until the approval of the Financial Statements as at 31 December 2015.

### **Code of Ethics**

In adopting the Organisational, management and control model in accordance with Italian Legislative Decree no. 231/2001, the Company's Board of Directors has adopted a Code of Ethics - updated on 12 November 2015 - through which it formally confirms the essential ethical values which Nice has always been pursuing, so as they represent a constant reference point for everybody as far as corporate activities are concerned.

The Code of Ethics is addressed to the members of the Company's bodies, to its managers, employees and to all those who interact with the Company on a permanent or temporary basis.

The Supervisory Board (set out in the Organisational, management and control model as per Italian Legislative Decree no. 231/2001) was assigned the task of ensuring the effective spread, understanding and implementation of the Code of Ethics within the Company.

### **11.4. INDEPENDENT AUDITORS**

Pursuant to Italian Legislative Decree no. 39 of 27 January 2010, the ordinary Shareholders' Meeting of 30 November 2010 resolved to assign the audit of the consolidated and separate financial statements as well as the limited audit of half-year reports for the 2010-2018 period to B.D.O. Italia S.p.A. (formerly Mazars S.p.A.), and defined the relevant compensation. Furthermore, in its meeting held on 24 April 2012, the ordinary Shareholders' Meeting resolved to extend the mandate of B.D.O. S.p.A. for the 2012-2018 period, this being necessary because Elero Group, purchased in September 2011, exceeded one of the 'material' parameters pursuant to article 151 of the Issuers' Regulation. Consequently, the mandate shall terminate with the audit relating to the reporting period ending 31 December 2018.

### **11.5. FINANCIAL REPORTING MANAGER**

Pursuant to article 23 of the Articles of Association, the Board of Directors, following the mandatory opinion of the Board of Statutory Auditors, shall appoint a Financial Reporting Manager, choosing from among the Company's managers with proven experience on accounting and financial subjects, and providing him or her with suitable means and powers to carry out the tasks assigned to him or her. The Board of Directors shall also have the power to revoke the Financial Reporting Manager.

According to the Articles of Association, the Financial Reporting Manager shall have the same requirements of honour envisaged for Statutory Auditors by the applicable laws.

After assessing the aforementioned professional and honour requirements, the Board of Directors, with its resolution dated 7 July 2014, appointed Denise Cimolai as financial reporting manager pursuant to and in accordance with article 154-*bis* of the TUF, until revocation by the same Board of Directors. This office was then confirmed by the Board of Directors meeting held on 6 May 2015. For more information on the professional skills of Denise Cimolai, please see the summary of the *curriculum vitae* attached as an Appendix to this Report. The Financial Reporting Manager is vested with the widest powers directly and/or indirectly related to her tasks, including but not limited to the power to access any type of information and/or document on the Company and/or companies of Nice Group deemed important and/or suitable to perform the tasks assigned to her by the law; she also has relevant spending powers in order to fully carry out said tasks.

During the Year, the Financial Reporting Manager made use of the Internal Audit department to assess the efficiency and effectiveness of the administration and accounting procedures set up to support certification of the half-year financial report, the separate and consolidated financial statements, in accordance with article 154-*bis* of the TUF.

## 11.6 COORDINATION OF THE INDIVIDUALS INVOLVED IN THE INTERNAL AUDIT AND RISK MANAGEMENT SYSTEM

As at the date of this Report, the Issuer had not yet considered to adopt a system for coordinating the various individuals involved in the internal audit and risk management system, as it considered that the bodies and different departments were sufficiently integrated. This is normally ensured by the joint presence of the individuals involved in the internal audit and risk management system at the Board of Statutory Auditors' meetings. Moreover, as already mentioned above, the Internal Audit department is the sole and central provider of assurance and consultancy services on risks and internal audit issues for the various parties involved (Internal Audit and Risk Committee / Board of Directors, Supervisory Board pursuant to Italian Legislative Decree no. 231/2001, Financial Reporting Manager). It should also be noted that the current Supervisory Board comprises the Chairman of the Audit and Risk Committee and the Internal Audit Manager.

## 12. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

Pursuant to the Regulations adopted by Consob with resolution no. 17221 of 12 March 2010 (the 'Related Parties Regulations'), on 30 November 2010, the Board of Directors (i) adopted a new internal procedure containing the rules and standards to be followed so as to ensure the essential and procedural transparency and correctness of transactions with related parties carried out by Nice, either directly or through direct and/or indirect subsidiaries, as updated on 7 June 2013, and it (ii) furthermore assigned the tasks provided for in the Related Parties Regulations and in the Company's procedure for transactions with related parties to the Audit and Risk Committee, which is currently composed of the non-executive and independent Directors Antonio Bortuzzo, Emanuela Paola Banfi and Gian Paolo Fedrigo, who are therefore able to carry out the tasks provided for in the Related Parties Regulations.

As provided for by the Related Parties Regulations, the new internal procedure was approved by the Board of Directors with the favourable opinion of the Committee for Transactions with Related Parties.

The major elements contained in the procedure are the following:

- a. classification of 'Transactions with Related Parties' in Significant Transactions (these being transactions for which the value of assets or liabilities exceeds the 5% threshold), Non-significant Transactions (these being transactions for which the value is so low that they do not carry any appreciable risk for investors and are therefore excluded from the scope of application of the new procedure; the Company has identified these transactions as those with a value that does not exceed Euro 200,000) and Minor Transactions (a residual category in which Transactions with Related Parties other than those classified as Significant and Non-Significant are placed);
- b. the transparency and market disclosure rules, which are stricter for Significant Transactions, require publication of a special disclosure document;
- c. the particularly important role assigned to the Committee for Transactions with Related Parties in the assessment and approval of transactions.

This Committee is required to ensure the essential correctness of transactions with related parties by issuing an opinion on the interests of the Company in carrying out a specific transaction and on the favourability and correctness of its terms and conditions.

It is hereby specified that Nice is classified as a smaller company pursuant to the Related Parties Regulations. Companies of which neither the assets in the statement of financial position nor revenues exceed Euro 500 million, according to the last approved consolidated financial statements, are classified as smaller companies. As a result, the Company is allowed to apply a 'simplified' procedure for approval of transactions with related parties: the Company can therefore apply the same procedure to Significant as well as Minor transactions.

The Company can therefore carry on with a transaction despite the negative opinion of the Committee for Transactions with Related Parties. In this event, any transactions approved in a quarter despite such a negative opinion shall be disclosed within fifteen days from the end of that quarter, indicating the reasons for which it was decided not to follow the opinion of the Committee for Transactions with Related Parties.

It is finally noted that the complete procedure regarding transactions with related parties approved by the Board of Directors can be consulted on the website of Nice S.p.A. at: [http://ir.niceforyou.com/file\\_upload/Nice\\_procedura OPC 30 11 10.pdf](http://ir.niceforyou.com/file_upload/Nice_procedura OPC 30 11 10.pdf)

At the operating level, the Chairman and the Chief Executive Officer, from time to time and on a preliminary basis, assess the cases, if any, in which one or more Directors hold an interest on their own behalf or on third parties' behalf in order to ensure compliance with the above procedure.

### 13. APPOINTMENT OF STATUTORY AUDITORS

The members of the Board of Statutory Auditors are appointed based on lists of candidates according to the procedures indicated below, also pursuant to current rules and regulations about gender balance.

According to article 20, paragraph 4, of the Articles of Association, the members of the Board of Statutory Auditors shall be appointed on the basis of lists presented by shareholders who represent at least 2.5% of the share capital, consisting of shares having voting rights in the ordinary Shareholders' Meeting, in line with article 144-*quater* of Consob Issuers' Regulations (2.5% of share capital for companies whose capitalisation is lower than or equal to Euro 1 billion). The notice of meeting shall indicate the ownership stake required for presentation of the lists. The existence of the minimum ownership stake required for presentation of the list is proven according to the terms and conditions set forth by the law and applicable regulations. Each shareholder and members of the same shareholders' agreement, in accordance with article 122 of the TUF, subsidiaries and jointly-owned companies pursuant to article 93 of the aforesaid decree, even if they act through an intermediary or a trust company, can present and vote one list only. The adhesions and votes expressed in violation of said prohibition cannot be attributed to any list. The list vote mechanism aims at ensuring the appointment by the minority of a Statutory Auditor with the role of Chairman and an Alternate Statutory Auditor.

The lists shall be filed at the Company's registered office at least 25 days prior to the date set for the Shareholders' Meeting on first call. If on the expiry date for the presentation of lists only one list, or lists presented by shareholders that are related pursuant to applicable laws, are presented, lists can be presented up to the third day after that expiry date. In this case, the minimum ownership stake for presentation of the lists is reduced to one half. In addition, lists shall be published by the Company at least 21 days prior to the date set for the Shareholders' Meeting on first call, according to the methods indicated by the current regulations.

If mandatory criteria about gender balance are applicable, each list of at least 3 (three) candidates must contain a number of candidates of the less represented gender that is at least equal to the minimum required by current laws and regulations.

Together with each list, and within the abovementioned terms, the following shall be filed: (i) information on the identity of the shareholders who presented the list and the percentage holding they jointly possess; (ii) the *curriculum vitae* regarding the personal and professional characteristics of each candidate, with information on the offices as director or statutory auditor held in other companies; and (iii) statements by which each candidate confirms his or her candidacy and states, under his or her own liability, that there is no ineligibility or incompatibility, even with regards to the limit to the number of positions, and also that the requirements set forth by the law and the Articles of Association in order to hold the office have been met.

In addition to what envisaged in previous points, in case a list is presented by shareholders other than those who hold, even jointly, a controlling or relative majority interest in the Company's share capital, said list shall be accompanied by a statement of the shareholders that present it, stating the absence of connections with one or more reference shareholders, as defined by current regulations.

In particular, Statutory Auditors are appointed as follows – without prejudice to compliance with the gender balance requirements indicated above, where required by current laws and regulations:

- two Standing Statutory Auditors and an Alternate Statutory Auditor are taken from the list that obtained the majority of votes in the Shareholders' Meeting, based on the sequential order with which they are presented in the list's sections;

- the remaining Standing Statutory Auditor, who will be the Chairman of the Board of Statutory Auditors and the other Alternate Statutory Auditor are taken from the second list that obtained the majority of votes in the Shareholders' Meeting and that is not related, even indirectly, according to what set forth by current laws and regulations, to the shareholders who presented or voted the first list according to the number of votes, based on the sequential order with which they are presented in the list's sections.

In case of parity between lists, the Shareholders' Meeting will have to vote again, choosing between the first two lists. The same rule applies in case of parity between the second lists according to the number of votes and that are not related, even indirectly, according to what set forth by current laws and regulations, to the shareholders who have presented, contributed to present, or voted the first list. In case of further parity between lists, the one presented by the shareholders possessing the major ownership stake shall prevail or, secondly, the one presented by the greatest number of shareholders.

In case the requirements set forth by the law and the Articles of Association are lacking, the Statutory Auditor's appointment will be revoked.

In case of replacement of a Statutory Auditor appointed from the first list according to number of votes, the Alternate Statutory Auditor belonging to the same list of the withdrawn Auditor will take his or her place.

Instead, in case of replacement of a Statutory Auditor appointed from the second list according to the number of votes and that is not related, even indirectly, according to what set forth by current laws and regulations, to the shareholders who presented, contributed to present or voted the first list according to the number of votes, the Alternate Statutory Auditor indicated in the same list will take his or her place or, if lacking, the non-appointed candidate from said list, according to the order of presentation or, secondly, the candidate of the minority list that obtained the second greatest number of votes, according to the sequential order of presentation.

In case Standing and/or Alternate Statutory Auditors have to be appointed for integration of the Board of Statutory Auditors due to the replacement of a Standing and/or Alternate Statutory Auditor in the Majority List, the Shareholders' Meeting shall resolve with the majorities set forth by the law, with no restrictions in terms of list, if the application of the criteria indicated in the previous paragraph is not suitable to integrate the Board of Statutory Auditors.

In case Statutory Auditors taken from the second list in terms of number of votes and not related, even indirectly, according to what established by current laws and regulations, to the shareholders who presented, contributed to present or voted the first list according to the number of votes have to be appointed, the Shareholders' Meeting shall proceed according to the majorities set forth by the law, provided that, during the assessment of results of the last voting, the votes of the shareholders who, according to what set forth by current laws and regulations, hold the relative majority of votes exercisable during the Shareholders' Meeting, even indirectly or jointly with other members of a significant shareholders' agreement according to article 122 of the TUF, will not be calculated, as also the ones of shareholders who control, are controlled, or subject to common control of the same.

In case a single list is presented or in case no list is presented, the Shareholders' Meeting shall resolve according to the majorities set forth by the law, without prejudice to compliance with the gender balance requirements indicated above, where required by the applicable laws and regulations.

The Articles of Association envisage that, without prejudice to the incompatibility cases set forth by current regulations, whoever is already a standing statutory auditor in five companies issuing securities listed on regulated markets cannot be appointed and, if appointed, their office will be terminated.

#### **14. COMPOSITION AND FUNCTIONS OF THE BOARD OF STATUTORY AUDITORS (pursuant to article 123-bis, paragraph 2, letter d), TUF)**

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting held on 24 April 2015 for the three-year period 2015-2017. It will expire upon approval of the financial statements as at 31 December 2017.

All members were appointed from a single list presented by the majority shareholder Nice Group S.p.A.

Said list included the following candidates:

- Giuliano Saccardi, born in Treviso on 29 June 1942 - Chairman
- Enzo Dalla Riva, born in Treviso on 20 March 1977 – Standing Statutory Auditor
- Monica Berna, born in Padua on 8 November 1972 – Standing Statutory Auditor
- David Moro, born in Treviso on 30 May 1972 – Alternate Statutory Auditor
- Manuela Salvestrin, born in Treviso on 23 September 1975 – Alternate Statutory Auditor

For further details on the composition of the Board of Statutory Auditors, please refer to Table 3. Please refer to the *curricula* attached as an appendix to this Report for details on the personal and professional characteristics of the members of the Board of Statutory Auditors.

During the Year, the Board of Statutory Auditors met 9 times, the overall percentage of attendance was 96.3%: the Standing Statutory Auditor Giuliano Saccardi's attendance was 100%, the Standing Statutory Auditor Monica Berna's was 88.9 % and the Standing Statutory Auditor Enzo Dalla Riva's 100 %. The Chairman of the Board of Statutory Auditors and/or a member of the Board of Statutory Auditors attended all the meetings of the Audit and Risk Committee.

Meetings lasted an average of one hour and a half.

At least 4 meetings are envisaged for this year, 2 of which have already been held as at the date on which this Report was prepared.

The Board of Statutory Auditors assessed, both at the first meeting following its appointment and during the Year, compliance of its members with the independence requirements, applying the assessment criteria provided by the Code.

With particular reference to the Standing Statutory Auditor Giuliano Saccardi, the Board of Statutory Auditor found that, despite serving as Standing Statutory Auditor within the Board of Statutory Auditors of Nice S.p.A. for more than nine of the last twelve years, he still meets the independence requirement. The Board of Statutory Auditors made this assessment based on the fact the Corporate Governance Code requires that the assessment of the existence of independence requirements must be carried out with the prevalence of substance over form, merely indicating some examples, including the requirement referred to under letter e) of criterion 3.C.1.

The Statutory Auditor who, on its own behalf or on third parties' behalf, has an interest in a specific transaction of the Issuer, shall promptly inform the other Statutory Auditors and the Chairman of the Board of Directors in an exhaustive way about the nature, terms, origin and entity of his or her own interest.

The Board of Statutory Auditors monitored the independence of the Independent Auditors, assessing both the compliance with regulations on the subject and the nature and entity of services other than audit rendered to the Issuer and its subsidiaries by said Independent Auditors and the entities belonging to their network.

In order to maintain an adequate knowledge of the sector in which the Company operates, the Statutory Auditors receive regularly, and whenever it is necessary, information and updates on the sector in which the Issuer operates and on the applicable laws, including material prepared by the Company.

The Board of Statutory Auditors, when performing its activity, worked together with the Audit and Risk Committee and the Internal Audit department. The coordination was carried out thanks to the participation of the Internal Audit Manager in the meetings of the Board of Statutory Auditors, at least every quarter.

## 15. INVESTOR RELATIONS

The Company adopted a communication policy aimed at establishing a constant dialogue with all shareholders and, in particular, with institutional investors, guaranteeing the systematic spared of exhaustive and prompt disclosure on its own operations, in compliance with the regulations on the release of privileged information.



On 7 July 2014, the Board of Directors appointed Laura Artich as Investor Relations Manager, who held this position until 12 November 2015. As of 18 January 2016, Nicola Biondo took the position, reporting directly to the Chairman. In the period between 12 November 2015 and 18 January 2016, the office was temporarily covered by Lauro Buoro.

The methods implemented for financial disclosure envisage systematic contacts with financial analysts, institutional investors and specialised press so as to ensure a full and correct view on the evolution of strategic plans and the impact on business results.

In order to favour the dialogue with investors, a website (<http://ir.niceforyou.com/home/index.php>) has been set up, inside of which information of economic-financial nature can be found - such as financial statements, quarterly and half-year reports - as well as data and updated documents that may be interesting for shareholders in general such as, for example, press releases, corporate calendar, composition of corporate bodies, Articles of Association, minutes of the Shareholders Meeting, code on the management of privileged information within the Company and disclosure, internal dealing.

## **16. SHAREHOLDERS' MEETINGS (pursuant to article 123-bis, paragraph 2, letter c), TUF**

The Shareholders' Meeting is the body that expresses the shareholders' will through its resolutions. The resolutions taken in compliance with the law and the Articles of Association bind all shareholders, including absent or dissenting ones, without prejudice to their right of withdrawal in the cases allowed.

The Shareholders' Meeting convenes and resolves according to the laws and regulations provided for listed companies, on the subject entrusted to it according to the law.

The Board of Directors may establish, in case it deems it necessary, that both the ordinary and extraordinary Shareholders' Meeting take place in a single meeting. In this case, the legal majorities will be applicable.

Shareholders who, even jointly, represent at least one fortieth of the Company's share capital may request the integration of issues on the agenda, indicating in their request any additional topics pursuant to the terms and conditions set forth by the law.

The integration request for the list of subjects to be discussed as set forth by this paragraph is not allowed for topics on which the Shareholders' Meeting resolves, according to the law, based on the Directors' proposal or based on a project or report prepared by them, other than those provided for by article 125-ter, paragraph 1 of Legislative Decree no. 58 of 24 February 1998.

Article 13 of the Articles of Association envisages that: *"The shareholders with voting rights are entitled to take part in Shareholders' Meetings provided that their legitimacy is attested within terms and conditions settled by current statutory and law requirements. Each shareholder with voting rights can be represented by others during the Shareholders' Meeting through written proxy, in compliance and within the limits set forth by the law. Notification of a proxy can be provided electronically by certified email to the Company's address indicated in the notice of meeting. The Chairman of the Shareholders' Meeting shall assess the validity of proxies and, in general, the right to attend. The Company does not choose a representative for the appointment of proxies by shareholders. The shareholders and all those entitled to vote may ask questions on the agenda even before the Meeting, provided this is done three business days prior to the date of the Shareholders' Meeting, via certified email to the Company's address indicated in the notice of meeting. The Company is not required to provide an answer if the relevant information is available on the Company's website in a 'question and answer' form, as well as whenever it is necessary to protect the privacy and interests of the Company".*

The Company did not adopt Meeting Regulations since it deems that the powers assigned, according to the Articles of Association, to the Chairman of the Shareholders' Meeting who is in charge of directing the Meeting's works, including determining the order and voting system, allow him or her to maintain an orderly execution of the Shareholders' Meetings, avoiding risks and inconveniences that could arise due to non-compliance of the Meeting itself with regulations.

The Board of Directors referred to the Shareholders' Meeting the performed and planned activity and provided the shareholders with a proper disclosure about the elements necessary for them

to resolve, with full knowledge of the facts, on topics within the Shareholders' Meeting competences.

During the Year, there were no significant changes to the Issuer's shareholding structure. Therefore, the Board of Directors has not deemed it necessary to propose the Shareholders' Meeting any amendments to the Articles of Association with regards to the percentages established for the exercise of shares and prerogatives to protect minorities.

Finally, at the meeting held on 24 April 2015, in addition to the Chairman of the Board of Directors, the following Directors were present: Mauro Sordini, Lorenzo Galberti, Denise Cimolai, Giorgio Zanutto, Gian Paolo Fedrigo, Dario Fumagalli, Luciano Iannuzzi and Emanuela Banfi, while Antonio Bortuzzo justified his absence.

In order to provide the shareholders with a proper disclosure about the elements necessary for them to resolve, with full knowledge of the facts, on topics within the Shareholders' Meeting competences, the Board of Directors shall promptly (and in any case within the terms provided for by applicable rules and regulations) make the reports on the items on the Shareholders' Meeting agenda, as well as the financial reports and the relevant supporting documents, available.

Furthermore, within its report on corporate governance and ownership structure, the Board of Directors illustrated the function of the Remuneration Committee and the procedures according to which it carried out its operations.

During the Year, there were no significant changes in the market capitalisation of the Issuer's shares or in its shareholding structure.

#### **17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER A), TUF)**

The Issuer did not consider it necessary to apply additional corporate governance practices other than those already indicated above and contained in specific obligations provided by the law and/or regulations.

#### **18. CHANGES AFTER THE REPORTING PERIOD**

After the reporting period, the Director Luciano Iannuzzi resigned, effective 11 March 2016. The Board of Directors acknowledged his resignation on the same date.

## ANNEX 1:

### **Main characteristics of the risk management and internal audit system in relation to the financial disclosure process pursuant to article 123-bis, paragraph 2, letter b), TUF**

#### **Introduction**

The Financial Reporting Manager planned and carried out a compliance programme to the requirements set forth by article 154-bis of the TUF, with the assistance of the Internal Audit department - which is outsourced as allowed by criteria 7.C.6 of the Corporate Governance Code of the Corporate Governance Committee, as per the resolution of 28 December 2012 and the subsequent resolution of 11 March 2016 - in order to comply with the provisions of article 154-bis of Legislative Decree no. 58/98 on the assessment of the appropriateness and effective application of administrative and accounting procedures for the preparation of the Company's separate and consolidated financial statements for the Year.

The structure of the compliance programme refers to the COSO - Integrated Framework,<sup>3</sup> which is integrated by the guidelines as well as the following best practices:

- Consolidated Law on Finance (TUF) – Italian Legislative Decree no. 58/98;
- CONSOB Regulations;
- ANDAF Guidelines;
- International Standards of Auditing;
- International Professional Practices Framework of The Institute of Internal Auditors;

The adoption of both national and international standards and regulations has allowed the Company to develop a work programme aimed at guaranteeing the reliability<sup>4</sup>, accuracy<sup>5</sup>, soundness<sup>6</sup> and timeliness<sup>7</sup> of the financial information.

This approach can be summarised in the following methodological phases:

- definition of the scope of operations in terms of entity and financial statement items that are significant for the purposes of the compliance programme in question (scoping phase);
- analysis and assessment of financial information risks for financial statement items that are considered significant for the purposes of certification of the 2015 financial statements (risk assessment phase);
- identification and definition of a set of internal audit for the entities included in the compliance programme for the Year, through the integration of the internal audit systems of each entity into a single 'Internal audit system' Model that is uniform and applicable to the parent company and all subsidiaries involved in the project. This model shall be marked by audit procedures, principles and methodologies for maintaining and assessing the internal audit system that are valid for the entire group (mapping phase);
- extension of the model supporting the statements of the Financial Reporting Manager to new entities and to the relevant items of the financial statements/supporting processes considered to be significant following the re-implementation of the scoping phase;
- preparation and implementation of compliance test procedures on internal administrative-accounting audits and documentation of the results obtained as a basis for providing an opinion on their efficiency and effective application in the reporting period by the entities

<sup>3</sup> COSO - Committee of Sponsoring Organizations of the Treadway Commission, Internal Control - Integrated Framework, May, 2013.

<sup>4</sup> Reliability (of information): disclosed information characterised by correctness and compliance with generally accepted accounting standards and that meets the requirements of applicable laws and regulations.

<sup>5</sup> Accuracy (of information): disclosed information characterised by neutrality and precision. The information is considered neutral if it is free of preconceived distortions aimed at influencing the users' decision-making process in order to obtain a pre-established result.

<sup>6</sup> Soundness (of information): disclosed information characterised by clarity and completeness, which allow for conscious investment decisions for investors. The information is considered clear if it facilitates the understanding of complex aspects of corporate operations without becoming excessive and redundant.

<sup>7</sup> Timeliness (of information): information is disclosed according to the deadlines set for its publication.

and throughout the processes included in the scope of the project (compliance testing phase);

- sharing of the results obtained from tests with the company management of each entity included in the scope of the programme, in order to encourage improvement of the internal audit system.

### **Stages of the Risk management and internal audit system in relation to the financial information process**

The compliance programme begins with the definition of the scope of operations by means of quantitative analyses and, therefore, of the involved entities and any significant financial statement items associated with supporting business cycles including, as an active component of the audit system, the process for closing and drafting the separate and consolidated financial statements.

By means of risk-based methodological approaches, a process for identifying and assessing the main risks associated with financial reporting has been implemented for the Parent Company and for the entities included in the scope of operations.

The administrative-accounting risk assessment activities led to the identification – for each analysed entity - of significant financial statement items associated with the relevant supporting accounting process/flow. Each financial statement item was submitted to a qualitative assessment of relevant risk by associating and subsequently assessing the management assertions<sup>8</sup> which refer to the relevant financial statement items.

Notice was then taken of the audit activities used to monitor the previously identified risks, assessing their appropriateness and therefore defining the residual risk on a qualitative basis.

The identified risks and audit activities were integrated within a specific framework that includes specific audit objectives classified under the CAVR (<sup>9</sup>) standard and that are directly connected to the above-mentioned management assertions.

In order to provide a professional assessment on the effective execution and efficiency of internal administrative-accounting audits during the Year, and based on the follow-up results, the compliance test procedures were updated and implemented, documenting the relevant results. This documentation was attained by requesting evidence from company representatives in relation to expected internal audits, data, implemented transactions and their general availability to demonstrate that the audits were effectively implemented and/or that there were no errors insofar as the selected transactions. During the execution of the compliance tests required by the above-mentioned compliance programme, the Internal Audit department provided updates on the activity plan, its progress and final outcome to the Financial Reporting Manager, the Internal Audit and Risk Committee, the Board of Statutory Auditors and the Independent Auditors; this information is provided through both periodic meetings organised by these corporate bodies and by sharing part of the documents issued in support of the certification of the Financial Reporting Manager.

Based on the results of this compliance programme, the Chief Executive Officer and the Financial Reporting Manager assessed the appropriateness and effectiveness of the internal audit system for the Year, according to the terms and methods envisaged by the CONSOB Issuers' Regulation.

<sup>8</sup> **Existence and occurrence (E/O):** the assets and liabilities of the entity exist at a given date and the recorded transactions represent events that actually occurred during a given period;

**Completeness (C):** all transactions, assets and liabilities that should be presented in the financial statements are so included;

**Rights and Obligations (R/O):** assets are the rights of the entity and liabilities are the obligations of the entity at a given date;

**Valuation and Allocation (V/A):** assets, liabilities, shareholders' equity, revenues and costs are recorded in the financial statements at appropriate amounts, in accordance with their relevant accounting standards;

**Presentation and Disclosure (P/D):** the financial statement items are properly classified, described and disclosed.

<sup>9</sup> Completeness, Accuracy, Validity and Restricted access.

## Offices and departments involved

On 7 July 2014, the Board of Directors appointed Denise Cimolai as Financial Reporting Manager, subsequently confirmed by the Board of Directors on 6 May 2015, vesting her with the *widest powers directly and/or indirectly related to her tasks, including but not limited to the power to access any type of information and/or document on the Company and/or Group companies, deemed important and/or suitable to perform the tasks assigned to her by the law; she also has the relevant spending powers*<sup>10</sup>.

The Financial Reporting Manager monitors the internal audit and risk management system in relation to financial information and is in charge of identifying and assessing the risks of financial information as well as identifying and assessing the controls for the identified risks.

A specific system output corresponds to each of the phases mentioned above: identification of the risks, assessment thereof in terms of inherent risks, identification of the audits and mapping of the controls on risks and financial statement items (control framework), assessment of the audits, assessment of the residual risk and identification of possible actions for improvement.

The Financial Reporting Manager is in charge of risk assessment, with the methodological support of the Internal Audit department.

The assessment of the audits is carried out by the Financial Reporting Manager with the support of the Internal Audit department for the activities involving assessment of the effectiveness of framework controls.

Based on the inherent risk assessments and the relevant controls, the Financial Reporting Manager assesses the residual risk, updates the framework if necessary, and resolves any non-compliance.

With the support of the Internal Audit Manager and following the consulting assignments carried out by the Internal Audit department in support of the regular certifications issued by the Financial Reporting Manager, the latter duly considers any recommendations and proposals for improvement that may arise from the activity and ensures proper monitoring on the implementation of said recommendations.

## APPENDIX

The following pages include the following tables:

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE**

**TABLE 2: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE**

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

**TABLE 4: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE**

At the end, a summary of the *curricula* of the members of the Board of Directors and the Board of Statutory Auditors is presented.

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<sup>10</sup> Minutes of the Board of Directors of 6 May 2015.

**TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURE**

<b>1. SHARE CAPITAL STRUCTURE</b>				
	<b>No. of shares</b>	<b>% of share capital</b>	<b>Listed (indicate markets) / unlisted</b>	<b>Rights and obligations</b>
Ordinary shares	116,000,000	100%	Listed (MTA)	Pursuant to the Italian Civil code and regulations
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

<b>OTHER FINANCIAL INSTRUMENTS (with the right to subscribe to new shares)</b>				
	<b>Listed (indicate the markets) / unlisted</b>	<b>No. of outstanding instruments</b>	<b>Category of shares for conversion / exercise</b>	<b>Number of shares for conversion / exercise</b>
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

<b>SIGNIFICANT INVESTMENTS IN THE SHARE CAPITAL<sup>11</sup></b>			
<b>Declarer</b>	<b>Direct shareholder</b>	<b>% share of ordinary capital</b>	<b>% share of voting capital</b>
Lauro Buoro	Nice Group S.p.A.	69.79	69.79
Edoardo Marcadante	Parvus Asset Management European Ltd	11.75	11.75
Nice S.p.A.	Nice S.p.A.	4.60	-
Mediobanca S.p.A.	Mediobanca S.p.A.	3.19	3.19
UBS AG	UBS AG	3.21	3.21

<sup>11</sup> The table is updated at the date of publication of this Report, i.e. 29 March 2016.

**TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES**

Board of Directors													Audit and Risk Committee		Remuneration Committee		Appointments Committee		Executive Committee (if any)	
Office	Members	Year of birth	Date of first appointment *	In office from	In office until	List **	Exec.	Non-exec.	Indep. as per Code	Indep. as per TUF	No. of other offices ***	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Lauro Buoro	10/01/1963	12/03/1996	24/04/2015	31/12/2015	M	X				5	8/8								
Chief Executive Officer	Roberto Griffa	03/09/1963	28/08/2013	24/04/2015	Next meeting	(***)	X				0	0/0								
Director and Lead Independent Director	Antonio Bortuzzo	11/01/1960	08/04/2006	24/04/2015	31/12/2015	M		X	X	X	3	5/8	5/5	P	4/4	P				
Director	Luciano Iannuzzi <sup>12</sup>	20/04/1956	24/04/2015	24/04/2015	31/12/2015	M	X				0	6/6								
Director	Lorenzo Galberti	25/01/1964	12/03/1996	24/04/2015	31/12/2015	M	X				0	8/8								
Director	Gian Paolo Fedrigo	23/10/1962	24/04/2012	24/04/2015	31/12/2015	M		X	X	X	2	8/8	5/5	M	4/4	M				
Director	Giorgio Zanutto	03/10/1961	29/01/1999	24/04/2015	31/12/2015	M	X				1	8/8								
Director	Denise Cimolai	24/07/1971	07/07/2014	24/04/2015	31/12/2015	M		X			0	8/8								
Director	Emanuela Paola Banfi	20/01/1969	24/04/2015	24/04/2015	31/12/2015	M		X	X	X	1	5/6	5/5	M	4/4	M				
<b>----- DIRECTORS WHOSE OFFICE TERMINATED DURING THE REPORTING PERIOD -----</b>																				
Director	Dario Fumagalli	27/08/1963	24/04/2015	24/04/2015	13/11/2015	M	X				0	5/5								
Chief Executive Officer	Mauro Sordini	03/09/1963	28/08/2013	24/04/2015	20/11/2015	M	X				0	6/8								
Number of meetings held during the reporting period: 8						Audit and Risk Committee: 5				Remuneration Committee: 4		Appointments Committee: -		Executive Committee: -						
Indicate the <i>quorum</i> required for presentation of the lists by non-controlling shareholders for the appointment of one or more members (pursuant to article 147-ter of the TUF): 2.5%																				

**NOTES**

The symbols indicated below must be inserted in the column "Office":

• This symbol indicates the Director in charge of the internal audit and risk management system.

◊ This symbol indicates the person in charge of the Issuer's management (the Chief Executive Officer or CEO).

○ This symbol indicates the Lead Independent Director (LID).

\* The date of first appointment for each Director is the date on which the Director was appointed for the first time (absolutely) by the issuer's BoD.

\*\* This column indicates the list from which each director was appointed ("M": majority list; "m": minority list; "BoD": list presented by the BoD).

\*\*\* This column specifies the number of offices as Director or statutory auditor held by the party concerned in other companies listed on regulated markets, both in Italy and abroad, in financial, banking, insurance companies or companies of a significant size. In the Report on Corporate Governance the offices are indicated in full.

(\*) This column specifies the Directors' participation in the meetings of the BoD and of Committees, respectively (indicate the number of meetings attended in relation to the number of meetings they could have attended, e.g. 6/8; 8/8 etc.).

(\*\*) This column indicates the position of the Director in the Committee: "C": chairman; "M": member.

(\*\*\*) The Chief Executive Officer Roberto Griffa does not belong to any list since he was co-opted by the Board of Directors meeting held on 20/11/2015 until the next Shareholders' Meeting.

<sup>12</sup> After the reporting period, Luciano Iannuzzi resigned, effective 11 March 2016. The Board of Directors acknowledged his resignation on the same date.

**TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS**

Board of Statutory Auditors									
Office	Members	Year of birth	Date of first appointment *	In office from	In office until	List **	Indep. as per Code	Participation in the Board's meetings ***	No. of other offices ****
Chairman	Giuliano Saccardi	29/06/1942	08/04/2006	24/04/2015	31/12/2017	M	X	9/9	8
Standing Statutory Auditor	Enzo Dalla Riva	20/03/1977	24/04/2012	24/04/2015	31/12/2017	M	X	9/9	5
Standing Statutory Auditor	Monica Berna	08/11/1972	27/05/2009	24/04/2015	31/12/2017	M	X	8/9	9
Alternate Statutory Auditor	David Moro	30/05/1972	14/05/2009	24/04/2015	31/12/2017	M	X	-	10
Alternate Statutory Auditor	Manuela Salvestrin	23/09/1975	14/05/2009	24/04/2015	31/12/2017	M	X	-	4
----- STATUTORY AUDITORS WHOSE OFFICE TERMINATED DURING THE REPORTING PERIOD -----									
	Surname Name								
<b>Number of meetings held during the reporting period: 9</b>									
<b>Indicate the quorum required for presentation of the lists by non-controlling shareholders for the appointment of one or more members (pursuant to article 147-ter of the TUF): 2.5</b>									

**NOTES**

\* The date of first appointment for each Statutory Auditor is the date on which the Auditor was appointed for the first time (absolutely) by the Issuer's Board of Statutory Auditors.

\*\* This column indicates the list from which each Statutory Auditor was appointed ("M": majority list; "m": minority list).

\*\*\* This column specifies the Statutory Auditors' percentage participation in the meetings of the Board of Statutory Auditors (indicate the number of meetings attended in relation to the number of meetings they could have attended, e.g. 6/8; 8/8 etc.).

\*\*\*\* This column specifies the number of offices as director or statutory auditor held by the party concerned and considered significant in accordance with article 148-bis of the TUF and the relevant implementing rules included in Consob Issuers' Regulation. The complete list of offices is published by Consob on its own website pursuant to article 144-quinquiesdecies of Consob Issuers' Regulation.



**TABLE 2: OTHER PROVISIONS OF THE CORPORATE GOVERNANCE CODE**

	YES	NO	Summary of the reasons for departures, if any, from the recommendations of the Code
<b>Power of attorney system and transactions with related parties</b>			
Has the BoD assigned powers of attorney defining:			
a) limits	X		
b) execution methods	X		
c) and frequency of information?	X		
Has the BoD examined and approved transactions having a particular economic, equity and financial impact (including transactions with related parties)?	X		
Has the BoD defined the guidelines and criteria to identify 'significant' transactions?	X		
Are the aforesaid guidelines and criteria described in the report?	X		
Has the BoD defined procedures dedicated to the examination and approval of transactions with related parties?	X		
Are the procedures for the approval of transactions with related parties described in the report?	X		
<b>Procedures for the most recent appointment of Directors and Statutory Auditors</b>			
Were candidacies for the office of Director filed at least twenty-five days in advance?	X		
Were candidacies for the office of Director accompanied by exhaustive information?	X		
Did candidacies for the office of Director specify their suitability to qualify as independent?	X		
Were candidacies for the office of Statutory Auditor filed at least twenty-five days in advance?	X		
Were candidacies for the office of Statutory Auditor accompanied by exhaustive information?	X		
<b>Shareholders' Meetings</b>			
Did the Company approve Meeting Regulations?		X	The Company did not adopt Meeting Regulations since it deems that the powers assigned, according to the Articles of Association, to the Chairman of the Shareholders' Meeting who is in charge of directing the Meeting's works, including determining the order and voting system, allow him or

	YES	NO	Summary of the reasons for departures, if any, from the recommendations of the Code
			her to maintain an orderly execution of the Shareholders' Meetings, avoiding risks and inconveniences that could arise due to non-compliance of the Meeting itself with regulations
Are the Regulations attached to the report (or is it indicated where they can be obtained/downloaded)?	N/A		
<b>Internal Audit and Risk Management</b>			
Has the Company appointed the Internal Audit Manager?	X		
Is the Internal Audit Manager hierarchically independent from operational area managers?		X	
Organisational unit in charge of internal audit	Internal Audit and Risk Management		
<b>Investor Relations</b>			
Did the Company appoint an Investor Relations Manager?	X		
Organisational unit and contacts (address/telephone/fax/email) of the Investor Relations Manager	Investor Relations Nicola Biondo, Investor Relations Manager Investor Relations Department Nice S.p.A. Via Pezza Alta, 13 Z.I. Rustignè 31046 Oderzo  Ph: + 39 0422 505468 Fax: + 39 0422 505550 E-mail: <a href="mailto:ir@niceforyou.com">ir@niceforyou.com</a>		
<b>NOTES</b>			

## SUMMARY OF THE *CURRICULUM VITAE* OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

### A brief curriculum vitae of the members of the Board of Directors is reported below:

#### Lauro Buoro

After a technical education, he started his professional experience in a company operating in the electronics sector, located in the North East. At the age of 21, his entrepreneurial spirit drove him to establish an independent company that worked for companies in the home automation sector. In the early 1990s, he began his entrepreneurial adventure establishing Nice that, in 2006, was listed in the STAR segment of Borsa Italiana. Under Lauro Buoro's guidance, Nice became an internationally leading group in the Home Automation sector, with a wide range of integrated systems for the automation of gates, garages, road barriers, parking systems, awnings, and rolling shutters for residential, commercial and industrial use, wireless alarm systems and lighting systems under the FontanaArte brand.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Nice Group S.p.A.	Sole Director
S.C. Nice Real Estate S.r.l.	Sole Director
Fattoria Camporotondo Società Agricola a r.l.	Director
Nice Immobiliare S.r.l.	Sole Director
Modular Professional S.r.l.	Chairman of the Board of Directors
Nice Team Sail S.r.l.	Sole Director

#### Mauro Sordini

He has a degree in Electronic Engineering from the University of Padua. He is 49 years old and lives in Belluno. He has a 20-year experience in the Business to Business sector, ranging from consulting to positions such as Senior Manager, Sales Director and was the founder of two start-ups in the HVAC/R & I/A (Heating, Ventilation, Air-Conditioning, Refrigeration & Industrial Automation) sectors.

In particular, from 2004 to 2008 he was the founding partner and General Manager of Necos SpA, a start-up company operating in the sector of control and regulation systems, which became Danfoss Electronics in 2008, the latter being 100% owned by Danfoss S/A.; from 2008 to 2011, Mauro Sordini was the company's Chief Executive Officer.

From 2011 to 2013 he provided corporate consulting services for the optimisation of Sourcing, Research, Development and Accounting processes, backed by a consolidated experience in management consulting for Carel SpA, a Group that operates in the sector of control and regulation systems for the HVAC/R and Humidification market, where he was also manager of the British subsidiary from 1998 to 2000. He has been the Chief Executive Officer of Nice Group since September 2013.

It should be noted that Mauro Sordini terminated his office as Company Director, effective 20 November 2015.

### **Roberto Griffa**

He graduated in Chemical Engineering at the University of Córdoba (Argentina).

After a 3-year experience at Henkel Argentina, in 2000 he began a brilliant international career in London at Fiat Group spending 5 years between Italy, the Netherlands and Belgium, coordinating the teams of various corporate areas and serving as European Standard & Process Manager. In 2005, he moved to Venezuela, remaining within the Fiat Group as Customer Service Manager and later becoming Sales Manager for Iveco Venezuela. In 2009, in São Paulo, Brazil he took on the position of Supply Chain Manager for Iveco Latin America. In 2011, he joined Nice as Deputy Chairman of the Brazilian company Peccinin Portões Automaticos, driving growth in Latin America.

On 20 November 2015, he moved to the Headquarters in Oderzo, Italy, to take on the position of Chief Executive Officer of Nice SpA.

### **Luciano Iannuzzi**

He began his management career at 24 as Technical Director and subsequently Sales & Marketing Manager at Benson (Milan). Manager at 27, in 1985 he took on the position of Chief Executive Officer of Schlumberger Technologies (Milan). From 1988 to 1999, he worked for the Ocè Group, leader in the production and marketing of photocopiers and printers, as Chief Executive Officer, where he followed several M&As and start-up developments.

From 2000 to 2007 he continued his international career as VP Region South Europe at Henkel Group, Ecolab, leader in professional cleaning and hygiene systems applied to many sectors, where he successfully pursued both internal and external growth and business development targets, implementing restructuring processes until he took on the position of Executive Vice President EMEA at the Headquarters in Düsseldorf, Germany in 2002.

From 2007-2008, he was the CEO of Artemide, a world leader in the lighting industry. In 2009, he became the CEO of Argenta, a leading Italian group in automatic distribution and in 2012 he became the CEO of Technogym, leader in the Fitness & Wellness sector.

He was Senior Advisor for important firms such as Ernst & Young and, in November 2014, he joined Nice as Executive Deputy Chairman supporting Lauro Buoro, within the scope of his office as Chairman, in strategic development for the Group and M&A activities on international markets and, on 1 January 2015, he also became the Chief Executive Officer of Fontana Arte S.p.A., a subsidiary of Nice S.p.A. On 24 April 2015, he was appointed member of the Board of Directors of Nice S.p.A.

It should be noted that Luciano Iannuzzi terminated his office as Company Director, effective 11 March 2016.

**Lorenzo Galberti**

After a technical education, he started his professional experience in a company producing automation systems for gates. In the early 1990s, he joined Nice, where he currently holds the office of Research and Development Manager for the electro-mechanical department. In 1998, he was appointed member of the Board of Directors of Nice S.p.A.

**Dario Fumagalli**

He received his degree in Business Administration from the Bocconi University in 1988. After initial professional experiences at Billman-Regulator AB, Landis & Gyr Group, A. Manzoni & C. S.p.A. (Espresso Group) and RCS Rizzoli Periodici S.p.A. from 1991 to 2003 he grew professionally at Reno de Medici, a company listed on the Milan Stock Exchange where he took on the position of CFO and Director. From 2004 to 2006, he was the CFO for CF Gomma S.p.A., Nylstar Group S.p.A. and Ixifin Magneti Marelli Electronic Systems. In 2007, he started working at Artemide first as CFO, then as General Manager and finally, from 2011 to 2015, as Chief Executive Officer. On 24 April 2015, he was appointed member of the Board of Directors and CFO of Nice S.p.A.

It should be noted that Dario Fumagalli terminated his office as Company Director, effective 13 November 2015.

**Giorgio Zanutto**

After a technical education with specialisation in electronics, he started his professional experience in the business sector. In 1991, he was the purchasing and production manager in a company operating in the electronics sector. In 1994, he was hired as purchasing manager by Nice. In 1998, he was appointed member of the Board of Directors of Nice with power of attorney for the procurement of basic components and logistics.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Modular Professional S.r.l.	Director

**Antonio Bortuzzo**

He received a degree in Business Administration from the Bocconi University of Milan and carried out post-graduate studies in Business Management at Long Island University, New York. In the 1980s he was a financial and strategic consultant for Reconta Touche Ross in Milan and New York. In 1989, he had founded Finaudit Consulting S.r.l., a financial and strategic consulting company, which became part of the Ernst & Young group in 1995. From 1995 to 2001, Mr. Bortuzzo worked for Ernst & Young as Senior Partner of Ernst & Young Financial & Business Advisors S.p.A. From 2002 to 2007, he held the office of Chief Executive Officer and General Manager of Marcolin S.p.A. and CEO for Marcolin US Inc. From 2008 to 2011, he was the Chief Executive Officer of Allison Eyewear Group. From 2011 to 2012, he was the Chairman and Chief Executive Officer of Alain Mikli International Group, a leading French company in the luxury accessories sector.

In 2013, he was the Chairman of Viva International Group, a leading US company in the Eyewear sector and, following its sale in 2014, he joined the management of the Parent Company HVHC, which operates in the retail and insurance sector.

In February 2015, he took on the office of President of Kering Eyewear US Inc., a company of Kering Group that manages North and Latin American markets for the Eyewear brands belonging to Kering Group.

He has been member of the Board of Directors of Nice S.p.A. since April 2006.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Kering Eyewear US Inc.	Chairman
Studio Professionale Associato	Director

### **Gian Paolo Fedrigo**

He has a degree in Business Administration from the Ca' Foscari University of Venice. After having worked in Unisys Italia (1988-1993) as Organisational Development Director, he joined Datalogic where, from 1993 to 2014, he held the offices of Human Resources Manager, General Manager of the German subsidiary, Commercial Director, General Manager and Chief Executive Officer of the Datalogic Mobile department, and Chief Executive Officer of the Industrial Automation department. He has been the Chief Executive Officer of Coveme since September 2014.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Coveme S.p.A.	Chief Executive Officer
Palladio Finanziaria	Director

### **Emanuela Paola Banfi**

In 1993, she graduated in Business Administration at the Bocconi University of Milan, and after initial experience at KPMG Peat Marwick, from January 1994 to December 1997 she was Senior Consultant at Arthur Andersen MBA. From January 1998 to July 2000, she held the position of Associate Fund Manager at FIDIS S.p.A. in Milan. From September 2000 to September 2005, she held the office of Executive Director at the London office of Lehman Brothers Int. Europe. From September 2005 to May 2013, she returned to Italy and held the position of Managing Director at the Milan office of Société Generale Corporate and Investment Banking where she managed a Holding and Family Office client portfolio. From December 2013 to December 2014, she held the position of Senior Advisor at Phinance Partners, providing financial advice to holdings and corporations.

Since December 2014, she has been the Deputy Chairman of the Board of Directors of Electro Power Systems SA with registered office in Paris and listed on Euronext, Paris since April 2015.

Since December 2014 she has also held the position of Senior Banker at Naxtis Corporate and Investment Banking at the Milan office.

She has been member of the Board of Directors of Nice S.p.A. since 24 April 2015

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Electro Power Systems SA	Deputy Chairwoman of the Board of Directors

### **Denise Cimolai**

She has a degree in Business Administration from the Ca' Foscari University of Venice.

From 1998 to 2003, she worked in the administration/finance and control departments of companies operating in the furniture sector.

She joined Nice in 2003 as a controller, developing the Group's international management control over the years.

She had an active role in the Company's listing at Borsa Italiana in 2006 and in the development of financial plans and analyses in the acquisition and integration processes that allowed for Nice's external strategic growth.

She has been member of the Board of Directors of Nice S.p.A. since 7 July 2014.

### **A brief curriculum vitae of the members of the Board of Statutory Auditors is reported below:**

#### **Giuliano Saccardi**

He has been registered in the Register of Chartered Accountants of Treviso since 1972, in the Register of Auditors since 1995 and with the Court of Treviso as an Expert Witness in financial issues. He was the Chairman of the Association of Chartered Accountants of Treviso from 1989 to 1992, and was appointed by the Italian Association of Chartered Certified Accountants to act as the Chairman of the Study Committee on "Separate and Consolidated Financial Statements" from 1992 to 1993. He exercises his profession under the scope of the professional association 'Saccardi & Associati', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several industrial groups in the province of Treviso. He has performed institutional tasks assigned to him by the Civil and Criminal Court of Treviso, as Trustee in Bankruptcy, Provisional Liquidator for judicial administration and arrangements with creditors and Technical Consultant on civil subjects. He is chairman of the board of statutory auditors and standing statutory auditor in other listed companies and their subsidiaries. He is a member of the cultural associations 'Ned Community' and 'Trust in Italia'.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Stefanel S.p.A. (*)	Chairman of the Board of Statutory Auditors
Interfashion S.p.A. (Stefanel S.p.A Group (*))	Chairman of the Board of Statutory Auditors

<b>Company</b>	<b>Office held</b>
Delta Erre Trust Company	Director
Rete S.p.A.	Standing Statutory Auditor
Arconvert S.p.A.	Member of the Supervisory Board
H-Art S.r.l.	Standing Statutory Auditor
Visirun S.p.A.	Alternate Statutory Auditor
Asolo Musica Veneto Musica	Chairman of the Board of Statutory Auditors

(\*) Listed company.

### **Enzo Dalla Riva**

He has a degree in Economics from the Faculty of Economics and Business of the Ca' Foscari University of Venice. He became a member of the Board of Chartered Accountants of Treviso. He is registered in the Register of Auditors pursuant to the Decree of 23.07.2008, as published in the Official Gazette of the Republic of Italy, 4<sup>th</sup> special series, no. 64 of 19.08.2008, registration no. 151581. He works as a chartered accountant under the scope of the professional association 'Saccardi & Associati', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several industrial groups.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Gamma S.r.l.	Standing Statutory Auditor
Veneto S.p.A.	Standing Statutory Auditor
Quattro M di Bruno Milani & C S.A.P.A.	Standing Statutory Auditor
Interfashion S.p.A. (Stefanel S.p.A. Group (*))	Standing Statutory Auditor
Visirun S.p.A.	Standing Statutory Auditor

(\*) Listed company.

### **Monica Berna**

She got a degree in Economics and Business - from the Faculty of Business Administration of the Ca' Foscari University of Venice – on 20.11.1996. She has been registered in the Board of Chartered Accountants of Treviso since 2001 and in the Register of Auditors since 2002. She works as a chartered accountant under the scope of the professional association 'Saccardi & Associati', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general, and also provides strategic corporate consulting for several



industrial groups in the province of Treviso, Vicenza, and Venice. She has been assigned the institutional task of Trustee in Bankruptcy by the Civil and Criminal Court of Treviso. She also holds offices as statutory auditor in other unlisted companies.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Rete S.p.A.	Alternate Statutory Auditor
Gamma S.r.l.	Chairwoman of the Board of Statutory Auditors
Veneto S.p.A.	Chairwoman of the Board of Statutory Auditors
DeL Clima S.p.A. (*)	Alternate Statutory Auditor
Climaveneta S.p.A. ( <i>Subsidiary of DeL Clima S.p.A.</i> )	Alternate Statutory Auditor
Magazzini Raccordati S.p.A.	Alternate Statutory Auditor
Le scarpette delle Formichine	External Auditor
Asolo Musica Veneta Musica	Standing Statutory Auditor

(\*) Listed company.

### **David Moro**

He got a degree in Economics and Business from the Ca' Foscari University of Venice in 1996. He has been registered in the Board of Chartered Accountants of Treviso since 2002 and in the Register of Auditors since 2002. He has been a Director of the Association of Chartered Accountants of Treviso since 2013 and was the Chairman of the Union of Young Chartered Certified Accountants of Treviso from 2007 to 2010, where he is currently the Deputy Chairman. He is a member of the Curia Mercatorum commission of Treviso for the creation of crisis management bodies. He works as a chartered accountant under the scope of the professional association 'Filippi & Moro', which provides consulting services concerning contracts, corporate and tax issues, both domestic and international. The association provides consulting services on assessment, purchase and sale of companies and extraordinary transactions. He also holds offices as statutory auditor in other unlisted companies and as Trustee for the Court of Treviso.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Adria Infrastrutture S.p.A.	Standing Statutory Auditor
Magazzini Raccordati S.p.A.	Chairman of the Board of Statutory Auditors
Colle Umberto Immobiliare S.p.A.	Standing Statutory Auditor

<b>Company</b>	<b>Office held</b>
Nordest Ippodromi S.p.A.	Alternate Statutory Auditor
Quattro M. di Bruno Milani & C. S.a.p.a.	Chairman of the Board of Statutory Auditors
Comer Engineering S.r.l. into liquidation	Alternate Statutory Auditor
Giorfin S.r.l.	Single Auditor
Immobiliare Complessi S.r.l.	Standing Statutory Auditor
Finross S.r.l.	Single Auditor
Volley Treviso S.S.D. a R.L.	Director and Chairman of the Board of Directors

### **Manuela Salvestrin**

She has a degree in Economics from the Faculty of Economics and Business of the Ca' Foscari University of Venice. She has been registered in the Board of Chartered Accountants of Treviso since 2005 and in the Register of Auditors since 2006. She exercised her profession under the scope of the professional association 'Saccardi & Associati'. She works as a chartered accountant providing consulting services concerning contracts, corporate and tax issues, both domestic and international, the assessment, purchase and sale of companies and extraordinary transactions in general. She has been assigned the institutional task of Trustee in Bankruptcy by the Civil and Criminal Court of Treviso. She also holds offices as statutory auditor in other unlisted companies.

The following table specifies the offices as director and statutory auditor held in other companies as at 31.12.2015.

<b>Company</b>	<b>Office held</b>
Gamma S.r.l.	Standing Statutory Auditor
Veneto S.p.A.	Standing Statutory Auditor
Stefanel S.p.A. (*)	Alternate Statutory Auditor
Quattro M. di Bruno Milani & C. S.a.p.a.	Standing Statutory Auditor

(\*) Listed company.